
PRESCRIPTION: 602 MANAGEMENT ACCOUNTING

This prescription replaces *202 Management Accounting*.

ELECTIVE PRESCRIPTION

LEVEL 6

CREDIT 20

VERSION 1

INTRODUCED 2006

AIM Students will collect, interpret, present and use relevant management accounting information for an organisation to effectively plan, control and make appropriate decisions regarding business operations.

PREREQUISITES Recommended *400 Accounting Principles* and *501 Accounting Practices* or equivalent knowledge and skills.

ASSESSMENT WEIGHTINGS

Learning outcomes	Assessment weighting %
1. Students will understand and apply the concept of costs to various costing systems including justification of cost and system choices.	45
2. Students will be able to implement systems to plan and control business operations.	30
3. Students will use management accounting information for decision-making.	25
TOTAL	100

All learning outcomes must be evidenced; a 10% aggregate variance is allowed.

ASSESSMENT NOTES

1. Assessment materials should reflect relevant and current legislation, standards, regulations and acknowledged good industry/business practices.
2. Learning outcome two, key element c) can include all entities including those that may not have finished products. Manufacturing entities that have both inventory and WIP can be used.

LEARNING OUTCOME ONE

Students will understand and apply the concept of costs to various costing systems including justification of cost and system choices.

Key elements

- a) Types of costs and appropriate use:
 - direct and indirect
 - variable, fixed and a combination of both
 - period and product
 - opportunity and sunk.
- b) Understand and evaluate costing systems:
 - absorption and variable
 - job order and process costing
 - activity-based costing and standard costing.
- c) The flow of costs to inventory or WIP for:
 - manufacturing entities
 - non-manufacturing entities.
- d) Application of overheads to cost drivers.
- e) Allocate overheads to product costs.
- f) Apply costing systems for:
 - job order
 - process costing
 - activity-based costing.

LEARNING OUTCOME TWO

Students will be able to implement systems to plan and control business operations.

Key elements

- a) Preparation of budgets:
 - sales budget
 - production budget
 - income statement
 - balance sheet
 - cash budget.
- b) Analyse budget variances year-to-date and re-forecast the budget.
- c) Sensitivity analysis.
- d) Price and quantity variances for production budgets.
- e) Approaches to performance measurement:

- non-financial indicators
 - benchmarking
 - balanced scorecard.
- f) Inventory management and planning:
- JIT
 - EOQ
 - MRP
 - ABC.
- g) Use of cost management systems for strategic planning.

LEARNING OUTCOME THREE

Students will use management accounting information for decision-making.

Key elements

- a) Relevant costs.
- b) Cost-volume-profit (CVP):
- single and multiple products
 - limitations.
- c) Pricing decisions:
- quantitative factors
 - qualitative factors including but not limited to:
 - inherent uncertainties
 - environmental
 - state of the economy
 - human element.
- d) One or more of the following decisions:
- adding or discontinuing a product line or segment
 - joint costs and by-products
 - special orders
 - make or buy.