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In this course we have studied 3 chapters so far, chapter 1 2 and 5. The first chapter is about management and related concepts. There are 3 groups of management upper(CEO, board of directors, executives), middle(managers) and lower management(labour). Upper management provide finance and decide where to invest, they take decisions and plan everything to boost profit. The orders are passed from top management to bottom management. The middle management supervise the lower management and report to upper management. The lower management carry out the operations. All the 3 groups control each other for check and balance. Further we studied the 3 functions of management i.e planning, controlling and organising. Planning starts from idea, it is setting of profit, goals and strategies for organisation. Planning is based on facts collected and analysed. For example Engro has 4 factories, their food factory was in loss so according to data they collected and planned and took decision to sell food company and invest in power plants. Controlling is continuous supervision to keep up everything according to the plans made and standards set. Actual results are compared with plans and actions are taken accordingly. Organising involves assigning tasks and authorities, grouping tasks into departments and allocating resources across the organisation. Moreover we studied the line of production in which there are many tasks happening in a line and every worker have a specific task to perform in which they are expert and skilful. We also studied the flow of information in which time factor is involved, if speed of task is high so efficiency will be high e.g macdonalds flow of information is fast.

In second chapter we studied the financial statements. We looked at the cost of good sold in detail and how to make it.CGS is made of direct materials, direct labour and factory overhead. Direct materials are those materials that are observable e.g pages in a book, wood in a chair. Indirect materials are those materials that are not used in bulk e.g glue, screws.Direct labour are those labour that are directly involved in the manufacturing process. Indirect labour are not involved in the manufacturing e.g guards are not involved in production. Factory overhead include factory supplies, light expense, salaries, taxes, indirect labour. It is comprised of all those costs that are not involved in direct production. CGS is divided into 5 parts: 1)direct materials, comprised of beginning inventory, purchases, any returns and ending material. 2)direct labor. 3) factory overhead. 4)work in process inventories representing costs in process at the beginning and costs in process at the end of the period. 5)beginning and ending finished goods inventories. The financial data we produce have 2 types of users: external users are those who are observing our organisation from outside(creditors, shareholders, sleeping owners) and the internal users are those who are reading data from inside the organisation (active owners). The data generated for outsiders, insiders also read it. The data generated for insider, outsiders cant read it and they don't need it. In cost accounting we studied internal data because cost of manufacturing and production is for internal management. Further in this chapter we studied how external users do data analysis for judging operations in their final results, and internal users do comparison to focus attention on deviations from standard and to make comparative studies of the company's experience over the years. We learned to calculate current ratio, acid-test ratio,

income before estimated income tax, net income, rate of return on capital employed, average cost per unit manufactured, average cost per unit in beginning finished goods inventory, average cost per unit in ending finished goods inventory and average cost per unit sold.

In chapter 5 we have studied job order costing so far. We learned how to make cost sheet for a non departmentalised plant. The cost sheet is divided into 3 parts. Part 1 includes name of the company, product name, quantity, date ordered, date started and order number. Every order is considered as separate job and every order has separate record. Part 2 consists of direct materials, direct labour and applied factory overhead. With each we mention date, order number, department number and amount. In Part 3 we add marketing and administrative expenses to the total factory cost (materials + direct labour + applied factory overhead) and deduct it from selling price to know the profit. The job order cost procedure keeps the costs of various jobs separate during their manufacturing. This method is applicable to job work in factories, workshops, repair shops, builders, construction engineers, shipbuilders and printers. Jobs are specific orders from customers. We identify job costing to see what is total cost of job and how much profit we get. Cost sheet is made to identify cost and profit. Separate cost sheets are prepared for each job to identify each job's profitability. For example if we have 3 jobs, job A, B and Job C. if we make their combine cost sheet we might see a profit but if we make separate for each job we may come to know we have loss in Job A. We might have net profit but loss in Job A. At the end we learned about process costing. E.g for making t-shirt we have to go through different processes that is buying raw material, cutting, printing, tailoring, buttoning, pressing and packing. All these different stages are called processes. On all these 7 processes of making t-shirt some expenses occurred and we have to record every process expense. The product of one process becomes the material of the next process. The process cost method is applicable to industries such as flour mills, breweries, chemical industries, textile factories etc. In process cost method we identify extra expense in a process and see how can we decrease the cost. We study if we are doing wasteful expenditure in any process that we can control because that cost will reflect on our finished product. We learned how to make cost of production report which is made of 3 parts, 1) Quality schedule, 2) cost charged to the department 3) cost accumulated.