

<b>Course Title</b>	<b>Management Accounting &amp; Costing I</b>			
<b>Course Code</b>	<b>ACF 201</b>			
<b>Course Type</b>	<b>Compulsory</b>			
<b>Level</b>	<b>Undergraduate</b>			
<b>Year / Semester</b>	Year 2 / Semester 3			
<b>Teacher's Name</b>	STYLIANI EFTYCHIOU/ALEXANDROS GAREFALAKIS/PHANOS IACOVOU			
<b>ECTS</b>	6	<b>Lectures / week</b>	3	<b>Laboratories / week</b>
<b>Course Purpose and Objectives</b>	<p>The main objectives of the course are to:</p> <ul style="list-style-type: none"> <li>• Introduce students to the area of managerial accounting and to fundamental managerial accounting concepts.</li> <li>• Expose students to methods and techniques needed by managers for performing functions such as planning, controlling, directing and motivating and decision making.</li> <li>• Expose students to basic cost terminology and discuss the various costing systems.</li> <li>• Provide students with knowledge for cost analysis, CVP analysis, budget preparation and basic costing.</li> </ul>			
<b>Learning Outcomes</b>	<p>After completion of the course students are expected to be able to:</p> <ol style="list-style-type: none"> <li>A. Explain the nature, scope and purpose of management information.</li> <li>B. Explain and examine data analysis and statistical techniques used to analyse data.</li> <li>C. Explain and apply cost accounting techniques used in business.</li> <li>D. Prepare budgets for planning and controlling business activities.</li> <li>E. Compare actual costs with standard costs and analyse any variances.</li> <li>F. Explain and apply performance measurements and monitor business performance.</li> <li>G. Identify and explain ethical issues relating to the preparation, presentation and interpretation of financial information for the management of a business.</li> </ol>			
<b>Prerequisites</b>	NONE	<b>Required</b>	NONE	

**Course Content**

**A. The nature, scope and purpose of management information:**

Accounting for management

- Purpose and role of cost and management accounting.
- Financial management Vs cost and management accounting.
- Managerial processes of planning, decision-making and control.
- Strategic, Tactical and Operational planning.

Sources of data

- Communication and the value of information.
- Limitations of management information.
- General economic environment impact on costs/revenue.
- Big Data and Data Analytics.

Cost classification

- Costs concepts and behaviour - fixed and variable costs; production and non-production costs; avoidable and unavoidable costs.
- Cost objects, cost units and centres (cost, profit, investment, and revenue centres).

Presenting information

- Written reports.
- Presenting and interpreting information using tables, charts and graphs.

**B. Data analysis and statistical techniques**

Sampling techniques

- Sampling techniques (random, systematic, stratified, multistage, cluster and quota).
- Choosing an appropriate sampling method in a specific situation.

Forecasting techniques

- Linear function using regression analysis.
- High/low analysis in separating fixed and variable elements of total costs, advantages and disadvantages.
- Scatter diagrams and lines of best fit.
- Cost data - correlation coefficient and coefficient of determination (concepts, calculation, interpretation).
- Linear regression coefficients in making forecasts of costs and revenues, advantages and disadvantages.
- Price movements.
- Time series analysis - calculation of trend, advantages and disadvantages.
- Moving averages.

- Budget forecasts using trend and seasonal variation.
- Index Numbers – purpose, simple and multi-item (weighted) index numbers, Laspeyre and Paasche indices.
- Product life cycle.

#### Summarising and analysing data

- Characteristics of big data (volume, variety, velocity, value and veracity).
- Types of data - categorical, numerical, structured, semi-structured and unstructured.
- Descriptive analysis and inferential analysis.
- Ungrouped and grouped data - measures of average and dispersion.
- Expected Values in decision-making.
- Probability and normal distribution.

#### Computer spreadsheet systems and application

### **C. Cost accounting techniques**

#### Accounting for materials

- Ordering, receiving, issuing of materials.
- Inventory analysis - physical and 'book' inventory, material inventory accounting, ordering and holding costs, minimising costs, optimal reorder quantities (including discounts) and levels.
- LIFO, FIFO and average methods.

#### Accounting for labour

- Direct and indirect costs.
- Labour costs to work done.
- Labour Account - Journal and Ledger Entries.
- Remuneration methods.
- Labour turnover.
- Labour ratios.

#### Accounting for overheads

- Direct and indirect expenses for overheads.
- Production overhead absorption rates.
- Appropriate bases for absorption rates.
- Reapportion service centre costs.
- Under & Over Absorption.
- Manufacturing overheads.

#### Absorption and marginal costing

- Importance and concept of contribution.
- Absorption and Marginal Costings.

- Profit or loss.

#### Cost accounting methods

- Job and batch costing.
- Cost records and accounts preparation.
- Process costing.
- Normal Loss and Abnormal Losses & Gains.
- Process accounts and apportion process costs.
- Equivalent unit.
- By-Products & Joint Products.
- Service/operation costing.

#### Alternative cost accounting principles

- Target costing.
- Life cycle costing.
- Total quality management (TQM).

### **D. Budgeting**

#### Purpose of Budgeting

- Organisations & budgeting.
- Planning and control cycle.
- Administrative procedures.
- Stages in the budgeting process.

#### Budget preparation

- Principal budget factor.
- Sales & Functional budgets.
- Cash budgets.
- Master budgets.
- 'What if' analysis.

#### Flexible budgets

- Flexible, fixed and flexed budgets.

#### Capital budgeting and discounted cash flow

- Capital investment.
- Capital and revenue expenditure.
- Capital expenditure budget.
- Simple and compound interest.
- Compounding and discounting.
- Cash flow and profit.
- Relevant cash flows.
- Net present value (NPV) and Internal rate of return (IRR).
- Annuity and perpetuity formulae.
- Payback.

- Advantages and disadvantages of investment appraisal techniques.

#### Budgetary control and reporting

- Variance analysis, importance and elimination.
- Responsibility accounting.
- Controllable and uncontrollable costs.
- Control reports.

#### Behavioural aspects of budgeting

- Motivation in performance management.
- Influencing motivation.
- Targets upon motivation.
- Managerial incentive schemes.
- Top down & bottom-up approaches.

### **E. Standard costing**

#### Standard costing system

- Purpose and principles.
- Standard, marginal and absorption costing.
- Standard cost per unit.

#### Variance calculations and analysis

- Sales price, materials price, usage, volume variances.
- Labour Rate, Efficiency and Idle Time Variances.
- Variable overhead total, expenditure and efficiency variances.
- Fixed overhead total, expenditure, volume, capacity and efficiency variances.
- Interpret variances & possible causes.
- Factors to consider before investigating.
- Actual or standard figures.

#### Reconciliation of budgeted and actual profit

- Reconcile profits under absorption and marginal.

### **F. Performance measurement**

#### Overview

- Mission statements.
- Strategic, operational and tactical objectives.
- Economic and market conditions.
- Government regulation.

#### Performance measurement - application

- Measures of financial performance.
- Measuring Profitability, Liquidity, Efficiency, Risk.

	<ul style="list-style-type: none"> <li>• Non-financial measures.</li> <li>• The balanced scorecard, advantages and limitations.</li> <li>• Critical success factors and key performance indicators.</li> <li>• Economy, efficiency and effectiveness.</li> <li>• Performance indicator.</li> <li>• Contract and process costing environments.</li> <li>• Resource utilization.</li> </ul> <p><u>Cost reductions and value enhancement</u></p> <ul style="list-style-type: none"> <li>• Cost control and cost reduction methods.</li> <li>• Value analysis.</li> </ul> <p><u>Monitoring performance and reporting</u></p> <ul style="list-style-type: none"> <li>• Managerial performance.</li> <li>• Benchmarking in Performance measure.</li> <li>• Management attention and recommendations.</li> </ul> <p><b>G. Ethics</b></p> <p>Identify and explain ethical issues relating to the preparation, presentation and interpretation of financial information for the management of a business.</p>
<p><b>Teaching Methodology</b></p>	<ul style="list-style-type: none"> <li>• Working on problem-solving scenarios</li> <li>• Solving unstructured questions and case studies</li> <li>• In-class discussions and participation</li> <li>• Writing and reply on objective type questions</li> <li>• Brief oral presentation before starting a new chapter and reply to queries from students</li> <li>• Homework for revision purposes</li> <li>• Interaction and collaborative learning</li> <li>• Video Watching</li> </ul>
<p><b>Bibliography</b></p>	<p><b>Essential Reading:</b> ICAEW (2021). Management Information Study Manual and Question Bank 2020.</p> <p><b>Recommended Reading:</b></p>

	<p>BPP Learning Media. ACCA Approved Foundations in Accountancy/ ACCA Management Accounting (FMA/MA). Interactive Text and Practice &amp; Revision Kit.</p> <p>CFA Program Curriculum 2020 Level I, Wiley: Technical Analysis (Reading 27).</p>								
<b>Assessment</b>	<table> <tr> <td>Participation</td> <td>10%</td> </tr> <tr> <td>Midterm Exam</td> <td>20%</td> </tr> <tr> <td>Assignment</td> <td>10%</td> </tr> <tr> <td>Final Exam</td> <td>60%</td> </tr> </table>	Participation	10%	Midterm Exam	20%	Assignment	10%	Final Exam	60%
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<b>Language</b>	English								