COVER PAGE AND DECLARATION

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Introduction

Because of the quantitative translation of the plans produced by all the departments, the financial activity in commercial enterprises such as corporations and institutions is highly essential. And it is compatible with the basic aims for which the facility was founded in a coordinated manner.

The capital component is one of the main parts of a company that has to be sensibly handled in order to achieve business development and progress.

This also makes it easier to monitor and plan effectively in the development and development process.

Q1

A-Absorption costing on 50 swipes limited for February

“Sales Revenue (11,500*22) = 253,000 €

Direct materials + Direct labor + Variable Production overhead =

Production

29,000 € + 19,000 € + 7,300 € = 4.424 Unit

12,500 €

- COGS = Beginning Inventory + Production – Ending Inventory

Beginning = 0

Prod (12,500*4.424 +(28,600/12,500)) =

(12,500* 6.712) = 83,900 € - (1,000* 6.712) = 77,188

28,600/20,000 = 1.4 variable selling and administrative expenses per unit

+ Variance = 1.43*7,500 = 10,725 €

Adjusted COGS = 77188 + 10,725= 87,913 €

Total = 253,000 – 87,913 =

Gross Profit 165,087 €

Total selling and administrative expenses. 44,500 €

Operation income 120,587 €

B- Absorption costing on 50 swipes limited for march

"Sales Revenue (15,500*22) = 341,000 €

Direct materials + Direct labor + Variable Production overhead =

Production

33,250 € + 22,000 € + 8,500 € = 4.396 Unit

14,500 €

- COGS = Beginning Inventory + Production – Ending Inventory

Beginning = 1,000

Prod (14,500*4.396 +(28,600/14,500)) =

(14,500* 6.368) = 92336 €

Beginning Inventory + Production – Ending Inventory

(1,000* 6.368) + 92,336 – 0 = 98,704 €

28,600/20,000 = 1.4 variable selling and administrative expenses per unit

+ Variance = 1.43*5500 = 7865 €

Adjusted COGS = 98704 + 7865 = 106569 €

- Total = 341,000 – 106569 =

Gross Profit 234,431 €

- Total selling and administrative expenses. 57,100 €

Operation income 177,331 €

A- Variable costing on 50 swipes limited for February

“Sales Revenue 253,000 €

- variable Cost

Variable COGS = Beginning Inventory + Production – Ending Inventory

Beginning = 0

Prod 12,500*4.424 = 55300

55,300 - (1,000* 4.424) = 50,876 €

- Variable operation cost = 11,500*4.2 = 48,300

Contribution margin 153,824 €

- Fixed Cost
- manufacturing 28,600 €
- selling and administrative. 35,525 €

Total

Operation income 118,299 €

B- Variable costing on 50 swipes limited for March

“Sales Revenue 341,000 €

- Variable COGS = Beginning Inventory + Production – Ending Inventory

Beginning Inventory = 1000

Prod 14,500*4.424 + (1,000* 4.424) = 68572 €

- Variable operation cost = 15,500*4.2 = 65,100

Contribution margin 207,328 €

- Fixed Cost

manufacturing 28,600 €

selling and administrative. , €

"Operation income 175,359 €

Q2

Reconciliation Profit of Absorption costing 50 swipes limited for

Febuary

(Operation income under Absorption – OP Income under Variable)

= (Fixed Manufacture Cost per unit of end Inventory under Absorption

– F.Manuf Cost of Beginning Inventory under Absorption)

120,587 - 118299 = (28600/12500) *1000

2288 = 2288

Reconciliation Profit of Absorption costing 50 swipes limited for

March

(Operation income under Absorption – OP Income under Variable)

= (Fixed Manufacture Cost per unit of end Inventory under Absorption

– F.Manuf Cost of Beginning Inventory under Absorption)

177,331 - 175359 = (28,600/14,500) - (28,600/14,500) *1000

1972 = 1972

Q3

In general, the cost of companies and organizations determines a percentage of the overhead costs based on the type of activities under assumption that on activities pay the overheads on an ongoing basis.

As such, the cost of firms and businesses adds indirect costs to product costs. There are also cost systems with a different approach. Instead of focusing only on the company's overhead costs a unit of product, these techniques are centered on assignment. fixed inventory overhead costs.

Now there are two main methods followed in all commercial manufacturing companies in evaluating work in operations and stock of finished goods for the purpose of financial accounting:

The two methods are variable costing and absorption costing.

<u>First one is variable cost</u>, A technique in which all variable expenses are allocated and calculated is known as direct cost or marginal cost. (such as

direct materials, direct labor, variable overheads, etc.) for products, and accordingly Overhead costs are fixed. spent in the past period.

Keeping in mind that under variable costing, the inventory value does not include fixed overheads.

The second technique is absorption costing, often known as full costing, which is a method for calculating product costs that includes all direct expenses, fixed overheads, and variable manufacturing overheads. It is important to know that it in addition, under absorption costing, the value of inventory is included, as well as direct materials, direct labor, and all overheads. Of course, there is a difference in methods, which is that management should prefer one method over the other for the purposes of serving the internal decision makers.

Also, the main difference is that only the absorption method complies with GAAP.

Absorption costing defined as a method of costing to account for all the costs of manufacturing. Management uses this method to absorb the costs incurred on a product. In contrast is suited for long- run pricing decision, it is very important that the price over a product’s life cover all the manufacturing cost.

Absorption costing include indirect costs and direct costs. Land or factory rent, compliance, administration, and insurance are examples of indirect expenses. All materials and labor utilized in production are included in the direct expenses.

Fixed costs, semi-variable costs, and variable costs are all seen in absorption costing. Fixed costs do not alter irrespective of the quantity of production at all.

But Variable costs increase or decrease in the proportion of the all goods produced. Also, Semi-variable costs increase or decrease in batches.

It's one of accounting methods and procedures.it determines the cost of the inventory at the end of an accounting period.

Also closing inventory consists of fixed costs, that increasing the value of the inventory of company. Absorption costing method of inventory valuation increases the profit of the Business.

Among the most important characteristics of the Absorption costing method are some points that we will mention first it includes both variable costs and fixed costs which related to production. also known as full costing. Absorption costing is utilized for this, as well as for reporting to external stakeholders and paying and settling taxes.

Naturally, it follows commonly known accounting standards. (GAAP) and International Financial Reporting Standards (IFRS).

It is used in calculating the unit cost based on all costs including fixed overhead costs.

The absorption cost mainly depends on the external reporting standards provided by the external agencies.

So, it includes and requires the need to consider all the companies' production costs and then Include them in your inventory and ongoing work.

variable costing includes only the variable costs that are directly connected to all manufacturing processes by companies and organizations.

Variable cost is also known as marginal cost or direct cost.

As it is known variable cost is generally used for internal corporate reporting purposes. Where managerial decisions are taken on the basis of variable cost of products.

So variable cost is used to compare the profits of different product lines in manufacturing the products.

Organizations can then perform analyzes based on the scale of costs and profits .also, the variable cost depends on the internal specifications of the products for the preparation of all reports and presentation.

Variable cost will only include variable production costs which will always be allocated to inventory and work in progress and definitely forget the cost of products sold.

It is the difference between sales that is used to compute contribution and the variable cost of sales. Finally, Last but not least profit is easy to predict because it is a function of sales.

Q4

One of the prerequisites is a competent accounting system. there to provide to the administration and other parties. With the data and information required to obtain information related to assets of a financial nature.

practiced by the institutions, and record these operations in a book in accordance with the accepted accounting rules

on her.

Therefore, the accounting system is very essential. in the success of the work, as it provides means of protection for assets and assets through methods of internal control and effective accurate control over all aspects of the prevailing activities by following the systems of reports and financial records. And accounting, which enables at the same time to measure the result of profit or loss and to determine the real financial position of the activity on a specific date.

The Accounts Department is the body responsible for controlling all financial transactions that occur within the various departments, maintaining books and records on the financial situation, and providing reports and appropriate accounting information that assists management in taking appropriate and appropriate accounting decisions and appropriate responses.

necessary to reach the highest rate of profitability.

1 - comprehension and awareness

It refers to the extent to which the facility's upper management is involved.

understand and know the mechanism of applying accounting systems through coordination among them in order to achieve the goals with high efficiency. The importance of understanding and perceiving information is the most important feature of the current era as a result of the tremendous development in the information and communication revolution, which in turn led to a significant increase in the information that must be processed, stored and presented, which complicated the process of controlling it. Information technology applications have spread in various countries

Fields and at all levels, and the economic organization is considered the most affected by this technology It entered into all the work and activities of the economic organization Given the importance of perceiving and understanding information, organizations search for the best ways to optimally use that information because it has a positive impact on Make decisions, use available resources, and direct them to achieve the desired goals. The system is considered in light of this technological development, accounting is the most important system for producing sound and useful information that

In our time, it is closely related to the administrative process in business establishments.

It is one of the main factors in making financial decisions, whether they are operational, investment or financing decisions, as decisions affect

All the functions of the organization, especially its ability to achieve a competitive advantage, help in its continuity in the sector

Business.

And in turn, It's a fundamental feature through which it is possible to identify the financial and operational centers, maintain the existence of the facility and achieve its objectives through planning.

Financial knowledge and awareness of the reality of the financial structure and its components that constitute the available sources of financing that contribute to assisting senior management in the appropriate decision-making process.

On the financial level, performance appraisal focuses on

To ensure the availability of liquidity, flexibility and level of profitability in light of each of the investment and financing decisions and the associated risks, in addition to earnings in the context of maximizing the facility's current worth, given that financial management's goals are to increase the institution's current value and preserve liquidity The Corporation to protect it from the risk of bankruptcy and liquidation, and to achieve an appropriate return on investment.

Given the significance of information literacy, organizations search for the best ways to optimally use that information because it has a positive impact on Make decisions, use available resources, and direct them to achieve the desired goals. The system is considered In light of this technological development, Accounting is the most crucial mechanism for generating reliable and relevant data, which in our time is closely linked to the administrative process in business establishments.

It is necessary to get acquainted with the general framework of accounting information and to know its principles, mechanisms and the ethical aspects associated with them, as well as not forget to identify the concept of profit management, its motives and methods, and to observe the influence of the accounting system's developments in the organization on the financial performance.

2 - Decision making

Our contemporary world is characterized by a high degree of scientific development and technological superiority, whose effects have been reflected in various areas of life and sectors of work and production. Thus, it has become necessary to have the necessary data and information available to the decision maker, relying on the A number of computerized information systems, especially accounting information systems, in making decisions.

It is the process of evaluating the alternatives to choose the appropriate alternative from the alternatives offered. There are many decisions that differ according to the nature, circumstances and type of the decision to be taken, the behavior of the decision maker, the nature of the organizational structure, and the powers and authorities followed.

And a set of internal and external circumstances surrounding the decisions, the decision-maker must be able to distinguish the various sources of information available to him, and to choose and use Appropriate ones to serve the decision, and accounting information plays an essential role in simplifying, analyzing and presenting Information objectively and appropriately for organizations to achieve its objectives and take rational decisions.

Financial performance focuses on showing the results of events and decisions that are actually taken, and the goals achieved by studying this performance, which are: achieving the goal of survival and continuity of the organization, achieving the goal of determining the financial strengths and shortcomings resulting from the use of certain financial policies and decisions in the organization, achieving the goal of The ability of the organization to grow and innovate, achieving the goal of ensuring the extent to which the organization uses financial resources in the most efficient way possible. Profitability indicators are among the most important indicators that financial analysts and users rely on The financial statements in evaluating the performance of the organization, which in turn seeks to achieve the highest possible rate of these indicators in light of achieving other goals such as liquidity and others, convinced of the importance of these indicators in performance appraisal.

Profitability is the ultimate test of business activity, which reflects the vitality of the line Products and the ability to achieve high levels of competitive performance in production and sales.

3- Integrated Reference Standards

It means the possibility of using international standards for relevant regulatory bodies the financial control is carried out in different ways, according to the applicable standards, i.e. full conformity with international standards for bodies related to financial control in that the control process is implemented in accordance with the standards the relevant international accounting principles and in accordance with the additional guidance provided in the implementation notes. The use of international auditing standards as the reference standards means full compliance with the relevant international accounting standards, and in this case the material contained in the implementation note can be used.

Where applicable, to encourage the use of international accounting standards. Here, it can be divided into several stages to reach the best result in understanding the reference standards.

Planning stage: where a preliminary survey is conducted to find out the establishment's need for a project to develop its accounting information systems and what goals it seeks to achieve and determine the feasibility of development projects to be completed.

analysis stage :Where reference standards and components are studied Possibilities, entities, and logical relationships that It links them in order to find a new system or improve the existing system. A set of qualities is required of the systems analyst, the most important of which is his knowledge of accounting work procedures.

In the institution and its impact on economic operations, and his familiarity with a number of other branches of knowledge, Such as management, economics and electronic computers. In addition to the capacity to recognize and diagnose issues.

Design stage: in which the processors and data required for the new system are identified and the specialized types of equipment and software needed for the new system are identified.

Extensive knowledge of all the relationships that must be secured by the system and the interconnection of the sub-systems with each other in order for the system to be designed to the required degree.

Test and application phase: in which the ability of the new system to meet the needs of the end user, who is the accountant himself, is determined. Therefore, the accountant is the most capable of the parties to judge the efficiency and effectiveness of the new system.

Q5

Many owners of small-business would much rather have their hands dirty in their own business than be learning accounting techniques. However, because it offers cost information needed for decision making, management accounting is critical to the functioning of manufacturing companies.

So, without product costing techniques, managers would have no systematic way of determining how much cost is incurred in producing products.

Cost information is used to assess the amount of inventory and prepare necessary external reports. In addition, product costs are also used to set selling prices and to monitor and track manufacturing performance.

Many ways are used to calculate the cost of items of various sort.

However, some managers usually choose from job order cost and operations cost.

This technology allows companies to choose costs for products based on the batches that are manufactured for the products.

Operations costing is used in companies where manufacturing takes place on an ongoing basis.

Variable costing, a management accounting technique, allows small business owners to adjust typical net income numbers to remove this distortion.

Thanks to this adjusted figure, known as the net income of variable cost,

A better measure of performance when inventory balances fluctuate significantly.

Variance analysis When manufacturers produce products, sometimes production costs are higher than expected for two reasons.

The first Reason That company can use more input than expected.

Case in point, if your company makes tables for a restaurant, you may have used too much iron. Additionally, inputs can cost you more for your product than planned.

Variance analysis, a managerial accounting technique, provides you with a systematic framework to break down the differences from the expected cost of factory production relative to the variances in prices and quantities, this allows managers to better and easily manage the variances from all expected costs.

Make or buy strategy Of course, management accounting helps small business owners decide which products they should be accustomed to manufacturing in the first place.

Manufacturers often have their own discretion in deciding whether to build their products from scratch or purchase certain components and materials from a pre-assembled product.

Management accountants use a technique called differential cost analysis to analyze these decisions.

By examining the costs that differ between options, managers can evaluate making or buying decisions objectively and through deliberate steps.

Conclusion

I like the end of this beautiful, interesting topic, and we work hard to give our best, as we have made all of our efforts, and worked hard so that this topic includes administrative accounting on all of its elements, and we hope that you will open the way for our fellow students to contribute any missing information to this research, with mentioning the humble observations and comments, What drives us to develop from the field of scientific research, in order to advance cultures and keep pace with development and modernization, and to work hard to advance scientific research.

the common mistakes of the past so that we can take them into consideration in future research, as well as new additions to the research and keeping pace with research for new ideas.

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