

16.COSTING



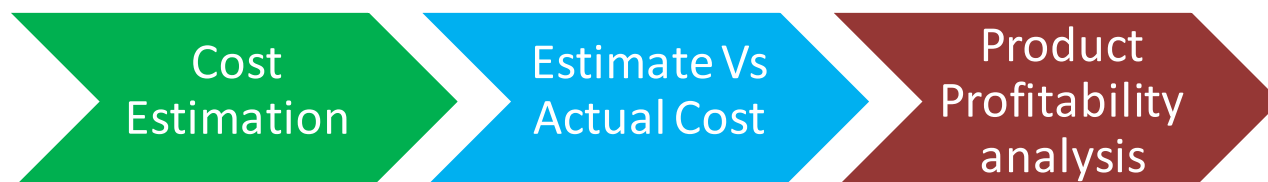
16. COSTING

PROCESS SUMMARY

Objective:

- To ascertain of cost of product
- To ascertain the profit margin for each product

Process Overview:



Process beginning:

- Receipt of cost details from production and processing departments

Process ending:

- Provide inputs for pricing decision with management approval

Key Inputs

Particulars	From	Document Reference
Estimated seed procurement cost	Production	PRD/COM/012
Estimated seed Processing and packing cost	Processing	GEN/COM/014
Crop wise net sales confirmation	Sales heads	S&M/COM/028

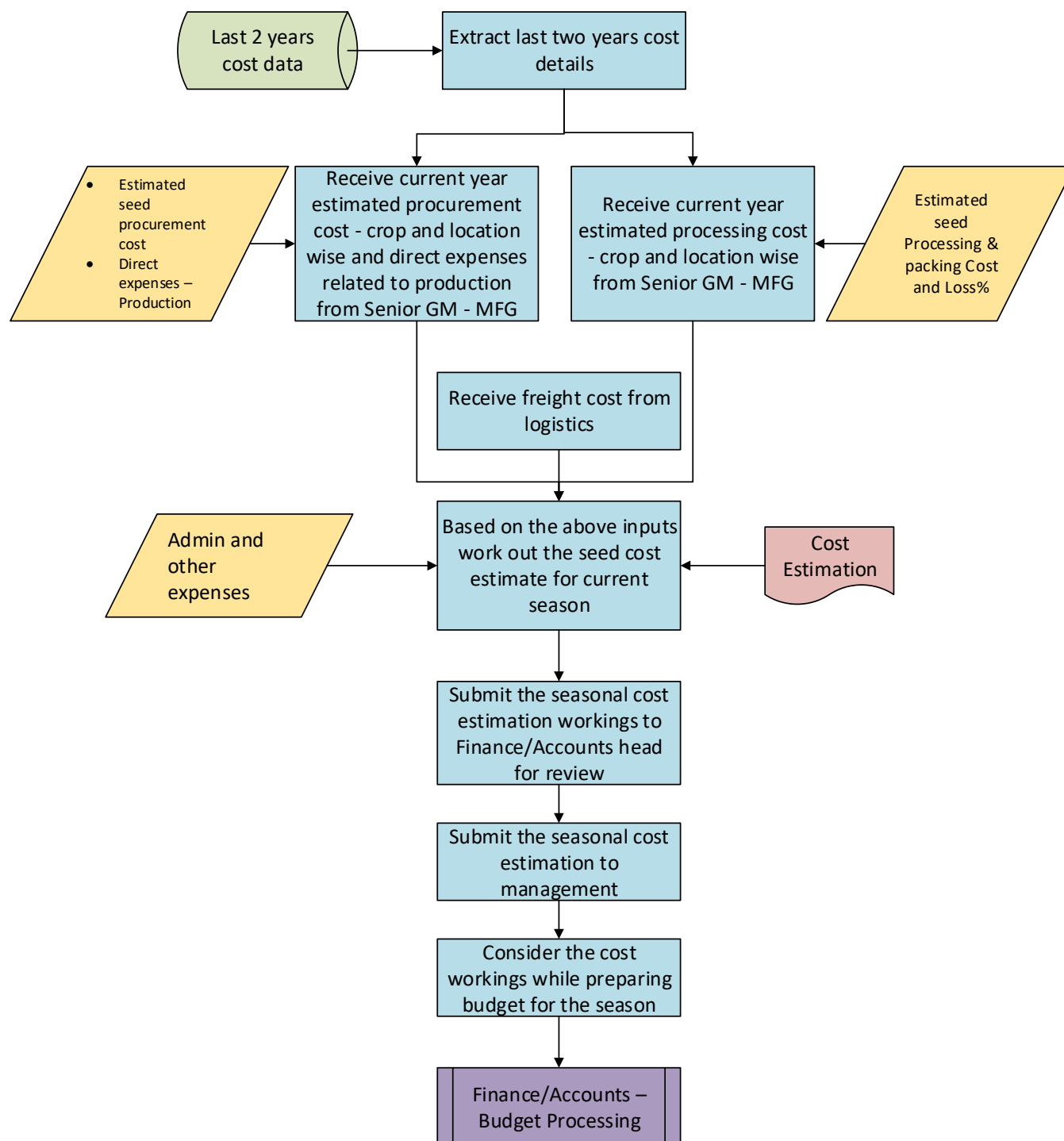
Key Outputs

Particulars	To	Document Reference
Cost estimation	Management	COS/COM/003
Variance analysis report	Management	COS/COM/009
Cost reduction, Cost control and scope for improvements	Production and Processing	COS/COM/004
Product wise profitability report	Management	COS/COM/010
Inputs for deciding pricing	Sales heads	-

Key Documents / Register / Files

S no	Document / Register Name	Document Format	Document Reference
1	Admin and other expenses	Excel	COS/COM/001
2	Cost control	Excel	COS/COM/002
3	Cost Estimation	Excel	COS/COM/003
4	Cost reduction	Excel	COS/COM/004
5	Estimated seed processing & packing cost	Excel	COS/COM/005
6	Estimated seed procurement cost	Excel	COS/COM/006
7	Last two years cost data	Software report	COS/COM/007
8	Scope for improvements	Excel	COS/COM/008
9	Variance analysis report	Excel	COS/COM/009
10`	Product wise profitability report	Excel	COS/COM/010

16.1 SEASONAL COST ESTIMATION



Sub-process Owner:

Deputy Manager – Finance & Accounts

Departments Involved:

Production

Processing

Finance/Accounts

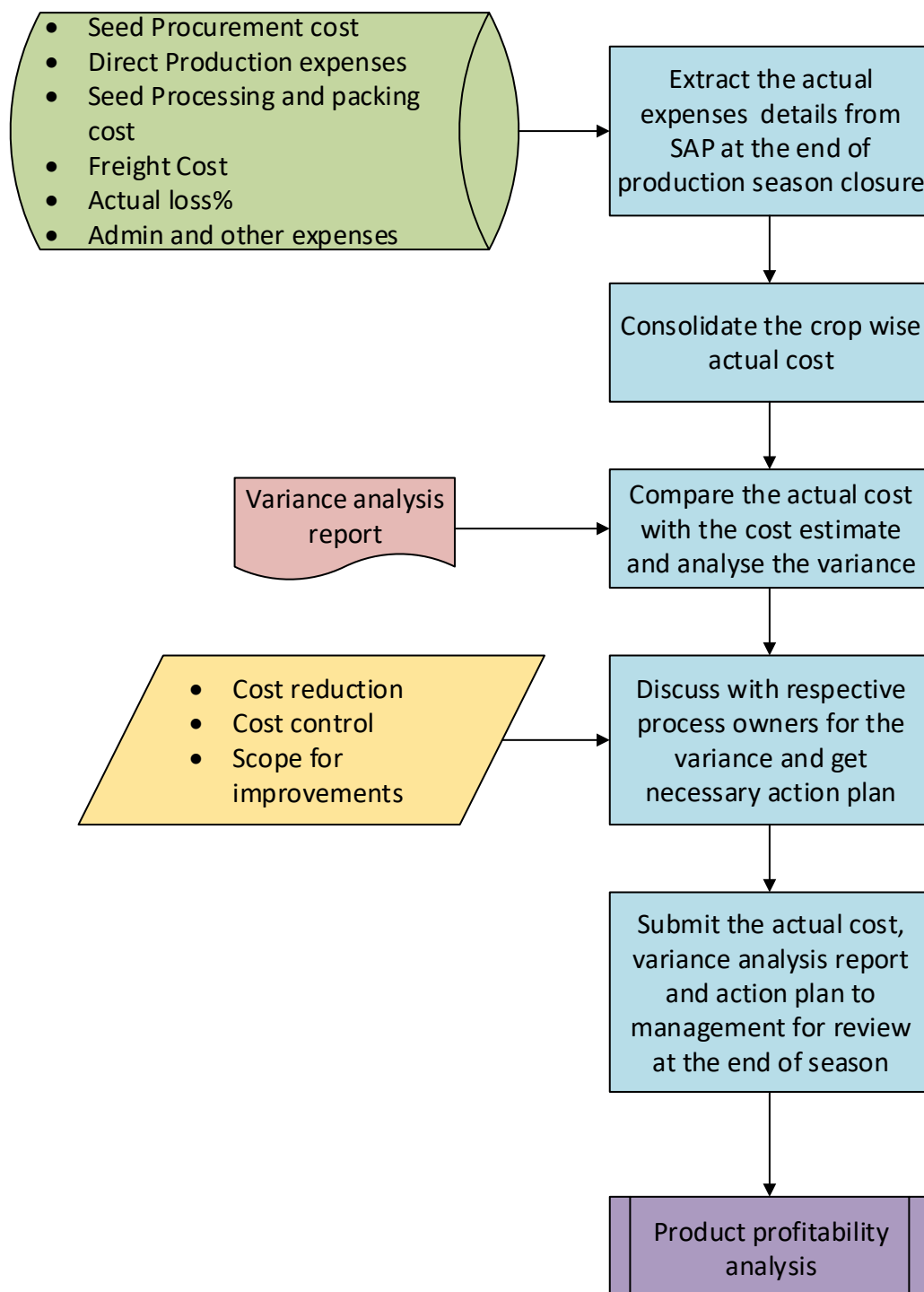
Key activities:

16.1.1 Cost data collection

16.1.2 Cost estimation workings

Process	Maker	Checker	Approver
16.1.1 Cost data collection			
1) Extract last two years cost details from the database	Assistant Manager Finance /Manager finance		
2) Receive current year estimated seed procurement cost based on the crop and location wise and direct expenses related to production from Senior GM - MFG	Assistant Manager Finance /Manager finance		
3) Receive current year estimated seed processing & packing cost and loss % based on the crop and location wise from Senior GM – MFG	Assistant Manager Finance /Manager finance		
4) Receive estimated freight cost for the season from Logistics department	Assistant Manager Finance /Manager finance		
16.1.2 Cost estimation workings			
1) Based the above inputs, work out the seeds cost estimation inclusive of admin and other overheads for current season	Assistant Manager Finance /Manager finance	Senior Manager – Finance & Accounts	
2) Submit the cost estimation workings to finance/accounts head for review	Senior Manager – Finance & Accounts	Head – finance/acc ounts	
3) Submit the cost estimation to the management	Senior Manager – Finance & Accounts	Head – finance/acc ounts	Manage ment
4) Consider the cost workings while preparing the budget for the season	Assistant Manager Finance /Manager finance	Senior Manager – F & A	

16.2 SEASON WISE ESTIMATE Vs ACTUAL COST



Sub-process Owner:

Deputy Manager – Finance & Accounts

Departments Involved:

All departments

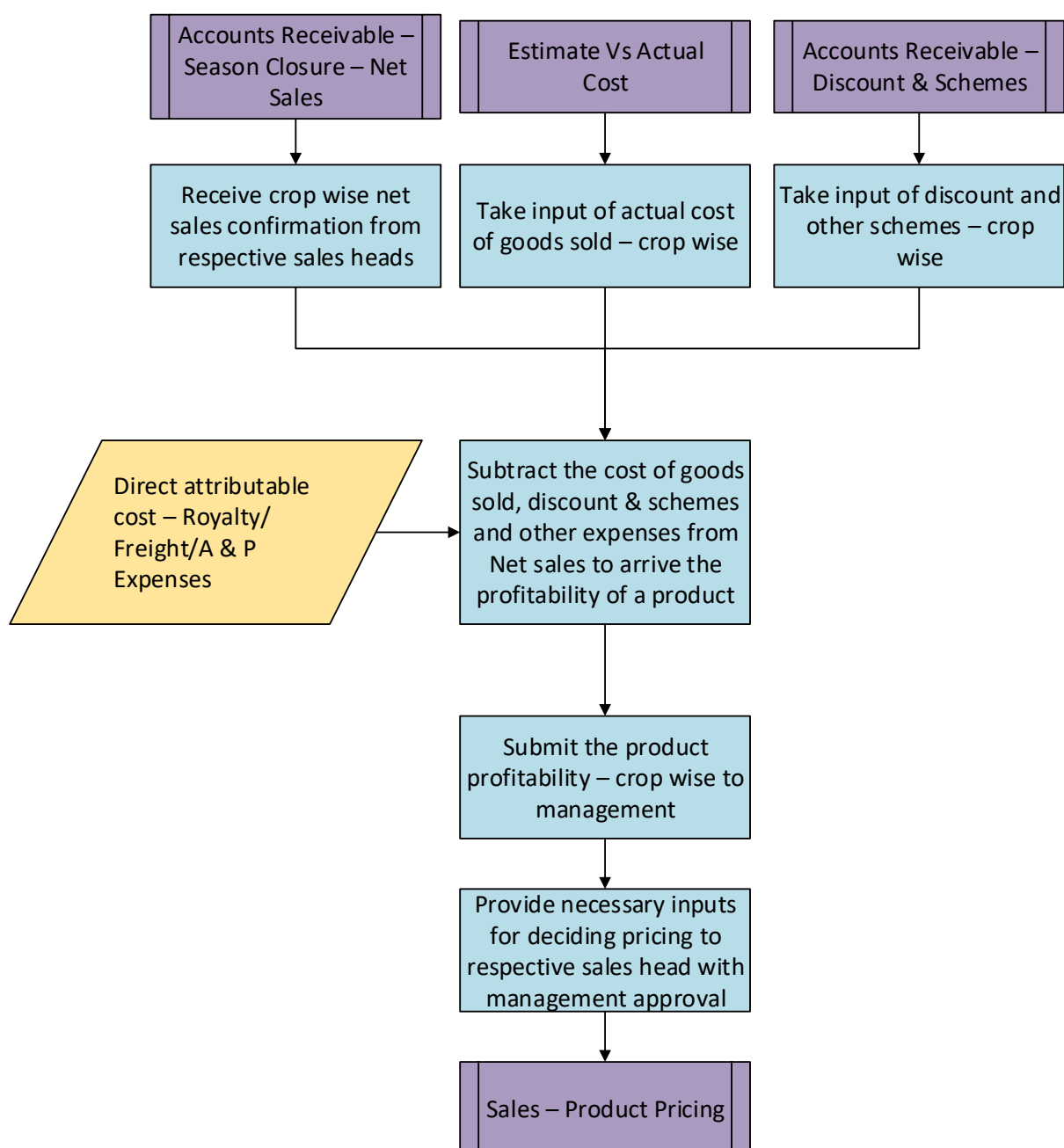
Key activities:

16.2.1 Extracting actual expenses

16.2.2 Cost variance analysis

Process	Maker	Checker	Approver
16.2.1 Extracting Actual Expenses			
1) Extract the actual expenses details from SAP at the end of production season closure, <ul style="list-style-type: none"> Seed procurement cost Direct production expenses Seed processing and packing cost Freight cost Actual loss % Admin and other expenses 	Assistant Manager Finance /Manager finance		
16.2.2 Cost variance analysis			
1) Consolidate the crop wise actual cost and compare the actual cost with the cost estimate and analyze the variance	Assistant Manager Finance /Manager finance	Senior Manager – Finance & Accounts	
2) Discuss with the respective process owners for the variance and get necessary action plan such as, <ul style="list-style-type: none"> Cost reduction Cost control Scope for improvements 	Assistant Manager Finance /Manager finance/Department Heads (Production &Processing)	Senior Manager – Finance & Accounts	
3) Submit the actual cost, variance analysis report and action plan to management for review at the end of season	Senior Manager – Finance & Accounts	Head – Finance/Accounts	Management

16.2 PRODUCT PROFITABILITY ANALYSIS



Sub-process Owner:

Deputy Manager – Finance & Accounts

Departments Involved:

All departments

Key activities:

16.3.1 Inputs from departments

16.3.2 Product profitability analysis

Process	Maker	Checker	Approver
16.3.1 Inputs from departments			
1) Receive and take inputs from the available data, <ul style="list-style-type: none"> Crop wise net sales confirmation from respective sales heads Input of actual cost of goods sold Input of discount and other schemes – Crop wise 	Manager – Finance	Head – Finance/Ac counts	
16.3.2 Product profitability analysis			
1) Subtract the cost of goods sold, discount & schemes and other expenses as given below from net sales to arrive the profitability of a product <ul style="list-style-type: none"> Direct Attributable cost – Royalty/Freight/A & P Expenses 	Assistant Manager/ Manager – F & A	Senior Manager – Finance/Ac counts	
2) Submit the product profitability – crop wise to management	Senior Manager – Finance/Ac counts	Head – Finance/Ac counts	Management
3) Provide necessary inputs for deciding pricing to respective sales head with management approval	Senior Manager – Finance/Ac counts	Head – Finance/Ac counts	Management