**Sweet Bites Cakes Proposal**

Student name

Course name

Course number

Instructor name

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**Executive Summary**

**Required Information**

Sweet Bites competes through some competitive edge focused on high-quality candies, flavour, and packages. Due to its differentiation strategy, sweet Bites requires a pay structure that can easily handle various pies, offerings of product, pricing, and distinct orders. Since all pies go through identical manufacturing methods, the costing method does not track actual labour cost per pie and even demand. In general, the cost system must offer special produce prices for official instructions and various types of pies among a broad range of product groupings. (Zamrud & Abu, 2020)

**Different Approaches of Costing**

* **Process Costing**

The cost would work well for labour and expenses because they are rough for every pie; it is probably the most fantastic and most economical way for Sweet Bites pricing. It would not account for only one cost for specific ingredients or variable pie sizes for every order.

* **Job Costing**

Job costingcaptures the most distinctive elements of each job (particularly unusual components or flavour additions) and offers the maximum precise cost per job. On the other hand, it would require individual documents for thoroughly ingredients, labour, and overhead for each employee, even though labour and overhead tend to be around the same for every pie. (Zamrud & Abu, 2020)

* **Operational Costing**

To track the cost of each order and labour and overhead expenses are similar for each pie with operational costing. Process costing would be used to track them. From the adverse side, it may be less precise for labour and overhead charges than job costing; It could even be quite complicated than just job or process costing if both methodologies are used. (Zamrud & Abu, 2020)

* **Activity-Based Costing**

ABC offers the most precise job of overhead costs to items when suitable cost pools activity and cost drivers are selected. To justification for direct expenses, sweet Bites would still need to use task, process, or operation costing. Activity-Based Costing would most likely be the utmost difficult costing approach for Sweet Bites to set up and administer. Around could not be enough variation in product activities to justify ABC. (Tsai et al., 2019)

**Recommendation for Direct Costs and Indirect Costs**

* **Direct Costs**

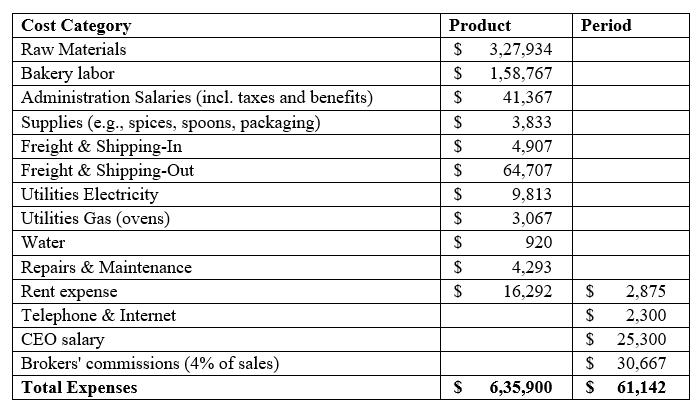
There may be more than one viable answer here. The essential idea is to discuss each prospective strategy's advantages and disadvantages and support the chosen approach. A simple operation costing system for direct costs at Sweet Bites may be the most viable costing approach. The core production steps for all pies are the same. However, the size of the pie, the flavours, the ingredients, and the component additives can vary from batches. In operations costing, labour and overhead would be considered homogeneous expenses by process if process costing was used. With job costing, the cost of components and any special additives would be recognized by batch.

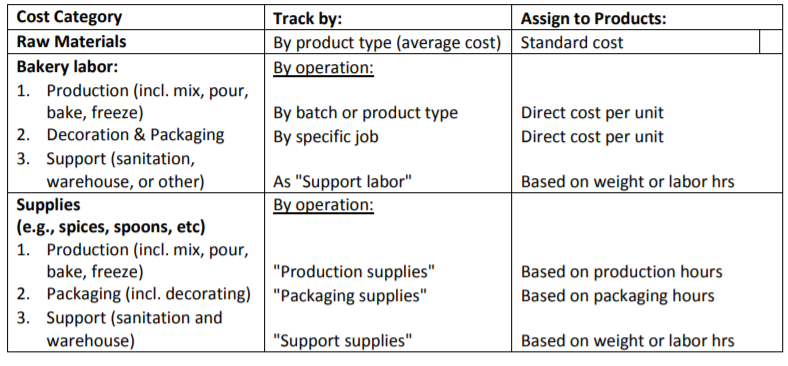
* **Indirect Costs**

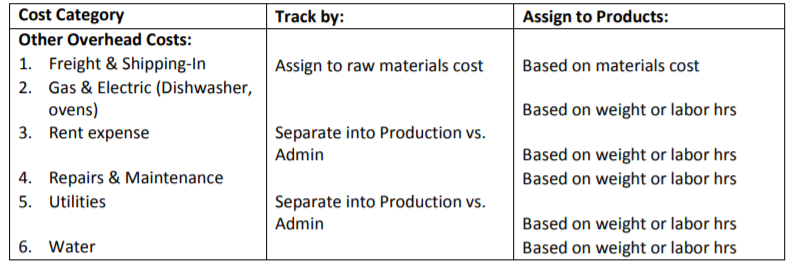
Sweet Bites probably lacks the human resources and information systems required to implement Activity Based Costing at this time. With the growth of company, perhaps an essential Activity-Based Costing model could be introduced to accurate future overhead cost allocation. Sweet Bites could track overhead expenses by process region to disperse them more quite in compare to flat plantwide true.

* **Product vs Period Cost**

According to the accounting, product costs encompass all costs incurred in production. In comparison, administration can attach any price to the effect that can be tracked directly for decision-making. In this situation, sweet Bites may wish to remain with allocating Direct Materials, Labour, and Fixed Overhead expenses as product costs, with the possible exception of commissions. (Tsai et al., 2019)







**Collection of Information**

**a. Labor costs**.

Prepare a log sheet for each labour area consisting of the labourer's date, name, working time, and the number of pies produced. The logs and average cost per unit planned for each place would be totalled at the end of the month. (Tsai et al., 2019)

**b. Supply and Other Overhead Cost**.

Make unit planned a separate log sheet to trace the indirect supply, material, and overhead expenditures per area. The logs and average cost per unit intended for each place would be totalled at the end of the month.

**c. Flavors and Ingredients.**

Build a budget plan to track the costs of condiments and materials by activity. Flavour additive costs could be assigned to overhead charges and assigned to pies, while ingredients had direct prices. (Tsai et al., 2019)

**References**

Tsai, W.-H., Lan, S.-H., & Huang, C.-T. (2019). Activity-Based Standard Costing Product-Mix Decision in the Future Digital Era: Green Recycling Steel-Scrap Material for Steel Industry. *Sustainability*, *11*(3), 899. https://doi.org/10.3390/su11030899

Zamrud, N. F., & Abu, M. Y. (2020). Comparative study: Activity-based Costing and time-driven activity-based Costing in electronic industry. *Journal of Modern Manufacturing Systems and Technology*, *4*(1), 68–81. https://doi.org/10.15282/jmmst.v4i1.3840