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COVER PAGE AND DECLARATION

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The important side of managerial accounting

The most important side of managerial accounting is to guide the managements of any organization to perform its goals. planning, organizing, directing, and controlling. Management of accounting will help with finalizing those functions by the following :

1. **Providing data:** It serves as an actual source of details for planning. The historical details analysed by the managerial accounting will show the amount of growth for the business, which is mostly useful in forecasting process.
2. **Analysing data:** The accounting of management data is shown in a clear way by counting ratios and projecting trends. This information and details are then analysed for the purpose of planning and decision-making. Such as, categorizing purchases for different items period-wise, supplier-wise, and territory-wise.
3. **Aids meaningful discussions:** Management of accounting can be used as a meaningful way of communicating throughout the company. The primary stages build base for the organization and consistency of various stages of its planning. Later, it talks about the progress of the same plans and the ways of different parts to implement them.
4. **Helping to achieve the goals:** It helps to convert the organizational strategies and objectives into possible business goals. These same goals can be reached by imposing the original budget control and standard of costing, which are completed parts of managerial accounting.
5. **Using the qualitative information:** Management of accounting does not restrict itself to quantity information for any decision-making. It considers the quality of information that cannot be measured in terms of money. Industry cycles, the strength of research, development is some of the examples for qualitative information that a business can collect using special surveys analyses.

Scope over managerial accounting

The main aspect of managerial accounting is to increase profit and decrease losses. It is concentrated with the presentation of details to inconsistencies in finances that help managers make important decisions. It shows the quietness vast and includes several business operations. The following points discuss what management of accounting can do to make a business running a better way.

1. Managerial accounting is a reorganizing of information on financial side statements, and it depends on it deeply for making any decisions. So, the management alone cannot enforce the managerial decisions' making without referring to the base of financial accounting criteria.
2. Thinking What you can extract from financial accounting is joined to numerical results like profit and loss, but in management accounting, you can discuss all the cause-and-effect other relationships behind those same results.
3. Managerial of accounting uses the easy way to understand the most important techniques like standard of costing, marginal of costing, project of appraisal, and control of accounting.
4. By Using historical data as a data reference, the management will observe the currently analysed information to confirm the impacts of the business decisions.
5. Management also can use this type of accounting to reset the objectives, format planning to create them, and compare the performance of various departments.
6. Managerial of accounting is used mainly for the forecasting. It concentrates on supplying the information that would ease all the effect of a problem solving rather than arriving at a final solution.

BALANCE SHEET financial position

The balance as we mentioned before is sheet which one of the three fundamental financial statements and is key to both modelling and accounting. The balance sheet shows the company's total assets and how its assets are financed, either through the debt or the equity. It can also be referred to as the statement of net or of financial position. The balance sheet is based on the fundamental equation: **Assets = Liabilities + Equity**.

INCOME ST revenue measuring

The income statement includes the sheet showing if this company is already succeeding or not. revenue out of sales or service revenue. Expenses (cost) minus total income will exclude the main revenue counted. We must control our fixed and variable expenses too.

Income = Revenue – Expenses.

CASH FLOW Statement

A summary of business cash inflows and outflows over a period. Why do we need it? To record our profit and loss and build equivalent planning for company growth. Opening cash at a certain date versus closing cash at a certain date too.

STATEMENT OF Owner Equity

It's the residual value of an entity's assets after deducting all its liabilities. $Assets = Liabilities + Equity$, $Equity = Assets - Liabilities$. Equity = Net assets. In another definition, Equity represents the net funds invested into a business by its owners.

Case:

Our company is SWIP 50 which have been working for three years specialized in creating screen protector for laptops. Not normal ones, no, it is known for the best quality that can prevent any scratches from touching the laptop screen, creatively made and providing the stylish appearance that delivers both look and quality. Nowadays, the company decided to refine its production process. Focusing on the income and cost arising from the activities. Therefore, to focus on the product costing. How both absorption and variable costing affect the profits of the company. The capacity of the company is almost 20,000 units per month. Fixed production overheads of 28,600 per month. On the 31st of January, the company's warehouse has no plus swipes in inventory. Fixed and variable elements (a variable portion is incurred based on units sold) are included in total administration expenses. According to the following statement, we'll do the rest:

	<u>February</u>	<u>March</u>
<i>Production (Unit)</i>	<u>12,500</u>	<u>14,500</u>
<i>Sales (Unit)</i>	<u>11,500</u>	<u>15,500</u>
<i>Direct Material</i>	<u>29,000</u>	<u>33,250</u>
<i>Direct Labour</i>	<u>19,000</u>	<u>22,000</u>
<i>Variable Production Overhead</i>	<u>7,300</u>	<u>8,500</u>
<i>Total selling and administrative expenses</i>	<u>44,500</u>	<u>57,100</u>

Profit statement: absorption costing-variable costing

	<u>February</u>	<u>March</u>
<i>Production (Unit)</i>	<u>12,500</u>	<u>14,500</u>
<i>Direct Material</i>	<u>29,000</u>	<u>33,250</u>
<i>Variable Production Overhead</i>	<u>7,300</u>	<u>8,500</u>
<i>Total expenses</i>	<u>48,800</u>	<u>56,250</u>

Calculating the profit statement for the month of February and March according to the total expenses which contain production fees, material cost, and variable production overheads. It will directly guide us to analyses the statement of equity and another way to plan an improved budget for the next chapter of SWIP 50 as new generated production with lower cost and higher quality that bring a better level of revenue.

Reconciling

Profit and Loss Statement For the Period MAR-22		
Income		
Sales	52000	62000
Total Sales	52000	62000
Cost of Goods Sold		
Opening Stock	\$ -	
Stock Purchases	34320	44320
Less Closing Stock	3120	4120
Total Cost of Goods Sold (COGS)	31200	41200
Gross Profit	20800	30800
Expenses		
Advertising	500	1500
Bank Service Charges	120	220
Insurance	500	1500
Payroll	13000	14000
Professional Fees (Legal, Accounting)	200	400
Utilities & Telephone	800	1800
Other: Computer Software	480	580
Expenses total	15600	17600
Net Profit before Tax	52000	62000

Note: Cost of Goods Sold calculation:

Towards the end of the year, SWIP 50 needs to produce 100 more screen protectors on credit from its supplier for an order in the new year. This leaves them with \$3,120 of stock on hand at the end of the year.

Cost of Goods Calculation		
	Opening Stock	
Add Stock production during the year	\$34,320	(1100 screen protector @ 31.20 each)
Equals Stock available to sell	\$34,320	
Less Stock on hand at end of the year	\$3,120	(100 screen protector @ 31.20 each)
Cost of Goods Sold	\$31,200	

Methods' variety and importance.

If we consider comparing methods which must vary by results and process. Some will increase or decrease the owner's equity, in this case, the company has to deliver the assets to them. Except if the owners have a

plan to improve the company to save a share only to be planning this area. The business life cycle will pass by four stages, introduction face in the market is the first, growing the second one, maturity is the third, and the fourth is stability and improvement during the last face.

Every face is affected by the business stages. Expenses and revenue. that's why we replace the statement of equity with the statement of return earning. Net income can increase the revenue. Evidence can decrease it. Normally we should be extra careful to see widely ranged which one is a better choice. Most important to manage the five branches of accounting management. Anyway, discovering and analysing the data that is collected by the financial team is the only way to measure the business's success or growth. In this example, SWIP 50 is defined as a growing company which affected by its database first. Then the vision was built to increase revenue. So, the most important factor to reach this goal, Is to wisely study the future consumption of all screen protectors while decreasing the value of their cost.

Improving the accounting system

1. Timely doing reconciliation.

We may not have to do it immediately, but reconciling accounts payable and accounts receivable to our statements of financial position and our balance sheet will be much easier, at the end of every month.

2. Cut-off policies in place and be fixed to it.

It's important to have and analyse the system of all rules and cut-offs for submitting bills, reimbursements, etc., and strictly enforce them. Business rules will drive the accounting processes and must be confirmed to to.

3. Research is most important.

Sometimes it is hard and justifying sitting and reading for one or two during the job, but it is necessary for accounting of management. Laws and tax forms change, and the best practices are constantly being improved.

4. To Pay your taxes.

Nobody wants to hear it, but it needs to be recognized. Taxes must be paid on the time, early, or by the sited schedule as per the IRS. This avoids extra fees or penalties, and the potential headache of an audit going awry.

5. Seize opportunity.

This is the major mistake that many of accounting departments makes. Most of the accounting department's works is cyclical, recurring, or at least, predictable. This forms the mindset of mainly working on an existing path without challenging, leading to a missed opportunity for improvement or

cost reduction in the department (the senselessness of doing something "just because it's always been done that way, and the business runs fine" is evident in this mentality).

6. Reporting within accounting.

This is an important step in any business. Chances are, in the accounting department, you need to produce reports for not only your own department and record-keeping, but for the individual departments, and also executives, moreover for use with filing and tax preparation. A standardized system for reporting and data management will become crucial to ensure that work is not being duplicated due to formatting requests or software complications.

7. Accounting in the cloud.

This will provide not only the access to information from any location, but a centralized hub of data that can be made available to your department, executives, and other disconnected databases that may rely on manual entry and duplication.

8. Don't treat accounting like it's just simple.

Accounting is much more than tax compliance; it helps you run your business smoother. Accounting and financial details can directly generate business and shape strategic information, like selecting a marketing strategy that results in the best financial outcome.

9. Don't allow clients to get away with not paying their balances.

This is the cost of receivables. A high number in the receivables column is nice, but you can't buy more materials or invest in new technologies with a promise - so don't let your clients do that to you. Stand firm and refuse future service before clearing prior orders on accounts.

10. Calculate the minimum profit.

This is something businesses will often lose sight of. Annual budgets are expected, and a current statement is typically available - without goals and strong metrics to predict what is about to happen though, it can be hard to tell how well you're doing as a company. In the accounting department, it can be helpful to present this information as concluded from your data: "We needed a minimum of gross margin for the last three months, if we maintain we'll need the same." Being clear with executives about the realism of the goals they are setting is one of the most crucial tasks an accounting department head can perform.

Accounting jobs are important in manufacturing companies.

Accounting jobs are defining the success of our establishment. Among all other departments which apply the standards and refer the qualities with products qualifications. Accounting is the only criteria that shows the possibilities of long-term success. That is why accounting jobs are most important in manufacturing companies. From one side the department's employee are measuring funds and profits. They calculate the expenses which required for production, and they also analyse all the value – based coasts within the operation. The goal for that worker is to define the possibilities of real coast for all products and pricing level to receive best revenue during years of operation. Also, to build a system of strategies aiming to get more income increment each year. Such a person must have an amazing skill and accurate awakens. He or she must have specific characteristic to be able to manage planning and organizing and perfectly analysing all details. To be able to provide forecasting model and investigate budget planning with also the ability to take important decisions in order to manage companies improvements. Scheduling managements' needs and dividing departments' level of expenses. Each year, they should configure the new budget required for next one, mostly between October and November to be submitted after reviewing by management's members. In return, they provide it to the owners or stockholders by their own. It's connected process to control income and outcome and also to keep organization alive. By even thinking moderately about the consumption of assets and how to keep it affective for longer time, also, to keep share of income saved for emergencies situations. Never forgetting the taxes calculations too, it's one fundamental column in managerial accounting in which it deals with the governmental documentations.

Clearly, we approve that managerial accounting is mostly important in any growing establishment which aiming to build successful future and need to last for longer periods. Salute for financial team members all around the world.

Conclusion

At the end of this assignment, we can define why managerial accounting is almost the most fundamental feature to build a successful business during the journey from the first scratch toward the top of successful journey. It is of course affected by pricing mainly and all our decision making. Sitting the price is not easy thing as it's controlled by the expenses of basic material and also the criteria of pricing level for the same products. Competitor pricing also is highly considered but we must take into consideration our clients respect and mindset. We set the level of success according to sales and managerial conclusions. While making the pricing list, we should think about the market too. It is highly recommended to follow the level

of normal standards then apply the higher quality level. We can use even the same products but higher price for reasons of quality and luxury advertisements. As we all know, clients are charmed by the luxury image.

SWIP50 was one example of growing company with its planning process to reach higher level of success, they thought clear of increasing the production quantity without ignoring the quality factor. Why? Because if they did, it will be huge lost for the company's value and credibility.

Honestly, I didn't have the image of how much this department is important and beneficial, until I got that much clarity to understand the true value of this! really grateful and appreciating all the efforts providing within the process.

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END of assignment.
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