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COVER PAGE AND DECLARATION

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Introduction:

Managerial account is also called management account, it is a system of account that creates statements, reports, and documents that help operation in making better opinions related to business performance , it is used for internal purposes of organizations and the main objective of it , it is to help the operation of a company in efficiently performing its functions planning, organizing, directing, and controlling, management account helps with these functions in the following ways:

1. Provides data: it serves as a vital source of data for planning, the historical data captured by managerial account shows the growth of the business, which is useful in forecasting.
2. Analyzes data: the account data is presented in a meaningful way by calculating rates and projecting trends, this information is also anatomized for planning and decision and that also, helps you to purchase the different items as per period-wise, supplier-wise, and area-wise.
3. Aids meaningful discussions: the managerial account can be used as a means of communicating a course of action throughout the association, In the original stages, it depicts the organizational feasibility and thickness of colorful parts of a plan. latterly, it is informing about the progress of the plans and the places of different parties to apply it.
4. Helps in achieving goals: it helps convert organizational strategies and objects into feasible business goals, we can monitor that by assessing budget control and standard going, which are integral corridor of management account.
5. Uses qualitative information: it doesn't circumscribe itself to quantitative information for decision, it considers qualitative information which cannot be measured in terms of money, industry cycles, strength of exploration and development are some of the exemplifications qualitative information that a business can collect using special surveys.

Finally, the main objective of managerial accounting is to maximize profit and minimize losses, it gives concerned with the presentation of data to predict inconsistencies in finances that help managers make important decisions because its scope is quite vast and includes several business operations.

➤ **Title 1. Prepare profit statements for swipe 50 limited for February and March:**

1.1. Absorption costing in Feb:

Variance Production per unit = Fixed production / Production capacity.

$$= 28600 / 20000 = 1.43 \text{ per unit.}$$

Variance production = production capacity – the actual production.

$$= 20000 - 12500 = 7500.$$

Cost of variance production = Variance production x Variance production per unit.

$$= 7500 \times 1.43 = \$10725.$$

Manufacturing cost = Variable manufacturing cost + Fixed manufacturing cost

$$= 55300/12500 + 66025/12500$$

$$= 4.42 \text{ per unit} + 5.28 \text{ per unit} \times 1000$$

$$= 9700$$

February		
Sales Revenue	11500 x 22	
		253000
Direct Material	29000	
Direct Labor	19000	
Variable production overhead	7300	
Variable manufacturing costs		55300
(+) Cost of variance production		10725
Total Manufacturing cost		66025
Ending of inventory Feb		(9700)
Cost of goods sold		56325
(=) Gross Profit		196675
(-) Total selling and administrative expenses		44500
Operating income before taxes and interests		152175

2.1. Variable costing in Feb:

2.1.1. To get the amount of variable and fixed selling and administrative expenses separately:

Extra Expenses for selling and administrative = Total selling and administrative Feb - Total selling and administrative Mar.

$$= 57100 - 44500 = 12600.$$

$$\text{Different sales in Feb \& Mar} = 15500 - 11500 = 4000.$$

Selling and administrative per unit = Extra Expenses for selling and administrative / different sales in Feb & Mar.

$$= 12600 / 4000 = 3.15 \text{ per unit.}$$

Variable selling and administrative expenses = sales in Feb x Selling and administrative per unit.

$$= 11500 \times 3.15 = \$36225.$$

Fixed selling and administrative expenses = Total selling and administrative expenses - Variable selling and administrative expenses.

$$= 44500 - 36225 = \$8275$$

February		
Sales Revenue	11500 x 2	
		253000
Cost of goods sold		
Direct Materials	29000	
Direct Labour	19000	
Variable production overheads	7300	
		(55300)
		197700
Variable selling and administrative expenses		(36225)
Variable Margin		161475

Fixed production overheads		(28600)
Fixed selling and administrative expenses		(8275)
Operating income before taxes and interests		124600

3.1. Absorption costing in Mar:

Variance Production per unit = Fixed production / Production capacity.

$$= 28600 / 20000 = 1.43 \text{ per unit.}$$

Variance production = production capacity – the actual production.

$$= 20000 - 14500 = 5500.$$

Cost of variance production = Variance production x Variance production per unit.

$$= 5500 \times 1.43 = \$7865.$$

March		
Sales Revenue	15500 x 22	
		341000
Direct Material	33250	
Direct Labor	22000	
Variable production overhead	8500	
Variable manufacturing costs		63750
Cost of variance production		7865
Total Manufacturing cost		71615
Beginning of inventory		9700
Total cost of goods sold		81315
Gross Profit		259685
Total selling and administrative expenses		-57100
Operating income before taxes and interests		202585

4.1. Variable costing in Mar:

4.1.1. Variable selling and administrative expenses = sales in Feb x Selling and administrative per unit.

$$= 15500 \times 3.15 = \$48825.$$

Fixed selling and administrative expenses = Total selling and administrative expenses - Variable selling and administrative expenses.

$$= 57100 - 48825 = \$8275.$$

March		
Sales Revenue	15500 x 22	
		341000
Cost of goods sold		
Direct Materials	33250	
Direct Labour	22000	
Variable production overheads	8500	
		63750
		277250
Variable selling and administrative expenses		(48825)
Variable Margin		228425
Fixed production overheads		(28600)
Fixed selling and administrative expenses		(8275)
Operating income before taxes and interests		191550

➤ **Title 2: Reconcile the profit calculated:**

2.1. (Operating income under absorption – operation income under variable = fixed manufacture cost of end inventory under absorption – fixed manufacture cost of beginning inventory under absorption)

$$2.1.1. \text{ In April: } 152175 - 124600 = 28600/12500 \times 1000 - 28600$$

$$27575 = 26312.$$

$$2.1.2. \text{ In May: } 202585 - 191550 = 28600/14500 * 1000 - 28600 \\ 11035 = 26630$$

Title 3: The differs between absorption cost and variable cost and the importance of each

one: Two kind of users are using accounting methods:

3.1. External users: who are the out of organizations, countries, collect the information's and details for decisions making about the plan of investing, purchase companies, plan to put taxes like investors, government authorities.

3.2. Internal users: like managers inside the organizations and they are using when having offers from suppliers, special order from customers, wants to achieve the company goals, production of new line, ETC..., therefore those methods are helping them to realize the whole costs, income, profit or loss for decision making but before explaining the methods need to know the types of costs:

1. Inventoriable cost: those are all costs of product that are considered as assets in the balance sheet when they are incurred, and hat become cost of goods sold only when the product is sold and type of inventory :row material inventory, WIP, finished goods inventory, merchandise inventory (which is the products are held in their original purchase form or the product which it is not manufacture in same company but they are importing it and distributing).
2. Period costs: those are all costs in the income statement other than the cost of goods sold or non-manufacture costs which it is treat as expenses like design cost, distribution cost, ETC...
3. Direct cost: it is traceable cost which mean we can count it or calculate it like direct material (wood furniture, dairy products, ETC...), direct labor like assembly line workers, ETC...
4. Indirect cost: it is untraceable cost which mean we couldn't count it or calculate it like indirect material (cleaning materials, glue. Screws, ETC...), indirect labor like utilization for each machine, ETC...
5. Fixed cost: it is the cost which I'm going to pay or spend it anyway even if I didn't achieve the goals or profit because it is not related to the production like rent, utilize either electric or water, ETC...

6. Variable cost: it is change with output as it is related to production which it is increase with it or reduce with it like raw material.

3.3. Absorption costing: it is a method which it is calculating the whole costs either direct, indirect, fixed, and variable costs except the taxes and interests because those are not relevant information's in operating as it is not having effect on it and the important of this method is using when you want to take a decision in long run of operating for that why all financial statements are using this method & providing a clear picture of the total cost of a product by include both of direct and indirect costs and helps to determine the cost of goods sold , cost of inventory and the absorption costing is consisting of:

SR	Method
1	Sales Revenue
2	Cost of goods sold which is:
	Direct Material + Direct Labor + Variable production overhead
3	(+) Cost of variance production
4	(-) Total cost of goods sold
5	(=) Gross Profit
6	(-) Fixed costs of selling, administrative expenses, and marketing
7	(-) Variable costs of selling, administrative expenses, and marketing
(=)	Operating income before taxes and interests (EBIT)

3.4. Variable costing: it is a method which it is calculating the whole variable and fixed costs only except the taxes and interests as well and the important of this method help the organizations to take a fast decision in short run of operating, provide the management the contribution margin of the product , it will gives the better understanding of the impact on period costs on profit and helping in the selling price of the products, the variable costing is consisting of:

SR	Method
1	Sales Revenue
2	Cost of goods sold
	Direct Material + Direct Labor + Variable production overhead
3	(-) Total cost of goods sold
4	(-) Variable cost of manufacture or administrative expenses
5	(=) Contribution margin
6	(-) Fixed cost of manufacture, marketing, or administrative expenses
(=)	Operating income before taxes and interests (EBIT)

Finally, both methods should have relevant information's and representable with full of integrity and credibility because if those are not available which it means the income sheet is not having the ethics of standard accounting.

Title 4. The three ways to improve the accounting system in swipes 50 LTD: Account systems help business possessors measure business growth in terms of profitability, also the good fiscal systems will identify problems before they get out of hand or it will show you the issue to sort it out, However, If you don't know if your company has a strategy to develop, adopt and review accounting processes, now is the time to reconsider your accounting approach, because it is gives you a complete picture about the whole process and if you are going to have profit or lose it, also using technology to optimize, automate, streamline and integrate as numerous way of your company's bookkeeping and account processes as possible will reduce your back-office burden immensely and reduce the auditor work as well. Without a comprehensive account system, you 'll be operating your business in the fiscal dark and threat facing internal fraud, duty penalties, and possible failure, the following are the ways to improve that:

4.1. Using the Automates to repetitious Tasks: The technology is important these days and every department in any business can get the profit from technology including the Finance department because it can give further data for access and security, from the launch, companies needs to know how they will organize the bills and other important records, as they are most likely to use Microsoft Excel, other popular account software includes Xero,

FreshBooks, Wave, and savant ,you can also get help from consult a professional to get an understanding of which software would fit your business ,through them you will be able to recoup and review your income statements and balance sheets on a regular (monthly or quarterly) basis and always look at your business's financial with annual reports, because they are giving a lot help to finish the hardest of mathematical calculations and presenting in an orderly manner , in another side of technology is artificial intelligence because it allows you to complete repetitious tasks snappily and efficiently , the automating is simple tasks can save your company hundreds of hours in labor and saving time can be spent or used to generate more productivity ,also it can help you to fulfill your business and company goals , but only if you use the right tools , technology solutions have been developed to overcome almost every challenge ,look always for scalable features and ongoing support, but don't be afraid to make use of modern bookkeeping and accounting tools.

4.2. Training & Development inside the organization and solutions if you do not have budget for that: Training is necessary for any field if workers want to stay abreast of assiduity changes ,this can be precious but is generally well worth the expenditure, training your staff builds their knowledge and confidence in their field of work, This in turn, allows them to work smarter and more efficiently ,this is especially true if they receive training on how to use new technology, learn about updated compliances and regulations, and other issues they should know about to move forward in their respective careers, but what if you do not have the time and budget to train your staff? and actually, this is a problem are facing almost new companies who just entered in market business and they are not have much budget and wants to control their expenses , so the alternative to this is to outsource your workforce. due to training your staff is a huge expenditure, when you outsource to a secure mate, you can rest assured that they will give you well- trained staff for the job, and you do not have to bear the cost of the training and this will be Win- win method, and this is the one of the stylish ways keep moving your business. originally, outsourcing gives you access to largely experts professional with solid & deep experience in a variety of industries Also, it helps you to save precious capital that would else be spent training an in- house team, the Finance department generally has a lot of conditioning going on to insure the profit inflow. Some of these tasks are non-core functions, similar as data entry outsourcing similar non-core functions free up time for your in- house staff, allowing them

to concentrate on larger tasks that drive business growth, and be sure to look for a F&A solutions partner how can help you to make a platoon of experts with a strong background in business trends that will make your business grow and maintain the confidentiality of your operations, an ideal mate has the right processes that can match yours, in any stage of growth, and also has the right technology to duly cover and estimate your profit and expenditures.

4.3. Develop the security and confidentiality in your accounting system: The finance department is the backbone of your business and for any company because they are handling the whole financial operations either inside the organization like employees salary and petty cash or outside with customers and suppliers ,so it's your major responsibility to ensure that this department is performing optimally and your data is safety, so there are two ways to achieve that, first, you can deal with a trustable financial accounting firms to help you to concentrate on core capabilities ,achieving optimal business growth and the important thing to keeping your data and financial information's confidentiality , second, throughout the tech trend that has significant implications for accounting and finance professionals is a distributed ledger or blockchain is a highly secure database as It's a way to securely store and accurately record data, which has broad applications in accounting and financial records, blockchain enables to save the contracts, protecting and transferring ownership of assets, vindicating people's individualities and credentials, and more, once blockchain is widely adopted, and challenges around industry regulation are overcome, it will benefit businesses by reducing costs, increasing traceability, and enhancing security.

Title 5: The important of managing accounting jobs in a manufacturing company:

Managerial accounting is the type of accounting that provides financial information to managers and decision-makers within a company or organization to increase the organization's operational effectiveness and efficiency such as weekly or daily budgeting which it will be useful in short-term and long-term decisions involving the financial health of a company ,forecasting, monitoring, and tracking performance is a critical aspect of managerial accounting to ensure actual results meet the budgets and forecasts outlined at the onset , the managerial accounting is different from financial accounting ,as in financial accounting is centered on providing quarterly or yearly financial information to investors, shareholders, creditors, and others outside the organization, but the managerial accounting helps companies plan, forecast, and arranging

budgets at an enterprise-wide level to ensure the company's long-term success or to take fast decisions in short terms, the following are the important jobs of the managing accounting :

5.1. Fix the Planning, Forecasting, and Budgeting: Managing accounting helps company and business to collect and arrange data's of forecasting and planning to project the financial direction plan of the company and calculate the revenue and costs in the coming months , because all those data's helps companies to be more efficient and more productivity ,when it comes to creating a manufacturing budget and solutions the data will be more critical more than ever before because the right data's can create accurate manufacturing budgets, purchase precise raw materials without any wasting, calculate the manufacturing cost along with distribution cost to fix the selling price without any lose or effect the profits , give the right decisions if need to purchase new equipment's or upgrade it for productions and it will give the right answer to accept or refuse the extra orders required which it will improve company profit and gives the trustable to customers and suppliers, generally, this high- level planning involves creating a strong capital budget, which details the costs of any investments to be done in the future.

5.2. Provide relevant analysis: The high-level plans, forecasts, and budgets need to be continuously monitoring, and if necessary, changed to meet the current landscape, the following are a few of relevant analysis's provided throughout the managerial accounting to achieve a company's objectives:

5.2.1. Managing cost: it is frequently a subset of managerial accounting, and it is measuring the various costs involved in running a company like fixed costs, similar as the purchase of outfit and operating costs which are the costs of running the daily operations and variable costs which change with production situations such as inventory and overhead costs, rent for the corporate office, whole are all part of it.

5.2.2. Revenue and sales projections analysis: they are link together if you prepare a good forecast to your sales projection ,you will have a clear picture to your revenue but First, need to determine the expected costs associated with generating your projected revenue, including direct costs like materials, labor, and overheads, and indirect costs like marketing, sales, and administrative expenses so when you have a clear outline of your expected costs,

subtract these from the projected revenue to calculate the expected profit margin which it will give you an estimate of the net income that the business and to ensure accuracy in your profit forecast it's necessary to regularly review and adjust your revenue and cost projections based on actual performance data which it will help you to identify any discrepancies or inefficiencies and make fast decisions about how to optimize your business operations for maximum profitability.

5.2.3. Managing and monitoring Cash Flow: Cash inflow is the net cash position for a company as a result of cash inflows and outflows for the period and the Cash inflow analysis is a part of managerial accounting since companies need sufficient cash to meet their bills, therefore the liquidity is very important to be available permanently because the company that exhibits positive cash inflow means that liquid assets exceed debt payments and short-term financial obligations, positive cash inflow enables a company to plan for investing in future, pay dividends or buy stocks, as well as add to retain earnings, which is a type of savings to accumulated gains to be used in the future.

5.3. Performance tracking and monitoring: Measuring and tracking performance using managerial accounting can help operations management to take a decision in real-time, measuring performance against the forecasts and budgets helps to avoid extra expenses and allows companies to remain competitive in market.

Finally, managerial accounting can be used in short-term and long-term opinions involving the financial health of a company, also it will help directors to take operational decisions intended to help increase the company's productivity which also helps to take long-term investment opinions, also Forecasting, monitoring, and tracking performance is a critical aspect of managerial accounting to insure the real results which it will meet the budgets and forecasts outlined at the onset.

Conclusion:

the managerial account has numerous tools it can use to be productive and sustain a successful operation, also it is important in the business and should be valued, the part it plays in the business is one that guides the plans to make sure the business stays with all of the ethical issues and enterprises, it's should not use unethical because currently, the ethical conduct is very important for all organizations due to everyone inside company will give a representation of the company, also, Using the managerial account ways will help in setting the pretensions and vision of the company, Cost operation ways as well as going styles will help in chancing the most accurate and precise way of making sure all costs are allocated in right place, budgeting and quality control go hand inland in making sure the company stays on its path and continues to grow as a profitable company, decision making is frequently overlooked and using all of those ways and aspects of account will help guide you to the right opinions, Finally, management accounting helps in analyzing and recording financial information which can be used by a company to increase its efficiency and productivity, However, the information required to make managerial decisions depends completely on financial statements. Hence it becomes important to maintain error free records, it acts as a useful tool for better management of business.

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