

Aspect		Type of process	
		General purpose	Dedicated
Overhead	Recovery	Process or product oriented	Blanket rate per standard hour
	Control	Complex control: needs to assess the impact of product mix and volume changes, alternative routings and other similar factors	Simple variance control, derived from comparing actual to standard unit volumes
Costs	Set-ups	Direct to product	Overhead rate based on machine utilization
	Process scrap	Specific to the process or product	Blanket allowance
	Quality	Direct to product	Overhead rate established
	Tooling	Direct to product	Overhead rate established
	Maintenance	Direct to process	Overhead rate established
Basis for pricing		Product cost basis	Contribution basis
Development of accounting procedures and controls		Bottom up	Top down

EXHIBIT 11.6 Some accounting approaches depending on the type of process