



## ACCOUNTING FOR MANAGEMENT

The nature, purpose, scope and interrelations of functions carried out by management in relation to resources, costs, operations and performance

Nature of internal reporting

Financial and non-financial information for managers

Cost centres, revenue centres, profit centres and investment centres and the impact of these on management information and appraisal

Management information requirements

Importance and definition of good information

Presentation of information

Cost accounting versus management accounting

Nature and purpose of cost classifications/definitions

## ELEMENTS OF COST

Materials

Material valuations and the pricing of materials issues

Optimal purchase quantities

Reorder levels

Labour

Direct and indirect labour

Remuneration methods

Overheads

Direct and indirect expenses

Principles and processes of overhead cost analysis

Allocation and apportionment of overhead costs including reciprocal service centre situations

Absorption rates

Under- and over- absorption

Changes in the cost structure of a business over time

## COSTING METHODS AND TECHNIQUES

Marginal and absorption costing

Profit statements

Reconciliation of profits under the two methods

Contrast of absorption and marginal costing

Job, batch costing

Process costing

Valuation of process transfers and work-in-progress using equivalent units of production based on FIFO and weighted average pricing methods

Normal losses and abnormal losses and gains

Cost behaviour  
Fixed, variable and semi-variable costs  
High-low method

## DECISION-MAKING

CVP Analysis  
Breakeven point and revenue  
Margin of safety  
Breakeven chart

Limiting factors  
Optimal production plan given a scarce resource  
Preparation of cost estimates for decision making  
Relevant costing techniques to include opportunity/sunk, avoidable/unavoidable, fixed/variable costs applied to make or buy, shut down and one-off contract decisions

Discounted cash flow techniques  
Simple and compound interest  
Net present value  
Internal rate of return

## TEACHING AND LEARNING METHODS

The module will be delivered by means of formal and participative lectures supported by tutorials. These will be supplemented by course notes on specific issues that may require closer examination, analysis and research.

## ASSESSMENT METHODS

20% of the marks are allocated to course work whereby students will be required to complete the necessary assignments throughout the module. Students will be advised how to undertake the assignments both in terms of the research and the presentation format involved. The remaining 80% will be reserved for a closed book examination on module completion.

## PRIMARY READING LIST

Costing: An introduction, Drury, C.Chapman & Hall (1998)

## **RECOMMENDED READING LIST**

Management Information Systems Lucey, T.DP Publishing Ltd (2001)