

**SYLLABUS****COST & MANAGEMENT ACCOUNTING 3****PURPOSE**

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

Objective

To ensure that 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 Drury: 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 Butterworths

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, marketing price, 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
- quantifications 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 cashflow
- 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 organisation, financial and service organisation