



SYLLABUS

COST & MANAGEMENT ACCOUNTING 3

PURPOSE

To give students better understanding of what is needed for the final examination.

OBJECTIVE

To ensure that at the student is fully familiar with the advanced aspects of managerial planning, control and making.

RECOMMENDED TEXTBOOKS

- 1 -Managerial Cost Accounting, by Jordan Shillinglaw: Irwin McGraw-Hill
-Management and cost Accounting, by Collin Dury: Van Nostrand Reinhold, UK
-Cost Accounting: Managerial Emphasis, by Charles T Homgren: Prentice Hall.
Quantitative Methods for Managerial Decision Making by, Arelinghuis, Julyan, Steyn, Benade, Butterworths
-Fundamentals of Cost and Managerial Accounting by, Faul, Van Vuuren, Du Plessis Butterwoths

EXPANDED SYLLABUS

1 PROCESS COSTING

- The equivalent-units concept
- FIFO/Weight average process cost
- Normal and abnormal spoilage
- Cost statement
- Allocation of cost statement

2 STANDARD COSTING

Characteristics of standard costing

The various uses of standard costing

Advantage of standard costing

Material standards and variances

- Labour standards and variances
- Manufacturing overhead standards and variances
- Sales variances
- Reconciliation of actual costs to standard

3 **TRANSFER PRICING**

- The nature of transfer pricing
- Transfer at cost, market price, and variable cost
- Full cost transfer

4 **LINEAR PROGRAMMING**

- The programming model
- The objective function equation
- Constraints
- Underlying assumptions of linear programming
- Solution of a linear programming model
- Graphic solution
- Application
- Sensitivity analysis

5 **DECISION MAKING UNDER RISK AND UNCERTAINTY**

-probability theory
quantification's of risk
basic probability rules
the addition rule
the multiplication rule
expected value
variance and standard deviation

-Decision trees
decision based on uncertainty
decision making based on risk
expected monetary value
calculation of the probability distribution

-Critical path analysis
planning
activities
events

analysis and scheduling
control

- Relevant and opportunity costs

6 **USING COST DATA IN DECISION MAKING**

- The time value of money
- Net cash flow
- evaluation techniques for capital investment projects
- accounting rate of return
- discounted cash flow
- net present value
- ratio analysis

7 **ACTIVITY COSTING**

- Cost classifications
- Transaction based cost drivers
- Activity based budgeting
- Practical application of an activity-based costing system in a manufacturing organization, financial and service organization