

MANAGEMENT ACCOUNTING

UNIT CODE: BUS/CU/AC/CR/05/6

Relationship to Occupational Standards

This unit addresses the unit of competency: Apply Principles of Management Accounting

Duration of Unit: 130 hours

Unit Description

This unit specifies the competencies required to apply principles of management accounting. It involves gathering costing data, performing cost classification, analysing costing data, managing accounting costs, consolidating financial and cost accounting systems, applying costing methods, preparing marginal and absorption costing and managing budgets and budgetary controls.

Summary of Learning Outcomes

1. Gather costing data
2. Perform Cost classification
3. Analyse costing data
4. Manage accounting costs
5. Consolidate financial and cost accounting systems
6. Apply costing methods
7. Prepare marginal and absorption costing
8. Manage budgets and budgetary controls

Learning Outcomes, Content and Suggested Assessment Methods

Learning Outcome	Content	Suggested Assessment Methods
1. Gather costing data	<ul style="list-style-type: none">• The nature of cost accounting and costing terms• The role of cost accounting in management• The purposes of cost accounting information• Scope of cost accounting• Meaning of management accounting, scope, limitations, applications• Relationship between cost, financial and management accounting	<ul style="list-style-type: none">• Written tests• Observation• Oral questions• Third party report• Interviewing• Project and report writing

	<ul style="list-style-type: none"> • Selection of an ideal cost accounting system 	
2. Perform cost classification	<ul style="list-style-type: none"> • Meaning of terms • Purpose of cost classification • Methods of cost classification: <ul style="list-style-type: none"> ○ Functional classification ○ Behavioural classification ○ Controllability ○ Time ○ Financial accounting 	<ul style="list-style-type: none"> • Written tests • Observation • Oral questions • Third party report • Interviewing • Project and
3. Analyse costing data	<ul style="list-style-type: none"> • Meaning of cost estimation • Methods of estimating cost; <ul style="list-style-type: none"> ○ Non-mathematical methods like engineering method, ○ accounts analysis method ○ high-low method ○ mathematical methods like scatter graph method ○ OLS regression method (simple linear regression only) 	<ul style="list-style-type: none"> • Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing
4. Manage accounting costs	<ul style="list-style-type: none"> • Accounting for materials and inventory; <ul style="list-style-type: none"> ○ Material cost records, ○ Purchasing procedures ○ receipt and issues of material ○ Methods of valuing material issues ○ Stock control procedures • Accounting for labour: <ul style="list-style-type: none"> ○ Methods of labour remuneration ○ Labour control procedures 	<ul style="list-style-type: none"> • Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing

	<ul style="list-style-type: none"> ○ Maintenance of labour records ● Accounting for overheads: <ul style="list-style-type: none"> ○ Types of overheads ○ Manufacturing, distribution and administration ○ Departmental cost allocation and apportionment ○ Overheads analysis ○ Overhead absorption rates ○ Over or under absorption 	
5. Consolidate financial and cost accounting systems	<ul style="list-style-type: none"> ● The flow of costs in a business enterprise ● Cost bookkeeping-interlocking and integrated ledger systems 	<ul style="list-style-type: none"> ● Written tests ● Observation ● Oral questions ● Third party report ● Interviewing ● Project and report writing
6. Apply costing methods	<ul style="list-style-type: none"> ● Contract costing ● Job order costing ● Batch costing ● Process costing ● Service costing ● Unit costing 	<ul style="list-style-type: none"> ● Written tests ● Observation ● Oral questions ● Third party report ● Interviewing ● Project and report writing
7. Prepare marginal and absorption costing	<ul style="list-style-type: none"> ● Distinction between marginal and absorption costing, valuation of products under marginal and absorption costing ● Preparation of marginal and absorption statements; cost of production and profit determination ● Reconciliation of marginal profits and absorption profits 	<ul style="list-style-type: none"> ● Written tests ● Observation ● Oral questions ● Third party report ● Interviewing ● Project and report writing

	<ul style="list-style-type: none"> ○ Application of marginal costing ○ break-even analysis and charts (single product) ○ Simplified decision problems; accept or reject, ○ Special order, ○ Dropping a product, ○ Make or buy and choice of a product 	
8. Manage budgets and budgetary controls	<ul style="list-style-type: none"> ● Nature and purposes of budgets ● Preparation of budgets <ul style="list-style-type: none"> ○ Master budgets ○ Functional (department budgets, ○ Cash budgets) ○ Proforma financial reports ● Purpose of budgetary control <ul style="list-style-type: none"> ○ Operation of a budgetary control system, ● Organisation and coordination of the budgeting function ● Emerging issues and trends 	<ul style="list-style-type: none"> ● Written tests ● Observation ● Oral questions ● Third party report ● Interviewing ● Project and report writing

Suggested Methods of Instruction

- Project
- Demonstration by trainer
- Practice by the trainee
- Discussions
- Direct instruction
- Case study
- Audio –visual aids

Recommended Resources

- Printers,
- Computer,
- Calculator,

- Computer software's,
- Internet connectivity,
- Paper shredders,
- Photocopiers,
- Printers, scanners,
- Stationery

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