






Diploma in Accounting & Finance (519) – Management Accounting

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| <p>Prerequisites: Knowledge of accounting terminology.</p> | <p>Corequisites A pass or higher in Certificate in Business Studies or equivalence.</p> |
| <p>Aim: Management Accounting is the study of using cost accounting information for managerial planning and production control, including the use of such information for product pricing. The course pays detailed attention to variable cost, fixed cost, mixed cost, direct costing, absorption costing; analysis of costs for decision-making; capital expenditure planning; rate of returns; manufacturing expenses control; measurement and control of various work units. This course is designed to enable candidates to understand cost concepts, cost accumulation, techniques in cost analysis, preparing production cost reports, accounting procedures for raw materials, labour and overhead costs as well as various cost accounting approaches: job-order accounting, process costing, point-product and by product costs, cost control by means of standard costs; analysis of variances; preparing production cost reports. The success of any business is grounded in the basics of profitability and cash (liquidity) availability. This course will reinforce these tenets and their connection to the key functions within managerial accounting.</p> | |
| <p>Required Materials: Recommended Learning Resources.</p> | <p>Supplementary Materials: Lecture notes and tutor extra reading recommendations.</p> |
| <p>Special Requirements: The course requires a combination of lectures, demonstrations and discussions.</p> | |
| <p>Intended Learning Outcomes:</p> <p>1 Outline and distinguish between the nature and scope of management accounting and the role of costing in meeting the needs of management.</p> <p>2 Describe the process and techniques involved in basic cost accumulation.</p> <p>3 Describe the process and techniques involved in advanced cost accumulation.</p> | <p>Assessment Criteria:</p> <p>1.1 Describe the purpose of costing as an aid to planning, monitoring and controlling business activities.</p> <p>1.2 Explain the potential for different costing approaches to influence cost accumulation and profit reporting.</p> <p>1.3 Describe the costing information requirements and limitations in not-for-profit organisations.</p> <p>1.4 Explain the role of costing systems in decision making.</p> <p>2.1 Explain the requirement to allocate overheads.</p> <p>2.2 Describe, explain and apply absorption and marginal costing.</p> <p>2.3 Describe, explain and apply opportunity and activity based costing.</p> <p>2.4 Explain the impact of life cycle costing on cost accumulation.</p> <p>2.5 Describe the interaction between life cycle and target costing.</p> <p>2.6 Evaluate the relative advantages and disadvantages of the different costing techniques.</p> <p>3.1 Apply appropriate cost accumulation methods to problems of job, batch and contract costing.</p> <p>3.2 Prepare statements which value losses in process and work in process.</p> <p>3.3 Describe the difficulties of service</p> |

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| 4 Describe standard costing as a technique for variance analysis and cost control in organisations. | <p>costing in the not-for profit sector.</p> <p>3.4 Explain the difficulties in identifying relevant and accurate costs.</p> <p>4.1 Explain the uses of standard costs and the methods by which they are derived and subsequently reviewed.</p> <p>4.2 Calculate and evaluate capacity limitations when setting standards.</p> <p>4.3 Calculate basic labour, material, overhead and sales variances, including problems of labour idle time.</p> <p>4.4 Explain the reasons for variances.</p> |
| 5 Describe standard costing for in-depth variance analysis in manufacturing organisations. | <p>5.1 Prepare reconciliations using operating statements which reconcile budgeted and actual profit figures.</p> <p>5.2 Calculate and explain operational and planning variances.</p> <p>5.3 Demonstrate how absorption and marginal approaches can be used in standard costing.</p> <p>5.4 Demonstrate an understanding of the inter-relationships between variances.</p> |
| 6 Describe the role of budgeting in planning and the process of setting organisational objectives. | <p>6.1 Identify the purpose of budgetary planning and control systems.</p> <p>6.2 Describe the planning and control cycle, and the control process.</p> <p>6.3 Prepare and evaluate functional, subsidiary and master budgets, including cash budgeting.</p> <p>6.4 Explain the process involved with the development and implementation of budgets.</p> <p>6.5 Explain the process of participation in budget setting and how this can address motivational problems.</p> |
| 7 Demonstrate advanced budgetary planning and control techniques. | <p>7.1 Prepare and evaluate fixed and flexible budgets and evaluate the resulting variances.</p> <p>7.2 Assess the behavioural implications of budgetary control and performance evaluation, including participation in budget setting.</p> <p>7.3 Describe and evaluate the main features of zero based budgeting systems</p> <p>7.4 Describe and evaluate incremental budgeting and discuss the differences with zero based budgeting</p> <p>7.5 Describe and evaluate periodic and continuous budgeting systems</p> |
| 8 Describe how costs may be used as input for decision making | <p>8.1 Describe and distinguish between relevant and non relevant costs</p> <p>8.2 Describe and apply cost-volume-profit analysis</p> <p>8.3 Describe and evaluate different product pricing approaches</p> |

Recommended Learning Resources: Management Accounting

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| Text Books | <ul style="list-style-type: none">• Management Accounting by Will Seal. ISBN-10: 0077109392• Management and Cost Accounting by Colin Drury. ISBN-10: 1844805662• Management Accounting: An Introduction [Student Edition] by Pauline Weetman. ISBN-10: 0273701991 |
| Study Manuals  | BCE produced study packs |
| CD ROM  | Power-point slides |
| Software  | None |

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