



**BFA261**  
**Management Accounting**  
**Semester Two 2006**

**School of Accounting and Corporate Governance**

**Faculty of Business**

**Unit Outline**

**Judy Oliver**

CRICOS Provider Code: 00586B

# Contact details

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## Other teaching staff

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## ***Unit description***

The primary purpose of managerial accounting is to provide relevant information to managers within an organisation. Managerial accounting can be thought of as the informal language used within the organisation to facilitate planning, control, co-ordination and performance assessment. Decision contexts can vary from the broad strategic planning and resource allocation decisions made at corporate or divisional level, to the more specific cost and performance information necessary to monitor individual products, customers or segments. The ultimate measure of success is whether or not internal decision making has been improved as a result of the relevance, quality and timeliness of information provided by the management accounting function.

The aim in this unit is to introduce you to the variety of organisational decision contexts in which management accounting plays a vital role. You will learn the technical and analytical skills needed to provide and analyse relevant information for internal decision making purposes. You should also gain a strong appreciation for the potential which managerial accounting information has to influence the behaviour and motivation of individual managers within an organisation.

The prerequisites for this unit are BFA103, Accounting and Financial Decision Making, and BEA140, Quantitative Methods 1.

## ***Learning outcomes***

On completion of this unit, you should be able to:

1. describe the role of management accounting within an organisation
2. utilise the various cost concepts that are fundamental to the language of management accounting
3. critically evaluate how costs behave and utilise this information in a range of decision contexts
4. identify and apply various product costing methods
5. discuss the features of different budgeting systems and be able to construct appropriate budgets and undertake budget variance analysis
6. identify what revenues and costs are relevant in different decision situations and use this information to make a variety of operational decisions
7. understand why divisionalised organisations have transfer pricing systems, and explain the various methods that can be used to determine transfer prices
8. identify and apply various methods to assess divisional performance measurement
9. critically evaluate the traditional and contemporary approach to divisional performance measurement

## ***Generic graduate attributes***

The University has defined a set of generic graduate attributes (GGAs) that can be expected of all graduates (see <http://www.utas.edu.au/tl/policies/index.htm>). By undertaking this unit you should make progress in attaining the following attributes:

- **Knowledge:** You will gain an in-depth knowledge of management accounting in the areas referred to in the Learning Outcomes. You will be assisted to develop requisite skills that will help you to apply and update this knowledge continually so you can comment upon and give preliminary advice to businesses in relation to management accounting issues.
- **Communication skills:** Written communication (both formal and informal) skills will be developed and enhanced by the completion of tutorial and self-study exercises. The exercises will require you to demonstrate an understanding of, through the application of, management accounting techniques, such as activity based costing. You will also be able to discuss the exercises with your tutor and fellow students in tutorials. The assignment will further assist you to develop and enhance your formal written communication skills.
- **Problem-solving skills:** These skills will be developed through the completion of the assignment, in-class test and final examination. Specifically, this will be achieved through the application of cost volume profit analysis, job and process costing procedures, issues in relation to cost allocation, the preparation of budgets, calculation and interpretation of budget variances and calculating information for pricing decisions.

### ***Prior knowledge &/or skills***

The prerequisites for this unit are BFA103, Accounting and Financial Decision Making, and BEA140, Quantitative Methods.

### ***Learning resources required***

#### ***Requisite texts***

It is essential that you have ready access to the following textbook:

Langfield-Smith, K., Thorne, H & Hilton, R 2006 *Management Accounting – An Australian Perspective*, (Fourth Edition) McGraw Hill, Sydney.

#### ***Recommended reading***

The following additional text is not prescribed reading but you may find the most recent edition useful for enrichment or clarification.

Horngren, C., Foster, G. and Datar, S 2005 *Cost Accounting: A Managerial Emphasis*, (Twelfth edition, international edition), Pearson Prentice Hall, New Jersey

## ***E- (electronic) resources***

### ***Library***

Students are encouraged to read widely and share information with their colleagues in the group. The e-journal section within the library website provides access to the following journals relevant to management accounting:

*Management Accounting Research,*

*Journal of Management Accounting Research*

*Accounting Organizations and Society*

*Australian Accounting Review*

It is strongly recommended that references be sought from as wide a range of discipline areas as possible. Students are advised to access these journals via the E-journals web page contained on the university library website as well as databases such as Science Direct, Proquest and Emerald.

## ***Computer hardware & software***

### ***For WebCT Vista***

WebCT will be used to make up-to-date unit materials available to you and to give you access to announcements and a discussion group. You are encouraged to pose questions via WebCT rather than by e-mail to teaching staff as this allows everybody in the unit to participate in the discussion. You can obtain general information on using WebCT Vista at: <http://www.utas.edu.au/coursesonline/> .

To access WebCT Vista from your own computer you will need the appropriate software, and hardware to run that software. See **Learning Online** at <http://www.utas.edu.au/coursesonline/software.htm> for computer software you will need.

**Note:** Older computers may not have the hardware to run some of the required software applications. Contact your local IT support person or the Service Desk on 1818 if you experience difficulties.

## ***Details of teaching arrangements***

### ***Lectures/Intensive sessions***

There will be one two-hour lecture session each week. Attendance at lectures should **not** be viewed as a substitute for reading the assigned material and attempting the questions each week.

A copy of the lecture overhead slides will be available, in a reduced font size, from the School's on-line resources on WebCT Vista. You should ensure that you obtain a copy of these prior to each class and bring them to the relevant class. The pace of class discussion will be based on the assumption that all students have a copy of the slides and have the text book available to view lecture demonstration questions.

## ***Tutorials***

There will be one one-hour tutorial each week. Tutorials commence in Week Two and aim to consolidate the material covered in the previous lecture session. The discussion will be based around the questions indicated in the topic schedule that you should have considered before each session. Attendance at tutorials should **not** be viewed as a substitute for reading the assigned material and attempting the questions each week.

A set of questions is given to assist in the review of each topic. Solutions to these questions will be available on WebCT Vista. Other questions have been assigned as homework and you should attempt these problems **after** the relevant lecture class but **before** the tutorial on that topic. The tutorials will commence with discussion of the questions that you have attempted. **Written solutions will not be provided to the “homework” questions.** You should come to the tutorials prepared so that you can amend your answers, if necessary, and be willing to raise any issues or problems that you encountered in attempting the questions. Additional questions will be worked through in the remaining tutorial time. You are also encouraged to attempt the Questions section of each Chapter to strengthen your understanding of the theoretical concepts.

## ***Self-study***

You will also find a set of suggested questions for self-study. You should attempt these **after** the lecture and tutorial sessions for each topic to consolidate your understanding of the material covered. Solutions to the self-study questions will be available on WebCT Vista from week 4 onwards. Individual solutions will not be made available. If you have any difficulties in understanding the correct solutions, or with any concepts encountered, you should follow these up with your lecturer or tutor on a timely basis after the formal sessions have been held for that particular topic.

## ***Occupational health and safety (OH&S)***

The University is committed to providing a safe and secure teaching and learning environment. In addition to specific requirements of this unit you should refer to the University’s policy at: [http://www.admin.utas.edu.au/hr/ohs/pol\\_proc/ohs.pdf](http://www.admin.utas.edu.au/hr/ohs/pol_proc/ohs.pdf)

## Unit schedule

Week	Topic Number	Date beginning	Topic	Chapters
1	1 & 2	July 17	Introduction to management accounting	1 & 2
			A review of cost estimation and cost volume profit analysis	3 & 18
2	3	July 24	Introduction to Costing Systems – determination of product/service cost	2, 4, 5 & 6
3	3	July 31		
4	4	August 7	A Closer Look at Overhead - Conventional Costing and Activity-Based Costing	7 & 8
5	5	August 14	Budgeting systems <b>In class test</b>	9
6*	5	August 21	Budgeting systems continued.	9
7		August 28	Reading week	
<b>Mid-semester break</b>				
8	6	September 11	Standard costs for control: flexible budgets and direct material and labour	10 & 11
9	7	September 18	Standard costs for control: flexible budgets and manufacturing overhead	11
10	8	September 25	Information for tactical decisions	19
11	9	October 2	Financial performance reports, transfer pricing and divisional performance measurement (Part I) <b>Assignment due October 6</b>	12, 13 & 14
12	9	October 9	Financial performance reports, transfer pricing and divisional performance measurement (Part II)	12, 13 & 14
13		October 16	Semester Review Discussion of examination	

*\*Tutorial Week 6 = this class will be used as a catch-up session to complete any homework questions; as a revision class to review earlier topics; and also to go over the test.*

## ***Learning expectations and strategies***

### ***Expectations***

The University is committed to high standards of professional conduct in all activities, and holds its commitment and responsibilities to its students as being of paramount importance. Likewise, it holds expectations about the responsibilities students have as they pursue their studies within the special environment the University offers.

The University's Code of Conduct for Teaching and Learning states:

*Students are expected to participate actively and positively in the teaching/learning environment. They must attend classes when and as required, strive to maintain steady progress within the subject or unit framework, comply with workload expectations, and submit required work on time.*

To be successful in this unit you must take responsibility for the management of your study schedule and be committed to being thoroughly prepared before each session. You will find a topic-by-topic schedule at the end of this Outline. It sets out the objectives you should achieve after studying each topic and, for most topics, lecture demonstration questions are identified. These questions will be used during the lecture classes to demonstrate various aspects of the topics studied. It is **essential** that you pre-read and attempt these questions **before** each session.

Do not worry if you cannot answer all aspects of the demonstration questions before class. The reason why these questions are set is to give you a context in which to try and apply the concepts that you are reading about. It is only by attempting to apply the concepts via a practical problem that you can appreciate which aspects of the material you understand and which areas need further attention. Be prepared to ask questions about problems as we work through the demonstration questions at each lecture session. You will gain a far greater understanding, and achieve it much more easily, if you have pre-read and attempted the questions beforehand.

One of the keys to successful and less stressful progression through any course is thorough preparation and effective time management. You should consciously plan your time, mindful of commitments and key submission dates in all of the units you are studying, to avoid pressure spots and to ensure that you can be adequately prepared for each session. If you prepare thoroughly throughout the semester, "swot vac" becomes, as it should be, a time for consolidation and revision, not a period of frantic catching up and learning.

You should plan to allocate a minimum of 9 - 12 hours of your time per week to this unit. On average, an approximate allocation of this time should be:

class contact time	3	hours
reading and attempting questions before class	3 – 4	hours
Consolidating material after class, practising exercises and assignment work	3 - 5	hours

In summary, to be successful in this unit, it is suggested that you:

- ◆ follow study materials and attempt all exercises and self-study tasks;
- ◆ manage your time to allow completion of your assignments on or before the due date;
- ◆ read your text book thoroughly;
- ◆ allocate adequate study time to the unit;
- ◆ discuss problem areas with the lecturer as they arise. Do not leave major areas of difficulty until the end of semester.

### ***Your responsibility***

**Students are expected to take responsibility for their own learning.** Consistent with the view of the professional accounting bodies and prospective employers, a key aim in this unit is to develop students who are active participants rather than passive recipients. The role of the lecturer is not one primarily of teaching, but rather one of facilitating your learning and helping you develop independent logical, analytical and critical thinking skills. Further information about the Faculty's philosophy on teaching and learning is set out in its ***Guide for Students***.

### ***Learning strategies***

Encouraging you to study and learn independently is an important goal of university education. It is a feature of a *reflective approach* to learning in which you reflect on what it is you are learning and how you plan your learning strategy. It is therefore vitally important that your preparation work be done before you attend classes. Otherwise, you will gain very little from attendance, and will be unable to contribute to the development of group knowledge.

You should achieve success in this unit if you:

- keep up-to-date with the reading;
- review lecture material and illustrations;
- complete the independent study tasks; attend classes; ask questions;
- practice newly acquired skills;
- consolidate your reading by making appropriate short notes and summaries;
- give yourself plenty of time to write your assignment;
- prepare for and actively participate in the tutorial sessions;
- take responsibility for your own learning; and make use of the support services available.

If you fall behind with your work you will find that you have too much to make up before the examination and will be under-prepared.

## ***Specific attendance/performance requirements***

There are no specific attendance requirements for this unit, however **in order to pass the unit you must achieve an overall mark of at least 50%.**

### ***Absence from test***

If you miss the in-class test for an acceptable reason (for example, if a medical certificate is provided to the lecturer), the weighting for the test will be added to the weighting for the final examination. In other words, the final examination would then be worth 80% of your final assessment. Alternative test papers will not be set if you miss a test. Work commitments are not considered an acceptable reason for missing a test.

### ***Absence from classes***

If you miss any timetabled session, it is your responsibility to obtain any information that you have missed. Announcements made in lectures, lecture materials, tutorial discussion questions and problems, and solutions to tutorial problems will be available through the unit's web site.

## ***Assessment***

### ***Assessment schedule***

<b>Assessment task</b>	<b>Date due</b>	<b>Percent weighting</b>
Assessment Task 1: In-class test	Week 5	10%
Assessment Task 2: Assignment	October 6	20%
Final Examination (closed book)	End of semester	70%
Total Assessment		100%

## **Assessment details**

### **Assessment task 1: In-class test 10%**

<b>Task description</b>	Class test comprising a selection of multiple choice questions, short answer questions with a focus on calculations, and short answer questions with a focus on theoretical concepts. The test will cover topics 1-3
<b>Task length</b>	1 hour plus 10 minutes reading time
<b>Links to unit's learning outcomes</b>	1, 2, 3 and 4
<b>Assessment criteria / guidelines</b>	Ability to calculate and evaluate data. Ability to compare and contrast data. Ability to identify and evaluate information using specified criteria.
<b>Date</b>	Week 5 The test will be held during the lecture in the week beginning August 14

### **Assessment task 2: Assignment 20%**

<b>Task description</b>	Preparation of a report requiring the identification and explanation of the information that is relevant in determining whether to add / drop a product / service line or open / close a business.  You should demonstrate your understanding of the type of information needed in such decisions by providing a real-life example in your report. A couple of recent examples would be the decision to stop the Spirit of Tasmania III service between Sydney and Devonport, and the change of aircraft (Dash 8) for the Qantas flights to Launceston.
<b>Task length</b>	1500 words
<b>Links to unit's learning outcomes</b>	1, 2, 3 and 6
<b>Assessment criteria / guidelines</b>	Ability to identify and evaluate information using specified criteria. Ability to logically argue and present information. Ability to research and incorporate information. Ability to compare and contrast data.
<b>Date due</b>	Friday October 6 5.00 PM

**Final exam 70%**

<b>Description / conditions</b>	<p>Closed Book Examination - 3 hours duration The exam will enable you to demonstrate breadth and depth of understanding across all the course material.  <b>All topics are examinable.</b></p> <p>Information about the examination will be given in the last lecture of the semester.</p>
<b>Date</b>	<p>The final exam is conducted by the University Registrar in the formal examination period. See the Current Students homepage (Examinations and Results) on the University's website.</p>

**Assessment/Learning Outcomes/Generic Graduate Attributes Matrix**

Assessment task: 1	In-class test			
Assessment task: 2	Assignment			
Final Examination:	3 hour - closed book			
<b>Learning Outcomes:</b>				
	Learning outcome 1	√	√	√
	Learning outcome 2	√	√	√
	Learning outcome 3	√	√	√
	Learning outcome 4	√		√
	Learning outcome 5	√		
	Learning outcome 6	√	√	
	Learning outcome 7	√		
	Learning outcome 8	√		
	Learning outcome 9	√		
<b>UTas Generic Graduate Attributes:</b>				
	Knowledge	√	√	√
	Communication skills	√	√	√
	Problem-solving skills	√	√	√

## ***How your final result is determined***

Your final result is determined simply by adding your weighted marks for the different assessment components of the unit. To obtain a pass grade or better in the unit, the sum of the weighted marks must be 50% or more of the marks available.

In order to maintain the high reputation of the School of Accounting and Corporate Governance in the wider community – educationally, academically and by business – the School does not standardise student results. Rather, the School expects high standards of their students, and insists that students devote sufficient time and effort to their studies throughout the semester to achieve grades of pass or higher on merit.

## ***Submission of assignments***

Assignments are to be presented and submitted in accordance with the *Guide for Students - Presentation and Submission of Assignments* issued by the Faculty of Business. Assignments are to be submitted either via the assignment box, Level 5, Commerce Building, Hobart campus; the assignment box in the Faculty of Business area, Launceston campus or the assignment box at the Burnie Campus. Details for submission of assignments from overseas students will be provided during the course of the semester. You must attach a signed cover page to your assignment declaring that all material submitted is your own except where there is clear acknowledgement or reference to the work of others. This sheet is available on the Unit's WebCT Vista site. In relation to this point your attention is drawn to the University's rules on plagiarism. Please refer to page 14 (Plagiarism) of this Unit Outline. Assessments will be marked as quickly as possible after all have been submitted, and returned with comments and grades awarded.

## ***Requests for extensions***

Consistent with the Faculty's policy on late submission, extensions of time will only be granted on medical or compassionate grounds. They will **not** be granted because of work or other commitments. Requests for extension must be made to the unit coordinator in writing on the School's Application for Late Submission Form (available on WebCT Vista) **before** the due date of the assignment. Medical certificates or other evidence, which supports the application, must be attached and must contain information which justifies the extension sought.

## ***Penalties***

### ***Late Submission of Continuous Coursework***

Assignments that are not handed in by the due date will have marks deducted, unless a signed and approved late submission form is attached. The penalty for late submission of assignments in this unit is 10% of the available mark for each day the assignment is late.

### ***Over-length Work***

Where word limits have been specified, students should take care not to exceed this word limit as any course work exceeding the word limit will not be assessed. It will be returned to the student/s for re-submission and must be resubmitted within 48 hours of being returned. Resubmitted assignments will be ineligible for any grade higher than a credit (60 - 69%).

## ***Academic referencing***

In your written work you will need to support your ideas by referring to scholarly literature, works of art and/or inventions. It is important that you understand how to correctly refer to the work of others and maintain academic integrity. Failure to appropriately acknowledge the ideas of others constitutes academic dishonesty (plagiarism), a matter considered by the University of Tasmania as a serious offence.

The appropriate referencing style for this unit is the Harvard referencing method. A recommended textbook used in an earlier accounting unit, Fleet, W, Summers & Smith, B. 2006, *Communication Skills Handbook for Accounting*, provides detailed information about using the Harvard referencing system. Further information on presentation of assignments, including referencing styles is available at:

<http://www.utas.edu.au/library/assist/gpoa/gpoa.html>

You can also access information about the referencing style used in this unit in the *Faculty of Business Guide for Students* available via WebCT Vista or from the school's website -

<http://www.utas.edu.au/accg/studentres.htm>.

*Please read the following statement on plagiarism. Should you require clarification please see your unit coordinator or lecturer.*

## **Plagiarism**

Plagiarism is a form of cheating. It is taking and using someone else's thoughts, writings or inventions and representing them as your own; for example, using an author's words without putting them in quotation marks and citing the source, using an author's ideas without proper acknowledgment and citation, copying another student's work.

If you have any doubts about how to refer to the work of others in your assignments, please consult your lecturer or tutor for relevant referencing guidelines, and the academic integrity resources on the web at <http://www.utas.edu.au/tl/supporting/academicintegrity/index.html>. The intentional copying of someone else's work as one's own is a serious offence punishable by penalties that may range from a fine or deduction/cancellation of marks and, in the most serious of cases, to exclusion from a unit, a course or the University. Details of penalties that can be imposed are available in the Ordinance of Student Discipline – Part 3 Academic Misconduct, see <http://www.utas.edu.au/universitycouncil/legislation/>

**The University reserves the right to submit assignments to plagiarism detection software, and might then retain a copy of the assignment on its database for the purpose of future plagiarism checking.**

For further information on this statement and general referencing guidelines, see <http://www.utas.edu.au/plagiarism/> or follow the link under 'Policy, Procedures and Feedback' on the **Current Students** homepage.

## **Further information and assistance**

If you are experiencing difficulties with your studies or assignments, have personal or life planning issues, disability or illness which may affect your course of study, you are advised to raise these with your lecturer in the first instance.

There is a range of University-wide support services available to you including Student Services, International Services and Learning Development. Please refer to the *Current Students* homepage at: <http://www.utas.edu.au/students/>

Should you require assistance in accessing the Library visit their website for more information at <http://www.utas.edu.au/library/>

## If you have a problem...

- of an administrative nature (eg tutorial allocation), see the lecturer
- of an academic nature, please ask questions during tutorial sessions. For individual assistance, you are encouraged to see your tutor during his or her "consultation hours"
- if you have problems using WebCT Vista, contact the service desk

Website: <http://www.utas.edu.au/servicedesk/student/index.html>  
Telephone: 6226 1818  
Email: [servicedesk@utas.edu.au](mailto:servicedesk@utas.edu.au)

- if you have any concerns in relation to this unit, then in the first instance you should discuss the matter with your lecturer. However, if you do not feel comfortable approaching your lecturer, or if you have a discussion with your lecturer and are not satisfied with the outcome, then you are encouraged to contact the following Ombudsperson, who also teaches in the School of Accounting & Corporate Governance.

Ms Simone Bingham  
Room: 421, Commerce Building,  
Hobart  
Ph: (+61 3) 6226 2314  
E-mail: [Simone.Bingham@utas.edu.au](mailto:Simone.Bingham@utas.edu.au)

Discussions with Simone will be kept in the strictest confidence. If you wish to pursue the matter further, Simone will provide advice as to how this can be done. The University also has formal policies, which can be accessed at:  
[http://www.admin.utas.edu.au/ac\\_serv/complaints\\_info.html](http://www.admin.utas.edu.au/ac_serv/complaints_info.html)

## ***Students with disabilities –University & Faculty Equity Plans:***

Goal 1 of the University of Tasmania Equity Plan provides for: "An inclusive teaching and learning environment that values diversity, supports the pursuit of academic excellence and produces high quality education and employment results for all students and staff". The Faculty of Commerce Equity Plan facilitates the University Plan at an operational level and has developed an 'Action Plan'. The Action Plan for Goal 1 lays down procedures to ensure that all students, including those with disabilities, have equal access to lecture and course materials. The School of Accounting & Corporate Governance complies with these procedures.

## **Semester Program**

<p style="text-align: center;"><b>TOPIC ONE</b> <b>Introduction to BFA261 and Management Accounting</b></p>
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### **Objectives:**

1. introduction to BFA261 and provide outline of semester plan
2. define management accounting in terms of value creation
3. understand the major differences between management accounting and financial accounting information
4. explain how planning and control mechanisms can be used to support resource management
5. outline the organisational responses and management accounting responses to changes in the business environment

<b>Reading</b>	Chapters 1 & Chapter 2 (pp.40-43)
<b>Lecture demonstration questions</b>	None
<b>Questions to review topic</b>	E.1.31, E.1.33, C.1.41. Q.2.6, Q.2.11, Q.2.15
<b>Homework</b>	none
<b>Self-study questions</b>	P1.40, P.2.32

<b>TOPIC TWO</b> <b>A review of cost estimation and cost volume profit analysis</b>
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**Objectives:**

1. describe the quantitative analysis approach to cost estimation
2. define and describe the behaviour of the following types of costs: variable, fixed, step-fixed, semi-variable (or mixed) and curvilinear
3. be able to apply CVP analysis
4. understand the limitations and potential uses of CVP analysis in practice
5. apply CVP analysis to determine the effect on profits of changes in fixed costs, variable costs, sales prices and sales volume
6. be able to apply CVP in a multi-product situation

<b><i>Reading</i></b>	Chapters 3 and 18
<b><i>Lecture demonstration questions</i></b>	Cost estimation - E.3.32 & E3.33 CVP analysis - C.18.59 CVP multi-product - E.18.33
<b><i>Questions to review topic</i></b>	E.3.36, P.3.48 , C.3.52,P.18.47, P.18.49, P.18.50 (part 1)
<b><i>Homework</i></b>	E.3.39, C.18.57
<b><i>Self-study questions</i></b>	E.3.47, C.3.53, P.18.38

<p><b>TOPIC THREE</b></p> <p><b>Introduction to costing systems – determination of product/service cost</b></p>
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**Objectives:**

1. understand why management accountants focus particularly on costs
2. understand what is meant by different costs (cost classification) for different purposes
3. explain the role of costing systems
4. describe why managers need different measures of product costs for different purposes
5. describe components of conventional and contemporary costing systems
6. understand the general principles for allocating indirect costs to cost objects
7. distinguish between job costing and process costing and understand in which situations job costing or process costing may be the most appropriate costing system
8. outline the flow of costs through the manufacturing accounts used in product costing for financial reporting purposes
9. use basic techniques to allocate manufacturing overhead costs to products
10. estimate product costs using a job costing system with normal costing
11. estimate product costs using a process costing system using a weighted average cost measurement
12. describe features of service organisations and explain how they differ from manufacturers
13. identify whether job, process or hybrid costing is most appropriate for the various types of service entities

<b>Reading</b>	Chapters 2, 4, 5 (pp.184 – 192) & 6
<b>Lecture demonstration questions</b>	Overhead Allocation - E. 4.29 Job Costing - P.4.37, P.6.46 Process Costing - P.5.52, P.6.49
<b>Questions to review topic</b>	P.2.26, P.2.27, P.2.30, E.4.26, P.4.35, P.4.36, E.5.27 (3 & 4 ), E.5.29, E.5.30, E.5.32 ( 1only)
<b>Homework</b>	Week 2 – C4.44 Week 3 – P.5.41
<b>Self-study questions</b>	E.4.27, C.4.45, C.4.46, C.5.54 (weighted average only), C.6.54

## TOPIC FOUR – A Closer Look at Overhead - Conventional Costing and Activity-Based Costing

### Objectives:

1. explain the problems associated with conventional costing systems, resulting from a failure to adapt to the changing business environment
2. recognize common indicators of an outdated product costing system
3. describe both the costing view and the activity-management view of the activity-based (ABC) model
4. use the activity-based model to measure the costs of activities, and assign activity costs to products
5. explain the difference between product costs prepared under activity based costing and those prepared under conventional costing systems
6. recognize what types of organisations can gain the greatest benefits from activity-based costing
7. identify the impediments to implementing activity-based costing

<b><i>Reading</i></b>	Chapter 7 (pp.294-311) & Chapter 8
<b><i>Lecture demonstration questions</i></b>	P.8.45, C.8.57
<b><i>Questions to review topic</i></b>	E7.26, P7.41, P7.42, E.8.33, E.8.28, E.8.38., P.8.44
<b><i>Homework</i></b>	E.8.35, E.8.36, E.8.37
<b><i>Self-study questions</i></b>	P7.40, C.8.53 – C.8.56

## TOPIC FIVE – Budgeting systems

### Objectives:

1. understand how the budgeting process fits into the wider strategic planning process of an organisation
2. explain the major purposes of the budgeting process
3. understand how budgets are developed and used in responsibility accounting systems
4. complete the major budgeting schedules for service and manufacturing organisations
5. discuss the behavioural consequences of budgets

<b><i>Reading</i></b>	Chapter 9
<b><i>Lecture demonstration questions</i></b>	Lecture Handout refer WebCT Vista P.9.36
<b><i>Questions to review topic</i></b>	E9.31, P9.34, P.9.40, C9.44
<b><i>Homework</i></b>	P.9.42
<b><i>Self-study questions</i></b>	E9.37, E9.36

<p><b>TOPIC SIX</b></p> <p><b>Standard costs for control: flexible budgets and focus on direct material and labour variances</b></p>
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**Objectives:**

1. distinguish between static and flexible budgets
2. prepare a flexible budget
3. explain how standard costing can be used to help control costs and manage resources more effectively
4. develop standard costs for direct material and labour
5. calculate and interpret the direct material price and quantity variances, and the direct labour rate and efficiency variances
6. explain methods that can be used for assessing the significance of standard cost variances
7. understand how to determine the causes of variances, and when to take corrective actions

<b>Reading</b>	Chapter 10 & Chapter 11 (pp.520-525 & 536 – 537)
<b>Lecture demonstration questions</b>	C.11.53 (development of flexible budget and variances, and focus on direct labour and material variances)
<b>Questions to review topic</b>	E.11.26, P.11.38 E.10.29, E.10.31, P.10.39 (1), E10.34, P10.42
<b>Homework</b>	C.11.51, P.10.49
<b>Self-study questions</b>	P.11.44, E10.33 & P10.38

<p><b>TOPIC SEVEN</b></p> <p><b>Standard costs for control: flexible budgets and focus on manufacturing overhead variances</b></p>
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**Objectives:**

1. calculate and interpret the variable overhead spending and efficiency variances, and the fixed overhead budget and volume variances
2. calculate and interpret a comprehensive standard cost variance analysis for an organisation

<b><i>Reading</i></b>	Chapter 11
<b><i>Lecture demonstration questions</i></b>	C11.53 continued from last class (focus on manufacturing overhead variances and then an evaluation of all variances calculated)
<b><i>Questions to review topic</i></b>	E11.28 , E11.32, P11.41, P.11.42 & P11.47
<b><i>Homework</i></b>	P.11.39 (1), P.11.46
<b><i>Self-study questions</i></b>	C.11.54

**TOPIC EIGHT**  
**Information for tactical decisions**

**Objectives:**

- (1) describe the steps in the decision-making process, and the management accountant's role in that process
- (2) explain the characteristics of relevant information
- (3) select and analyse relevant information for special order decisions
- (4) select and analyse relevant information for make or buy decisions
- (5) select and analyse relevant information for decisions to add or delete a product or department

<b><i>Reading</i></b>	Chapter 19
<b><i>Lecture demonstration questions</i></b>	E19.31, E19.32, P19.41, P19.47
<b><i>Questions to review topic</i></b>	E19.34, E19.35, P19.49, P19.50
<b><i>Homework</i></b>	E.19.52, P.19.45, P.19.47
<b><i>Self-study questions</i></b>	E19.33, P19.48, C19.58

<p><b>TOPIC NINE</b></p> <p><b>Financial performance reports, transfer pricing and divisional performance measurement</b></p>
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**Objectives:**

1. explain the benefits and costs of decentralisation
2. understand why divisionalised organisations have transfer pricing systems
3. explain the various methods that can be used to determine transfer prices
4. explain the general rule that can be used to set transfer prices to be aware that transfer prices can affect managerial decisions
5. determine appropriate transfer prices under a variety of scenarios
6. calculate an investment centre's return on investment (ROI) and residual income and describe some advantages and limitations of both ROI and residual income as performance measures
7. evaluate and calculate economic value added (EVA®)
8. explain the advantages that non-financial performance measures offer over financial measures, as well as the problems
9. describe the four perspectives of the Kaplan and Norton (1996) balanced scorecard (BSC)
10. build a balanced scorecard for an organisation
11. evaluate the suitability of a balanced scorecard to meet an organisation's strategy

<b>Reading</b>	Chapters 12, 13 & 14 (to p. 669)
<b>Lecture demonstration questions</b>	<p>Week 11</p> <ul style="list-style-type: none"> <li>➤ Transfer Pricing – E.12.38 &amp; E.12.39, P12.45</li> </ul> <p>Week 12</p> <ul style="list-style-type: none"> <li>➤ ROI &amp; EVA® – E.13.30, P.13.44</li> <li>➤ BSC - 14-6 &amp; 14-7</li> </ul>
<b>Questions to review topic</b>	<ul style="list-style-type: none"> <li>➤ Transfer Pricing – E.12.34, 12.38, P12.45</li> <li>➤ ROI, RI, EVA® – P.13.38 P.13.39,</li> <li>➤ BSC -</li> </ul>
<b>Homework</b>	<p>Week 12 – P.12.49</p> <p>Week 13 - P.13.46, , P.14.33, P14.34</p>
<b>Self-study questions</b>	<ul style="list-style-type: none"> <li>➤ Transfer Pricing - C.12.54</li> <li>➤ ROI, RI, EVA® - P.13.40</li> <li>BSC - C.14.41</li> </ul>