

110.805 Advanced Strategic Management Accounting

Semester 2 2024

Assessment 2 (Academic Business Research Report) – All Modes

Use of artificial intelligence aids is NOT allowed. Instructions relating to the use of generative artificial intelligence in this assessment:

- Please take note of the University's Use of Artificial Intelligence in Assessment Policy. • The University will use a range of detection strategies to identify suspected use of artificial intelligence, including detection software.
- Refer to artificial intelligence aids for an indicative, but not exhaustive, range of aids that should not be used for this assessment.
- It is required that you list all the technology you have used to assist you in your writing of this assessment. This includes, amongst others, generative AI tools, language translation programmes, coding or calculation programmes, or statistical programs (examples include ChatGPT, Quilbot, Google translate). You do not need to list the word processing tools, search engines and Excel/PowerPoint you used. The list should appear at the end of your assignment, following the sources/references/bibliography you used.
- It is strongly recommended that you retain drafts of your work, regardless of language, as these may be required to be presented as evidence in the case of an alleged breach of Academic Integrity.

Assessment 2

This assessment contributes 20% towards your total marks for this course. It is due 8:00 pm on 23rd September 2024.

For the research report, you are required to write an academic-type business report to the management addressing the issues raised in the case scenario and providing suitable recommendations. To do this, you are expected to reason and argue your 'point of view' using suitable literature. This should include appropriate literature and citations from a minimum of 3 journal articles. The citations and use of journal articles should be spread out within the entire report and not clustered under one sub-header. Word limit: You should write no more than 1,000 words for this assignment excluding cover page, headers, sub-headers, references, and appendix. Make sure you appropriately link the appendix to your discussion in the Report. Writing more than 1,000 words indicates that you need to edit your work to remove unnecessary words. Concise writing is a valuable business skill.

Research Report Question: Yadav Ltd manufactures one product, a household pavement and concrete structure cleaner called Absolute Clean. The product is sold nationwide to retail outlets and household specialty stores. Werahara Ltd plans to sell a similar pavement and concrete structure cleaner through its regional retail chain under its private label, Premier Etch Clean. Werahara Ltd has asked Yadav Ltd to submit a bid for a 30,000-kilogram order for the private brand, Premier Etch Clean. While the chemical composition of the Werahara Premier Etch and Clean differs from that of Absolute Clean, the manufacturing process is very similar. The Werahara, Premier Etch Clean would be produced in 3,000-kilogram batches. Each batch would require 100 direct labour hours and the following chemicals:

Chemicals Quantity (kg)

MX-2 100

ND-5 200

YH-4 300

AD-1 400

Chemicals (AD-1, YH-4, ND-5) are all used in the production of Absolute Clean. MX-2 was used in a compound that Yadav Ltd has discontinued. The chemical was not sold or discarded because it does not deteriorate and Yadav Ltd has adequate storage facilities. Yadav Ltd could sell MX-2 at the prevailing market price, less 30 cents per kilogram for selling and handling expenses. Yadav Ltd also has on hand a chemical called RA-8, manufactured for use in another product that is no longer produced. RA-8, which cannot be used in Absolute Clean, can be substituted for AD-1 on a one-for-one basis without affecting the quality of the Werahara Premier Etch Clean. The quantity of RA-8 in inventory has a salvage value of \$500. Inventory and cost data for the chemicals that can be used to produce the Werahara, Premier Etch Clean are as follows:

Raw material	No. of kg in inventory	Actual price per kg when purchased	Current market price per kg
MX-2	6,000	\$1.10	\$0.55
ND-5	10,000	\$3.00	\$2.80
YH-4	8,500	\$1.80	\$2.00
AD-1	25,000	\$1.50	\$1.80
RA-8	1,000	\$1.80	*

* Salvage value of \$500 for the entire inventory on hand.

The current direct labour rate is \$20 per hour in Yadav Ltd. The manufacturing overhead rate is established at the beginning of the year using direct labour hours as the cost driver. The predetermined overhead rate for the current year, based on a two-shift capacity of 600,000 total direct labour hours with no overtime, is as follows:

Variable manufacturing overhead \$ 5.50 per direct labour hour

Fixed manufacturing overhead \$8.50 per direct labour hour

Combined rate \$14.00 per direct labour hour

Yadav Ltd's production manager reports that the present equipment and facilities are adequate for manufacturing the Werahara, Premier Etch Clean . However, Yadav Ltd is within 700 direct labour hours of its two-shift capacity this month before it must schedule overtime. If need be, the Werahara, Premier Etch, Clean could be produced on regular time by shifting a portion of Absolute Clean production to overtime. Yadav Ltd's pay rate for overtime hours is one-and-a-half the regular pay rate, or \$30 per hour. There is no allowance for any overtime premium in the manufacturing overhead rate. Yadav Ltd's standard markup policy for new products is 20 percent of absorption manufacturing cost.

Required: Write a report to the management of Yadav Ltd answering requirements 1, 2 and 3. You are encouraged to use headers and sub-headers in your Report to answer the requirements ensuring a

logical flow. 1. Assume Yadav Ltd has decided to submit a bid for a 30,000-kilogram order of Werahara Premier Etch Clean, to be delivered by the end of the current month. Werahara, has indicated that this one-time order will not be repeated. Advise Yadav Ltd's General Manager on the lowest price Yadav Ltd can bid for the order and not reduce its net profit with suitable explanations. Advise management on any 2 qualitative factors that need to be considered in conjunction with the bid price.

2. Independently of your answer to requirement 1, assume that Werahara plans to place regular orders for 30,000 kilogram lots of the Premier Etch Clean product during the coming year. Yadav Ltd expects the demand for Absolute Clean to remain strong, so the recurring orders from Werahara will put Yadav Ltd over its two-shift capacity. However, production can be scheduled so that 75 percent of each Werahara order (i.e., Premier Etch Clean) can be completed during regular hours. Yadav Ltd's production manager has estimated that the prices of all chemicals will stabilise at the current market rates for the coming year. All other manufacturing costs are expected to be maintained at the same rates or amounts.

Advise Yadav Ltd's General Manager the price Yadav should quote Werahara for the 30,000-kilogram order of Premier Etch Clean product, assuming there will be recurring orders during the coming year. Assume that Yadav Ltd's management believes the Premier Etch Clean product costs on a recurring basis should be priced to cover their total production costs of this product plus the standard markup.

3. Assume, Yadav Ltd has submitted the bid to Werahara. However, Scourge Industries, a competitor to Yadav Ltd, has submitted a lower bid. Before accepting Scourge's bid, the owner of Werahara telephones his golfing friend, who is Yadav Ltd's General Manager:

"I've got some bad news for you. Yadav's been outbid on the private label Premier Etch Clean order by Scourge Industries. I've been thinking, though. It looks to me like Yadav included some costs in its bid that could be eliminated. If you'd like to revise the Yadav bid, we might be able to steer this deal your way. If it would help, I can show you Scourge's figures during our evening meeting."

Explain to Yadav Ltd's General Manager the ethical issues involved in the scenario portrayed in 3 above.

Business Research Report Structure There are three key messages to communicate when writing your report:

- what you are doing
- why it is important
- that you are competent to do it

Suggested Structure

Title

Your title should ideally be a short phrase that answers the case question.

Introduction

Content – also called discussion.

- i) make sure you address each question and all parts of each question.
- ii) use appropriate headers and sub-headers.

iii) ensure that your literature review section reflects the requirements of your assignment and is appropriately cited using APA style within the content discussion. Keep your review to at least 2 paragraphs. Make sure you link (or cite in the content - the review while addressing the questions)

iv) conclusion reached is drawn from your discussion and is not stand-alone.

v) limitations (if any) identified and state with logical reasoning.

vi) appropriate recommendation – drawn from discussion.

References

It is important to include all references you have used when writing your research report. This demonstrates that you are serious about your research report and have invested both time and thought into the process.

Appendix:

Your calculation in detail, briefs of this only should be included in your discussion section.

General Language used is appropriate to your audience.

Edit your work for grammar, syntax, spelling etc.

Submit word format files only, no pdf .

Presentation of Written Work and Submission

- All written work must be submitted on A4 (21 cm x 29.7 cm) sized format.
- Leave a 4 cm margin on the left-hand side for marker's comments.
- Double-spaced or 1½ line spacing is preferred.
- Your work must be word processed. Handwritten assignments are not accepted.
- Use Times 12 Roman Font.
- Each page should be numbered in one continuous sequence in the top right-hand corner. Commence numbering from the page following the title page. Print your last name at the top of each page.