

MANAGEMENT ACCOUNTING

ASSIGNMENT 2 - Report

Dr. Raxon

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(i) Monthly control report showing original budget, fixed budget, and variances.

<i>Items</i>	<i>Cost per unit</i>	<i>Original</i>	<i>Flexed</i>	<i>Actual</i>	<i>Variance</i>	
Units		100000	80000	80000		
Selling Price	25	25	25	20	5	Unfavorable
Revenue		2500000	2000000	1600000	400000	Unfavorable
Variable Cost						
Materials	2.5	250000	200000	280000	-80000	Unfavorable
Labour	4	400000	320000	440000	-120000	Unfavorable
Overhead	1.5	150000	120000	120000	0	
Contribution	17	1700000	1360000	760000	600000	Unfavorable
Fixed Costs						
Warehouse Rental	200000	200000	200000	170000	30000	Favorable
Insurance	100000	100000	100000	100000	0	
Fulltime	50000	50000	50000	35000	15000	Favorable
Profit		1350000	1010000	455000	555000	Unfavorable

(ii) Amana's performance during the year 2020.

These results show Amana's poor performance. While sale price/unit has changed, prices have not been brought under control. The fixed expenses brought under management. The overall performance has fallen. In such a case, the context shifts, and previous pricing methods may be significantly altered. A trade war may start from a position of relative equilibrium, or there can clearly be concerted price cuts to protect current market shares (maintaining the stability). In segments with more buying power, which are less insecure in crisis conditions, there could be more specialization. Similarly, travel companies may opt to mix both strategies by lowering the prices of their less expensive versions (aimed at the demographic group most affected by the disaster) while increasing the prices with their most affordable items (directed at the market segment least affected by the crisis). In the event of a market shock, such as one triggered by an economic downturn, price strategies will change. In such a case, the context shifts, and previous pricing methods may be significantly altered. A trade war may start from a position of relative equilibrium, or there can clearly be concerted price cuts to protect current market shares (maintaining the stability). In segments with higher buying power, which are less vulnerable in crisis conditions, there could be more specialization. Similarly, the tour operators may opt to mix the two tactics, first is lowering the cost of their less costly packages (aimed at the population segment most impacted by the crisis) and second is increasing the cost of their most expensive goods.

(iii) Recommendations to Amana's CEO on areas of improvement.

Amana must invest to maximize unit sales and monitor operating costs, ensuring that the operation process is carried out reliably. A pricing policy is a long-term mechanism for determining basic prices, in which a product's initial price is determined, as well as the proposed trajectory of price movements over the product's lifecycle. As a result, it is a business decision which must take into consideration competitor behaviour and be adjusted to suit various economic scenarios throughout the product lifecycle. Pricing policy is an essential part of a company's business strategy. Price tactics not only provide more incentives to the tour operator, but they also serve as a crucial bargaining weapon for tourism agents. As a result, understanding tour operator pricing tactics the types of market rivalry they partake in and the improvements in pricing strategies they create when an economic downturn happens will help destinations devise effective tourism price negotiating policies.

We are thankful for clients' sponsorship of the Amana Income, Development, and during the turmoil of 2020. This year's Amana Funds Report draws on the work we did last year in the spirit of continuous improvement. In particular, we've expanded our coverage to include the Amana Developing World Fund, applied the policy which is based on performance and revisited last year's case studies to provide an overview on performance. This paper, we think, gives a window into Saturna's ESG research and demonstrates how taking these factors into account helps clients balance their financial targets with their beliefs.

The security research based on long term approach, the Saturna Capital finds ESG concerns to be critical. The Amana Income, Development, and Developing World Funds combine environmental, social, and governance factors with Islamic values and financial analysis to assess a suitability of security for each Fund holistically. When assessing financial results, we agree that a greater view of a company's relationships with the economy and community offers more insight and transparency.

The first step for the Funds is to use pessimistic screening to assess principles and sustainability-related criteria. Investments in industries forbidden by Islamic principles, such as alcohol, guns, sex, gambling, pork, and traditional financial practises, such as banking & insurance that are excluded by values-based criteria. Companies are engaging in higher ESG risk industries such as cigarettes and fossil fuel mining, as well as those banned under Islamic values, are excluded from sustainability-based criteria. Aside from pessimistic screens, Saturna has long used favourable screening, looking for businesses that generate a lot of revenue, have low leverage, and handle small investors well. The organization's long-term viability and fate are largely determined by how they are used. These definitions can be interpreted as narrowly as possible to include not only racial, linguistic, and gender differences, but also all professional and philosophical differences that are covered and encouraged. Organizations today must figure out how to successfully close the gap between the two and lead everybody to be their most profitable.

Cost assessment has traditionally been done during the construction phase, when the majority of cost-cutting opportunities have already gone. As a result, being able to predict component costs early in the product production cycle is helpful. It is possible to take advantage of these cost-cutting possibilities by improving the way cost estimation is handled. It is important to estimate costs accurately and store cost data in a generic manner in order to be able to manage inventory costs. To define these specifications, a generic structure is developed. The system, which serves as the foundation for cost management, considers architecture, process planning, and development planning.

When analysing business activities through an ESG prism, it's important to keep in mind that what's important to one company or sector may not be so important to another. Such problems, such as water control, can have a significant impact on certain sectors (e.g., consumer staples), but not on others (e.g., communication services). Other topics, such as governance, are, on the other hand, considered material in all sectors by Saturna's analysts. It is important to consider the current state of transparency for a subject or metric in addition to deciding the material issues within industries. These techniques are only used to choose between design options or to assess product prices. Awareness of costs, based on cost estimates, and a generic storage of these costs are the most basic criteria for cost management. As a result, it is more practical to divide the costs into several components. Having a strongly differentiated understanding of manufacturing costs is obviously beneficial. To turn raw material into a part or to assemble components and/or components into upper-level assemblies, production processes are needed. The requisite manufacturing operations necessitate the use of assets (operators, machine machines, toolkits, and fittings). The resources have a certain capacity, which means they are subject to technological constraints such as industrial machinery strength, precision, maximum work - piece measurements, and so on. The execution of such tasks is restricted due to resource limitations. This must be considered during the product production cycle's preparation stages.

Additional qualitative research is usually needed due to the discrepancy in disclosure rates. This kind of research aids in the filling in of knowledge holes. We narrowed the number of issues in this Impact Report to those with adequate transparency to allow for rigorous cross-industry research. These topics do not reflect the entire universe of ESG problems considered by Saturna's researchers, but they do include a sampling. It is difficult to predict who would make a significant contribution to the squad. You may have a deep bond with a candidate, just to bring them into the workplace and discover that they are not as capable of working as you had hoped.

Hiring is an ability that requires a significant amount of practice. Although larger corporations will rely on consultants, CEOs of entrepreneurs, agencies, and small enterprises must understand what to look for when hiring new employees. Pay careful attention to the best employees' talents and attributes, as well as the attitudes of previous employees that may not have fulfilled your desires or goals. Have these lists on hand if you need to begin recruiting. Management is not the only thing that coaching entails. Though managers are excellent at ensuring that the job is completed, they are not really thinking about the next move. Coaches will help in this situation. Coaches partner with members of the staff to help them develop a talent, learn a new skill, or advance in their careers. They develop great workers and individuals. To assist the colleagues, you do not need the services of a specialist coach. Instead, consider who on your staff might serve as a coach or mentor to others. Create a coaching structure in which each coach is responsible for a small group of staff or team members.

PART B.

Mr. Amana's decision to shift 50 percent of his revenue from the offline to the online channel is a wise one. Although the existence of these stores could increase Amana Souvenirs' loyalty base, the ability to attract newer customer bases would be restricted, and the costs that are physically associated stores will be increased. Amana Ltd has the potential to expand its demand and consumer base by routing half of its expected revenue into an online model that targets the UK, Europe, and the United States. Cost assessment has traditionally been done during the construction phase, when the majority of cost-cutting opportunities have already gone. As a result, being able to predict component costs early in the product production cycle is helpful. It is possible to take advantage of these cost-cutting possibilities by improving the way cost estimation is handled. It is important to estimate costs accurately and store cost data in a generic manner to be able to manage inventory costs. To define these specifications, a generic structure is developed. The system, which serves as the foundation for cost management, considers architecture, process planning, and development planning.

The Consumer Staples and Materials sectors have the highest transparency rates on GHG carbon, clean energy, and water usage across the Amana Funds. As resource-intensive enterprises, it's not shocking that firms in these sectors recognize that these issues are likely to be contentious and are therefore obligated to provide updates on their results to stakeholders. On the other hand, the Funds for companies in the Health Care industry have low disclosure rates for these topics. This is also understandable since social problems are more likely to attract the interest of businesses in the health-care sector. While disclosure may provide useful details, it is not always the best option. Balancing business success with specified policies is another critical decision to make in the water case report, as is outlined in the following pages. Policies, goals, and plans may provide insightful insight about an organization's intentions, but ultimately, how a company succeeds is what matters. Although there are many facets of water conservation, from enhancing water quality to reducing exposure to water-stressed areas, the most standard is water use within a company's own activities.

When it comes to selecting an online distribution platform, Mr. Amana has two choices. Although a dedicated online shop will guarantee the selling of 100,000 units per year, it comes at a high initial cost of GBP 200,000 and a recurring cost of GBP 35,000 per year. Selling via Amazon, on the other hand, will cost GBP 50,000 a year with a guaranteed average revenue of 65,000 units. Besides the equity investment centered on that estimates, Mr. Amana will have to consider the brand's current exposure in the UK, Europe, and the United States, as well as the campaign costs that will be needed to raise brand recognition in these areas. It only operated from offline stores in a few locations across the UK, it can be assumed that brand recognition is restricted to only sections (if not all) of the country. During the planning stages of the development of goods cycle, appropriate cost analysis and cost management are needed. Better consistency, faster shipping times, and reduced commodity prices have been market demands. To remain competitive, manufacturing costs must be kept as low as possible to maintain a low retail price. This could result in a higher number of items being sold. The majority of the product costs (75%) are committed throughout the product creation process. As a result, if the design process is complete, many cost-cutting opportunities are gone. A comparison model is used to implement a production method such that it can be dealt with from various perspectives.

The management of information procedure organizes the management of orders, personnel, and products, and it becomes the core of the architecture, manufacturing, and planning operations. There are three types of structures for the info of a product that contains product information produced during the planning procedure

a resource information structure that contains information about resource capability, capacity, and life cycle, and finally an order information structure that deals with the planning of the activities of production procedures. The invested product costs (the costs that are set during the product design process) are generated by the following cost controlling product characteristics, according to an overview of the product development process and the decision of making mechanisms.

Two key alternatives to current cost estimation techniques can be identified variant dependent and generative cost estimating. The requisite product quantities and manufacturing processes are determined by the design. The form, proportions, and consistency are all part of the geometry. The impact of design on product prices is undeniable. More precision, for example, necessitates more precise services (e.g., machine tools, equipment), resulting in higher manufacturing costs. A purse with straight corners, for example, involves a more costly method (electrical discharge machining) than a purse with curved edges, which will increase manufacturing costs (made by, milling). The resemblance between the commodity under evaluation and previously produced products is used in variable-based cost estimation. In the cost assessment method for new goods, the cost record of previously produced products should be used as a template. This process is useful for producing small and medium batches of relatively common goods in small & mid batches. Current cost estimation tools are capable of estimating product costs during the process of designing but not of analysing or controlling the product costs. These methods are only used to choose between design options or to assess product prices. Awareness of costs, based on cost estimates, and a generic storage of these costs are the most basic criteria for cost management. As a result, it is more practical to divide the costs into several components. Having a strongly differentiated understanding of manufacturing costs is obviously beneficial.

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