

Pearson Higher National DIPLOMA IN BUSINESS STUDIES

ASSIGNMENT BRIEF

UNIT 5: Management Accounting



Level
BTEC
Higher
National
Certificate



Level
BTEC
Higher
National
Diploma



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Colbourne College

Student Cover Page And Assignment Brief

Student Name/ID Number			
Unit Number and Title	UNIT 5: Management Accounting		
Academic Year			
Assignment Title	LO2. Apply a range of management accounting techniques		
Issue Date		Submission Date	
Unit Tutor		IV Name & Date	
Add Your Name And Signature Only To Confirm 'Authenticity Of Own Work'			
Plagiarism Report Is Included	YES	NO	Number Of Pages
STUDENTS DO NOT MARK BELOW THIS LINE PLEASE			
The Student/s satisfied the Pass Criteria?			
	YES	NO	IV
P3. Calculate costs using appropriate techniques of cost analysis to prepare an income statement using marginal and absorption costs.			
Applied the subject areas reasonably well to the assigned role/issues in the context of the case study to correctly meet the criteria set out in the task.			
The Student/s achieved all of the above requirements that define the Pass grade	YES	NO	
The Student/s satisfied the Criteria for MERIT?			
	YES	NO	IV
M2. Accurately apply a range of management accounting techniques and produce appropriate financial reporting documents.			
The subject matter and key issues are suitably researched, and the discussion is focused. The quality of writing is very good, and the ideas transitioned well from one point to the next.			
The Student/s achieved all of the requirements that define the MERIT grade	YES	NO	
The Student/s satisfied the DISTINCTION for LO1 and LO2?			
	YES	NO	IV
D2. Produce financial reports that accurately apply and interpret data for a range of business activities.			
Correctly presented and discussed the use and purpose of each report and how each of the management accounting reports aids planning decisions, and the monitoring and control of finance within the organisation.			
The Student/s achieved all of the requirements that define the Distinction grade	YES	NO	
Markers' Review/Comments/Further Action Required	Markers' Review/Comments/Further Action Required		
REFERRED WORK: The Student must make corrections and resubmit?			
	YES	NO	
Signature Of First Marker:	Dated:	Signature Of Second Marker:	Dated:

Guidance To Students. You should read this information before starting:

- 1) Read the brief and think about what the assignment brief is asking. Make sure you understand the assessment criteria and nature of the evidence that must be produced. If you are not clear seek guidance from the tutor on the unit.
- 2) Guided by what the subject areas and issues in the task, you will conduct literature review to produce research findings that provide valid answers to the problem/subject/issues that you are inquiring.
- 3) Produce an appropriate assessment action plan that includes relevant research resources and timeframes. Submit this to the tutor for additional support or clarification if required.
- 4) You must be clear on the requirements to develop an appropriate specification to produce and communicate your work to the intended audience e.g. for written essays or reports you will organise the paper in sections:
 - 4.1. SECTION 1: Introduction – In a short opening statement you will outline what the task is asking and the aim/s of the paper. Further, you will briefly define the key terms in the assignment.
 - 4.2. SECTION 2: **Research Findings** - you will research the subject area/s and find answers and generate the knowledge to correctly investigate the issues raised. To carry out the research, apply a range of secondary research sources to elucidate the scope of the subject and support the requirements set out in the task. The research findings that you produce must be valid. This means that the findings must be relevant, and the sources used are appropriate. You will apply the research findings to your work to support, compare, analyse and validate the ideas and arguments. All arguments and ideas discussed must be credited to the source. That is, you must correctly state the name of the Author or source that you obtained the information from e.g. (Brown, 2016). The required referencing style is Harvard Referencing.

RESEARCH SOURCES: Secondary research sources that you can use to gather information for your work may include textbooks, journal articles, magazine articles (not factual accounts) and newspapers. Other sources that you may collect information from are *primary research sources* which include original first-hand accounts, legal and historical documents, results of experiments and market research data collection.

RESEARCH METHODS: You will further apply *qualitative and/or quantitative research methods* to evaluate the research findings from the primary sources. Qualitative is reasoning with arguments while quantitative is numbers and figures.

AVOID PLAGIARISING: You must reference all the sources in the body of your work (in-text). Further, create a reference page to list all these in-text sources that you cited in the work. Failure to reference your work in-text and on the reference page will result in a fail grade for the unit, as this is plagiarism (cheating/academic misconduct).
 - 4.3. SECTION 3: **Discussion** - this is substantive discussion of the research findings. Here you will carry out the command verb in relations to the task you are assigned. E.g. you may be asked to analyse, explain, assess, apply, justify, compare etc. These are different commands and will require different approaches. Also, if the research findings are not relevant to the task, no matter the quality and rigor of the discussion, the criteria will not be met because your discussion should be an expansion of the research findings. Hone your discussion to meet all criteria set out in the task.
 - 4.4. Section 4: Conclusion. Draw conclusions to form the basis for recommendations. Conclusions are summary of the main points in the work. Recommendations are future actions needed based on the conclusion/outcome.
- 5) Submit a pdf copy of your work on or before the published deadlines. Work past due is not acceptable under any circumstances except in extenuating circumstances which must be approved before the deadline expires.
- 6) Submit your work using the correct portal on iTutor. Work sent to incorrect portal will not be marked.
- 7) Students will be awarded either Pass, Merit, Distinction, Referred, Incomplete, or Fail grade. In practice, this means that a student must achieve all the required learning outcomes to be awarded pass grade or higher. Thus, for students to achieve Pass, they must achieve all of the requirements that define the Pass. To achieve a Merit, students must achieve all the requirements that define Pass and Merit. For Distinction, the student must achieve all Pass, Merit and Distinction requirements. Referred Grade is where one or more tasks does not achieve a Pass Grade. You will be given feedback and the opportunity to submit the corrections at a future time agreed with your Supervisor.
- 8) Failure to submit any part of an assignment will result in the work marked In-Complete. In-complete then changes to Fail. Avoid fail grade at all cost. In-complete (IC/NC) and Fail Grade (F) mean that you must pay to take over this unit/course. Here are the ways to fail: 1) not doing the working at all; 2) not attempting all the tasks listed as P (e.g. P1, P2 etc), 3) getting over 60% of the tasks as referred grade; and 4) plagiarising. Historically, less than 5% of the class will Fail.

LO2. ASSIGNMENT

LO2. Apply a range of management accounting techniques.

CASE STUDY AND SCENARIO

You are a Junior Management Accountant for a medium sized firm in the **service sector**. To promote understanding between different departments in the organization, you and your colleagues have been asked by your director to deliver a presentation on the role and function of the accounting department. Your team is assigned to deliver on the management accounting systems operating in the organization as well as the range of reports used.

ASSIGNMENT TWO: TASKS

PART A

- 1) What is meant by cost? Explain different costs and different cost analysis techniques
- 2) How are absorption and marginal costing applied?
- 3) What is the role of costing in setting price?
- 4) What is the meaning of inventory costs and identify the different types of inventory costs?
- 5) What are the benefits of reducing inventory costs to an organisation?

PART B

P3 Calculate costs using appropriate techniques of cost analysis to prepare an income statement using marginal and absorption costs.

Complete the calculations required for a Marginal (Variable) Costing Income Statement. In addition, you will complete the same question using the Absorption Costing Income Statement Format and compare the results of both.

TASK

Smith-Barrett and Sons' Ltd, is a manufacturing company that manufactures and sells a product for \$1,200 per Kilogram. The information on their operations for the last year is given below:

Sales 5,000 KG

- ❖ Opening Finished Goods at the beginning of the year 600 KG
- ❖ Closing Finished Goods at the end of the year 1,200 KG

Manufacturing costs:

- ❖ Direct Labour \$280 per KG
- ❖ Direct Materials \$200 per KG
- ❖ Overhead Costs \$540,000 per year

Selling, Distribution and Administrative Expenses:

- ❖ Variable expenses \$120 per KG of Sale
- ❖ Fixed expenses \$480,000 per year

Required:

1. Complete the calculations and provide Income Statements using the Marginal (Variable) Costing Income Statement, and the Absorption Costing Income Statement.
2. Explain the cause of the difference in operating income between the two methods of presentation of the Income Statements.

Part B – This segment of the Term paper is linked to Assessment Criterion – P3, M2 and D2

OPTIONAL FOR HIGHER GRADE: You will earn higher grades if P3 congruently satisfies the following criteria:

M2. Accurately apply a range of management accounting techniques and produce appropriate financial reporting documents.

D2. Produce financial reports that accurately apply and interpret data for a range of business activities

SUBMISSION FORMAT

- ❖ The assignments are to be undertaken in pairs (team of 2). Both students must contribute equally on this unit to earn the grade.
- ❖ **Part A** consists of short answers. Research findings must answer the tasks. You will correctly apply the command verb to the discussion. In the discussion appropriately match the research findings to the case study issues, minimise writing & grammar errors, & thoroughly reference work.
- ❖ **For P3** you should produce a portfolio of completed calculations for financial statements, including income statements using variable costings.
- ❖ **M1 and D2 are not separate tasks.** M1 and D2 require the use of a range of management accounting techniques that can effectively support financial reports that will accurately reflect data from a range activity of business.
- ❖ The only ways to earn fail grade: **1)** not doing all the tasks identified as 'P', **2)** failing to paraphrase (plagiarising), **3)** failing to reference all sources in the end-of-text list of references (plagiarising), **4)** Not covering your share of the work, **5)** Not attending and fully participating in oral presentations; **6)** Submitting work after the late deadline, **7)** Submitting late work without the late fees, **8)** Submitting work without paying for printing or without authorisation for owing the printing fees.
- ❖ Fully complete the Assignment Cover Page and use same as the front sheet/cover of your assignment.
- ❖ You **MUST** use the headers same as given e.g. P1 and P2. Do not reword them from the original.
- ❖ Numbers pages throughout the work. Font Style is Arial & Font Size is 11 AND Line Spacing is 1 & Paragraph Spacing is 2
- ❖ Minimum Words For each of the 'P' Assignment is 600 - 750 words each. Tasks for higher grade is 400 words each.
- ❖ Include the full plagiarism report after the reference page, and not just the score.
- ❖ Use www.citethisforme.com for referencing and www.grammarly.com for grammar and proof reading

LEARNING OUTCOME 2 LESSON CONTENTS

LO2 Apply a range of management accounting techniques

Microeconomic techniques

- What is meant by cost? Different costs and cost analysis.
- Cost-volume profit, flexible budgeting and cost variances.
- Applying absorption and marginal costing.

Product costings:

- Fixed and variable costs, cost allocation.
- Normal and standard costing, activity-based costing and the role of costing in setting price.

Cost of inventory:

- Definition and meaning of inventory costs and different types of inventory costs.
- The benefits of reducing inventory costs to an organisation.
- Valuation methods.
- Cost variances.
- Overhead costs.

LEARNING RESOURCES TO SUPPORT THE LESSON

The following Reading Assignments are for lead discussion at the group meetings and to assist with carrying out the assignments:

ARTICLES

- ❖ Cost Structure: The different types of expenses incurred by a business

LINK: <https://corporatefinanceinstitute.com/resources/knowledge/finance/cost-structure/>

- ❖ How to Perform a Cost Analysis

LINK: <https://www.universalclass.com/articles/business/basic-methods-and-calculations-of-financial-and-cost-analysis.htm>

- ❖ Overview of cost definitions and costing methods by James Ruth

LINK: http://siteresources.worldbank.org/INTPRS1/Resources/383606-1201883571938/Cost_Definitions_and_Methods.pdf

- ❖ Absorption costing and marginal costing

LINK:

[https://nscpolteksby.ac.id/ebook/files/Ebook/Accounting/Management%20Accounting%20SECOND%20EDITION%20\(2010\)/Chapter%205%20-%20Absorption%20costing%20and%20marginal%20costing.pdf](https://nscpolteksby.ac.id/ebook/files/Ebook/Accounting/Management%20Accounting%20SECOND%20EDITION%20(2010)/Chapter%205%20-%20Absorption%20costing%20and%20marginal%20costing.pdf)

TEXTS

DRURY, C. (2015) Management and Cost Accounting. 9th Ed. Cengage Learning.

- EDMONDS, T. and OLDS, P. (2013) Fundamental Managerial Accounting Concepts. 7th Ed. Maidenhead: McGraw-Hill.
- HORNGREN, C., SUNDEN, G., STRATTON, W., BURGSTALLER, D. and SCHATZBERG, J. (2013) Introduction to Management Accounting. Global Ed. Harlow: Pearson. (This text is available electronically and is supported by access to an online course)
- SEAL, W. et al (2014) Management Accounting. 5th Ed. Maidenhead: McGraw-Hill.