

MANAGEMENT ACCOUNTING

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Introduction

Application of Business Management Accounting used to provide importance to both the concept related to business accounting and costing positively so that a proper structural appearance can be recognised. Including the same approach it is also recognised that with the presence of different costing attributes the primary growth of business performances are also able to structure in a positive order that can improvise primary performances of the business in a positive manner. In accordance with the present level of requisition the significant area of business development related to performance analysis has been provided so that the primary growth of business can also structure positively. Apart from that, this report is also providing discussions about the budgeting analysis and standard costing performances so that the primary growth can be efficiently structured for future stability as well.

Discussions

PART A: Presentation of business financial budget related to Amana Ltd

Application of business standard costing are generally used to present a significant analysis of basic differentiation between business budgeting approach and actual performances with the recognition of which business overall operational competency can be evaluated. It is also applied to maintaining a significant structural acted to business growth analysis in a positive order so that a proper structural presence can also be provided (Huang *et al.* 2019). Including the same line up this particular process can also proceed in order to structure a significant area of Business Development that can improvise the fundamental approach related to business strategic development as well. In accordance with present volume of requirement an overall approach related to business standard costing performances has been provided, with maintenance of overall business primary strengths and positively evaluated (Schmidt *et al.* 2019).

Section I: Computation of business budget and variance analysis

According to the present volume of presentation overall business budgeted performance results and actual performance appraisal depending on the overall provided financial details has been computed, so that the approach related to business standard costing can be efficiently maintained.

Application of business budgeted costing

Particulars	Units	per unit	Amount	Amount
Sales	100000	25		2500000
Less: Variable expenditure				
Direct material	100000	2.5	250000	
Direct Labour	100000	4	400000	
Overhead	100000	1.5	150000	
Total cost		8		800000
Contribution	100000	17		1700000
Less: Fixed expenditure				
Warehouse rental			200000	
Insurances			100000	
Full Time warehouse supervisor salary			50000	
Total Fixed cost				350000
Net profit				1350000

Application of business Actual costing

Particulars	Units	per unit	Amount	Amount
Sales	80000	20		1600000
Less: Variable expenditure				

Direct material	80000	3.50	280000	
Direct Labour	80000	5.50	440000	
Overhead	80000	1.50	120000	
Total cost		10.50		840000
Contribution	80000	9.50		760000
Less: Fixed expenditure				
Warehouse rental			170000	
Insurances			100000	
Full Time warehouse supervisor salary			35000	
Total Fixed cost				305000
Net profit				455000

Application of business variance analysis in accordance with budget and actual performances

According to the above presentation related to business actual costing and budgeted cost in a significant volume of presentations related to business variance analysis has been provided that generally indicate the presence of business costing approach and the primary volume of favourable and unfavourable conditions for efficient business performance recognition.

	Cost per unit					
Items	Budget	Actual	Budgeted	Actual	Variance	Status
Units			100000	80000	20000	Unfavourable
Selling price	25	20			5	Unfavourable

Revenue			2500000	1600000	900000	Unfavourable
Less: Variable expenditure						
Direct material	2.5	3.5	250000	280000	-30000	Favourable
Direct Labour	4	5.5	400000	440000	-40000	Favourable
Overhead	1.5	1.5	150000	120000	30000	Unfavourable
Contribution	17	9.5	1700000	760000	940000	Unfavourable
Less: Fixed expenditure						
Warehouse rental			200000	170000	-30000	Unfavourable
Insurances			100000	100000	0	
Full Time warehouse supervisor			50000	35000	-15000	Unfavourable
Net profit			1350000	455000	895000	Unfavourable

Section II: Analysis the present performances related to business Amana Ltd based on above computations

According to the present computed results related to business standard costing for variance analysis between actual and budgeted approach is significant volume of differentiation can positively notice. According to the present provided details a significant volume of difference related to the volume of business net profit can efficiently be noticed, indicating the overall actual performance of the business is completely different and indicating an aloe Vera approach compared to budgeted statements as well (Caihong, 2019). In accordance with the present situation a primary volume of differentiation mainly noticed related to the unit volume which is indicating mainly on favourable position of the business at the present situation.

This particular approach can also notice through the presentation of actual volume in a positive order. the same impact and also recognised in related to the selling pricing units as well, including the variances in variable expenditure details respectively as per the computed results in case of direct material costing basically a favourable position indicates that presence of highest actual performance compared to budgeted approach (Tkachuk, 2019). Including the same order it is also noticed in case of direct labour also however in case of general overhead if and favourable condition is noticed that indicates the overall budgeted performance is comparatively higher compared to actual performance level.

According to the present computed results the overall volume of business expenditure are generally indicating an unfavourable position which indicates the overall expected costing is comparatively lower at the present situation in order to preserve business financial capability (Popovychenko and Spiridonova, 2020). Considering the overall approaches it is basically noticed that the overall business present performance is indicating an unfavourable approach due to the volume of differentiation in business actual performance is compared with the anticipated results. It indicates that at the present situation the business is available to provide fruitful reserves with the processing of which a proper volume of sustainability and operational growth can positively initiate to provide basic attributes related to operational competency volume (Olsen *et al.* 2019). Additionally, it is also indicating that the present primary performance of all the business is presenting an unsatisfactory approach where the overall revenue level of the business is not providing sufficient results in accordance with the competitive approach and the level of profit is also present in an unsatisfactory growth as well. Proper strategic development at the present situation is required to be initiated properly

so that the fundamental growth can be positively initiated along with maintaining the level of financial stability in an efficient order.

Section III: Provided recommendation to the management and Amana's CEO in related to business performance development

Application of standard costing is generally applied to initiate a basic differentiation between business actual performances and the anticipated results which is initiated in order to recognise the overall volume of business opportunity. With the presence of business standards costing the management is also able to evaluate the primary area of business growth and development that can positively be applied in order to maintain a proper volume of sustainability and other positiveness related to business expansion in a convenient manner. Apart from that it is also applied to provide the basic approach related to operational growth in a convenient order so that the present structure of business can also be performed efficiently (Wang *et al.* 2021).

In accordance with the present computed results is significant volume of differentiation efficiently notice that indicating the present business actual performances is comparatively lower compared to the volume of anticipated performances that expected in accordance with market analysis. Including the same line up the volume of business revenue is also presenting a lower statement approach that needs to be revised properly for future growth. Depending on search it is basically recognisable that in the present scenario in the management of the business is able to increase the volume of business selling units; thereafter the overall volume of revenue can positively increase as well (Murumkar *et al.* 2018). Apart from that, the present volume of business expenditure is also presenting an unsatisfactory approach due to the high level of Expenditure volume compared to the expected results. Depending on the business situation at the present situation, management needs to initiate some proper cost cutting or cost controlling strategy so that the primary growth level can be efficiently maintained. Including the same structure the management also needs to provide importance regarding profitability expansion strategy so that a proper stability approach can also be initiated. In accordance with the present situation the management also needs to focus on the promotional attribute positively so that the primary volume of business operational and competency growth can be efficiently initiated (Anikushin, 2020).

In accordance with the present business performances the management of the business needs to evaluate overall growth structure in a positive order, so that the level of business performances can be efficiently performed.

PART B: Presentation of business decision making approach

Under the general application volume related to costing principles, the applied concept related to cost benefit analysis is fundamentally realised to evaluate the overall performances related to the business for deriving opportunity cost. Application of opportunity cost is generally recognised as the forgone advantage that would have been derived by an option not chosen. Alternatively application of this cost can be considered as the overall level of benefits in related to every potential availability and wait against the others (Hong *et al.* 2018). With the measurement of this particular approach the overall opportunities related to the business can positively release depending on which some significant structural guidance can be efficiently maintained. Including the same approach that provides importance to cost benefits analysis can also be applied in order to recognise the level of business opportunity cost in an efficient manner (Masur and Posner, 2018).

According to the basic approach related to cost benefit analysis and efficiently applied in order to recognise a systematic process that the management of a business is efficiently used in order to analyse some significant decisions in a positive order. The cost benefit analysis can be considered as the summation of potential reward expected from a particular situation or actions that can positively be derived in associated to the performances of general business processing. For example before constructing any building the management used to analyse the cost-benefit performances in order to evaluate all the potential cost and revenue margin that can positively derived from the project in an efficient manner (Vokinger *et al.* 2020). The overall outcomes related to this analysis are generally used to determine whether the project will financially support to develop the present operational performances of the business or not. The presence of opportunity cost can be recognised as an alternative beneficial approach that could be realised with the selection of alternative options. During the presentation of cost benefit analysis all the direct expenditures including direct labour are generally associated with the manufacturing process and need to be considered positively for efficient business costing benefits. It is also used to include the value of indirect cause as well so that the primary level of business sustainability can also be realised (Sofia *et al.* 2020).

Cost benefits analysis for the business of Mr Amana

In accordance with the present provided details and the case study it is basically recognised that the owner of the business at the present situation intended to apply the concept of cost benefit analysis positively so that the overall Business expansion strategy and positively initiated for development purpose. As per the present provided details due to the reason of increasing competition the owner has decided to closing some of the branches of the business

at the present moment and enhance the volume of business trading through the expansions of 50% of sales via online. In other words along with conduction the General Trading performances the business will also be operated through online, so that the primary volume of customer engagement and other positive risk and positively initiated. Including the same approach in order to realise the overall volume of competitive gain related to the process of adopting online trading performances, an efficient volume of business expenditure details have been provided properly (Pratt, 2019). According to the provided information the overall volume of cost in associated to business General Trading performances will be around;

Particulars	Amount
Cost of setting up delivery network	150000
Cost of upgrading current website to handle large volume of sales	50000
Salary of a full time IT programmer	35000
Total cost	235000

According to the present provided details it can be recognised that with the overall business threading approach is followed the general offline performances therefore the management have to consume around 235,000 gradually. Including the same approach it is also provided that, as per the market research if the business follows this particular business initiatives therefore a guaranteed volume of sales related to around 100,000 units can efficiently be noticed during the conduction of general business performances. Under this particular approach only the offline trading approach related to general performances with the presence of two different branches the business has to perform.

On the contrary in accordance with the revised approach if the management use to follow the basic attributes related to online trading approach therefore it has to consume only 50,000 at the volume of charges related to the fulfilment phase of the online only. Apart from that, due to the presence of high volume of competition, a guaranteed level of sales related to 65,000 units has been confirmed by the evaluators gradually. However it consists of a significant lack that indicates lack of control over the pricing and returning policy also that can be considered as the level of burden as well. Though during the conduction of offline trading approach, this type of lack is not be impacted the business in a negative order as well (Mutenje *et al.* 2019).

Including the same approach it is also noticeable that if the business is operated at the present scenario via online thereafter, other expenditure related to delivery networking, up gradation charges and also the volume of salary will not be required to consume respectively (Alsultan, *et al.* 2020). So from that approach providing importance to online facilities regarding trading

approach will be beneficial for the business. In accordance with the present pandemic situation management of **Tesco PLC** is also used to provide importance to this particular approach in order to avoid the competitive market performances as well as maintaining a significant volume of approach related to customer engagement positively (Tesco plc, 2021). With the maintenance of this type of attributes the overall operational growth as well as sustainability performances of the business can also provide a positive and sustainable result that can maintain the overall marketing and financial stability in a more positive manner.

Apart from that if the management follows that approach related to 50% via online and 50% via offline trading therefore altogether business have to consume around $(235000 \times 50\%) = 117500$ and 50,000 online charges only. This particular expenditure is also presenting a comparatively low approach compared with the previous expenditure level as it indicates around 167500 only. Depending on the above discussion it will be beneficial that if the management uses to follow both the threading approach related to offline as well as online as a 50-50 basis therefore a proper financial growth as well as revenue enhancement can positively impact the business for future stability.

Conclusions

Importance to general accounting principles is necessary for every business plan in order to evaluate the basic growth and other opportunities positively. In case of a manufacturing concern the engagement of Costing approach and other positiveness can also be applied in order to provide a basic operational stability that can efficiently improve the level of business opportunity in a more convenient manner. It is also applied to initiate a basic volume of guidance related to business sustainability growth efficiently so that the primary structure of operational and other positiveness can fruitfully be performed.

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