Pig Farm Cost Accounting Process

Abstract: The cost accounting is important to a successful pig farming business, and to make the pig farm cost accounting more rational, accurate and normative, here are the rules of cost accounting, including Swinery Classification and Account Setting; Cost Accounting Process; Birth, Transfer, Elimination, Sales, Death.

Keywords: pig farm, pig farm cost, pig farm cost accounting, pig production, pig farrowing, farrowing house, pig nursery
To make the pig farm cost accounting more rational, accurate and normative, here are the rules of cost accounting:

**Sвинery Classification and Account Setting**

1. According to the rationality of production and accounting, the pigs are divided into:
   ---production sows
   ---stock boars
   ---replacement pigs
   ---big fat pigs (more than 60kg)
   ---medium fat pigs (35kg-60kg)
   ---little fat pigs (25kg-35kg)
   ---nursery piglets (7kg-25kg)
   ---farrowing house piglets (new born-7kg)

2. The accounting items have *production cost*, *consumptive biological assets*, *productive biological assets*, etc. Production sows and stock boars are the productive biological assets, and the others are the consumption biological assets. After the replacement sows are bred and transferred into the production sows, it means they turn into the productive biological assets.

**Cost Accounting Process**

The production cost account consists of secondary accounts, namely production cost, production sows, etc. And every secondary account consists of third accounts, namely the feed, animal drug, labor cost, depreciation, fabricating cost.

1. The feed
   ---The feed includes original feed and finished feed. And the finished feed is sorted
into 8 classes according to the supply targets: milk-replacer (original feed, no need for processing), nursery feed (the feed for first ingestion), lactation feed, boar feed, piglet feed, medium pig feed, big pig feed and pregnancy feed. The feed processing plants should process the feed observing the disciplines of feed formula and bagging specification, or the plants should be evaluated to avoid long-term error accumulation causing data distortion.

---Strictly respectively calculate the original feed and finished feed by setting respective account book. Confirm the finished feed storage sum based on planned unit price; check in the materials detailed account and figure up the balance amount. At the end of a month, adjust the actual cost of finished feed according to the original feed cost that the feed plant has taken and the finished feed stock cost, making the following entries;

debit: raw materials—nursery feed, etc finished feed
credit: raw materials—maize, etc raw materials

---Apply the month-end weighted-average system to carry forward the monthly issued inventory cost at the end of the month, making the following entries:
Debit: production cost—production sows, feed, etc
Credit: raw materials—nursery feed, etc

2. The labor cost, animal drug, depreciation
---Veterinary medicine prescription should indicate what pigs the medicine is used for specifically and the prescription should be one-for-one. The medicine cost is recorded in its relative biological asserts cost not in the fabricating cost. Set the third account with animal drug on the basis of specific uses.
---Labor cost mainly is the feeder, breeder, etc production operators salary, recorded in its relative cost.
---The depreciation years of the productive biological assets is 4, and applying the method of line, the residual value is 10%.
The instant calculated-extracted depreciation= The original value of last-month productive biological assets * (1-10%)/4/12.
---Accounting entries is as follows:
Debit: production cost---production sows, etc.---veterinary medicine, labor cost, depreciation.
Credit: raw materials (wages payable, accumulated depreciation (biological assets amortization))

3. Fabricating Cost
The fabricating cost has water & electricity fee, quarantine fee, fuel & power fee, labor charge, low-consumption products, etc. The fabricating cost is apportioned according to the amount of direct materials consumption of each group of pigs (feed, veterinary drugs), making account entries as follows:
Debit: production cost---production sows, etc---fabricating
Credit: fabricating cost---water & electricity fee, etc.

4. There is no balance of production cost at the end of the month. The consumptive biological assets is moved into the relevant consumptive biological assets value, and the production cost of production sows, breeding pigs is move into farrowing house piglets value.

Birth, Transfer, Elimination, Sales, Death
Birth, transfer, elimination and sales are all assumed to be at the last day of the month.

1. Carry forward the productive biological assets at the end of the month:
   Debit: consumptive biological assets---farrowing house anthony pigs
   Credit: production cost---production sows
   production cost---breeding pigs

2. Early-death anthony pigs without sale value:
   Debit: main business cost---farrowing house piglets
   Credit: consumptive biological assets---farrowing house piglets

3. Weed out production sows and breeding pigs:
   Debit: cash holdings
   Credit: productive biological assets impairment
   Carry forward elimination cost at the end of the month:
   Debit: productive biological assets impairment
   productive biological assets amortization
   non-operating expenses---gains and loss of productive biological assets impairment
   Credit: productive biological assets---production sows, breeding pigs
4. Weed out and sell other pigs except the production sows and breeding pigs:
Debit: cash holdings  
Credit: main-operating incomes---big fat pigs, medium fat pigs, small fat pigs, replacement pigs, nursery piglets  
Carry forward elimination, sales, death cost, and the unit price is the same with the unit price of transfer:  
Debit: main-operating cost---big fat pigs, medium fat pigs, small fat pigs, replacement pigs, nursery piglets  
Credit: consumptive biological assets

5. Monthly transfer amount=(beginning stock amount+currently arrival stock amount)/(beginning stock quantity+currently arrival stock quantity)*transferred pigs quantity

6. Sell pig feces:  
Debit: cash holdings  
Credit: main-operating incomes---pig feces