



## 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 financial 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, contract 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

Regression analysis

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

Investment Appraisal:

Accounting Rate of Return

Payback Methods

Discounted cash flow techniques:

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)