



**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