

# LESSON PLAN

(1)WEEK:\_\_\_FOUR\_\_(2)DATE:\_\_\_26th-30th September 2022\_\_\_ (3)CLASS:\_\_\_S.S.S TWO\_\_\_

(4)SUBJECT:\_\_\_FINANCIAL ACCOUNTING\_\_\_

(5)LESSON TITLE:\_\_\_MANUFACTURING ACCOUNT\_\_\_

(6)SUBTITLE (IF ANY): \_\_\_Meaning,Reasons and Terminologies of Manufacturing Account\_\_\_

(7)PERIOD:\_\_\_1st & 2nd\_\_\_(8)DURATION:\_\_\_80 Minutes\_\_\_

(9) LEARNING OBJECTIVES:\_\_\_\_\_By the end of the lesson, the learners should be able to\_\_\_\_\_

(1).\_\_\_Define Manufacturing Account\_\_\_

(2).\_\_\_Describe Reasons for manufacturing account\_\_\_

(3).\_\_\_Identify and explain the Terminologies\_\_\_

(10)KEY VOCABULARY WORDS: \_\_\_Raw Materials, Labour, Expenses, finished goods, factory overhead, manufacturing cost, work-in-progress.\_\_\_\_

(11)RESOURCES & MATERIALS: \_\_\_Simplified and Amplified Financial accounting and book keeping by femi Longe, Web Resources: [www.toppr.com](http://www.toppr.com)\_\_\_\_

(12)BUILDING BACKGROUND/CONNECTION TO PRIOR KNOWLEDGE:

\_\_\_Learners have prior knowledge on the transformation of raw materials to finished goods or consumables. Goods are originally from crued State e.g Chocolates from Cocoa seeds pods.\_\_\_\_

(13)CONTENT: **MANUFACTURING ACCOUNTS** :The scope of activities of a manufacturing organization is wider than that of a merchandising firm. Merchandising firm merely sells products which are acquired in a finished form while a manufacturing finn produces and sells. They acquire raw materials, engage labour services and other inputs to ensure that the materials are changed into finished goods. Examples of such manufacturing concern are WAPCO, Atlantic Textile

## ANALYSIS OF COST

Cost: The cost of an article is the amount of expenditure which has been incurred on the article. The three principal elements are:

- i. Materials
- ii. Labour
- iii. Expenses

Each of these elements is divisible into direct (prime cost) and indirect expenditure (factory overhead).

1. PRIME COST: These are expenditures which can be charged directly to a particular unit. Prime cost can easily be identified with a particular unit of output e.g. Direct labour, direct expenses and direct materials.

a. Direct Materials: These are the materials which can be traced directly to every unit of the product e.g. Tobacco in cigarette, flour for bread. They are physical things which will actually form part of the finished products.

b. Direct Labour: These refer to cost of labour services which are easily and directly traceable to the creation of a product e.g. Wages of operators, assembly line workers wages.

C. Direct Expenses: These are those costs that do not relate to direct materials or labour but are incurred specifically on a particular product and on every unit produced e.g. Royalty, excise duty, franchise, etc.

2. FACTORY OVERHEAD: These are costs necessary for production i which are not directly traceable to a specific quantity of physical units. Factory overhead are not identifiable with units of production c.g. Factory rent, depreciation, fuel, indirect wages.

NON-MANUFACTURING COST: These are period cost which are treated as expenses and deducted from the revenue of the period in which they are incurred. They are not part of production cost. These include:

- i. Selling expenses
- ii. Distribution expenses
- iii. Administration expenses

i. Selling expenses: Selling expenses include salaries and commission of salesmen, advertising, sales office stationery, etc.

ii. Distribution expenses: This covers the cost of warehousing, transport, material handling and control of finished goods from the moment they leave the factory to the moment they are delivered to the customer e.g. Carriage outwards, packing materials, lighting of warehouse.

Administration expenses: This comprises of cost of accounting and secretarial work. It includes office rent, rates, lighting, insurance, salaries, etc.

WORK IN PROGRESS: Work in progress consists of partly finished or work not yet completed. The opening work in progress must be added to the cost of production while the closing stock of work in progress will be deducted.

## ACCOUNTING ENTRIES

Manufacturing account: This forms an integral part of the revenue account of a manufacturing organization. It is prepared to ascertain the cost of goods manufactured during the financial year. The total cost of production will be transferred to the trading account.

Format: Manufacturing, Trading, Profit and Loss account

#### **(14) STRATEGIES & ACTIVITIES:**

**ACTIVITY I:** The teacher uses the chunk and Chew methods to explain manufacturing firm using the internet web page to illustrate how a manufacturing firm looks like.

**ACTIVITY II:** The teacher divides the Learners into three groups for each of them to explain their observations in the operations of a manufacturing firm

**ACTIVITY III:** The learners are given the Reasons for manufacturing account and exposed to The Terminologies used in Manufacturing Account

**ACTIVITY IV:** The Learners are allowed to ask further questions for clarity sake. The teacher asks the Learners to copy their notes.

**(15) ASSESSMENT (EVALUATION):** Explain the following terms and give an example of each

i. Raw materials

ii Direct Labour

iii Direct Expenses

**(16) WRAP-UP (CONCLUSION):** Manufacturing account is necessary to take into records the transformation of raw materials into finished goods for final consumers.\_\_\_\_\_

**(17) ASSIGNMENT:** Draw the Format of Manufacturing Account in your note book.

\_\_\_\_\_

**(18) HOD/VP'S COMMENTS & ENDORSEMENT:**\_\_\_\_\_