



**BFA712**  
**Management and**  
**Cost Accounting**  
**Semester Two 2006**

**School of Accounting and Corporate Governance**

**Faculty of Business**

**Unit Outline**

**David Moore**

CRICOS Provider Code: 00586B

# Contact details

## Unit coordinator/lecturer

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## Unit description

In this unit we explore the key functions fulfilled by managerial and cost accounting. The primary purpose of managerial and cost 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.

## Learning outcomes

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

1. describe the role of management accounting within an organisation
2. interpret the various cost concepts that are fundamental to the language of management accounting
3. describe how costs behave and use this information in a range of decision contexts
4. distinguish those revenues and costs that are relevant in different decision situations and use this information to make a variety of operational decisions
5. critically evaluate the features of different budgeting systems and be able to formulate appropriate budgets and calculate and analyse budget variance analysis
6. identify and apply various service and product costing methods
7. demonstrate written communication skills through the presentation of high quality project work

## 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 should acquire and apply technical knowledge about management and cost accounting techniques through class participation and the completion of assessable tasks.
- *Communication skills:* Through the completion of two major projects, you should demonstrate competent written communication skills.
- *Problem solving skills:* Your assessable work will involve the evaluation and application of relevant information in a range of internal management decision making contexts.

These attributes are to be actively developed over the graduates' time at university.

## Learning resources required

### **Requisite texts**

Horngrén, C., Sundem, G. and Stratton, W 2005 *Introduction to Management Accounting* (Thirteenth edition) Pearson Prentice Hall, New Jersey

### **Recommended reading**

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

Langfield-Smith, K., Thorne, H and Hilton, R 2006 *Management Accounting – An Australian Perspective*, McGraw Hill, Sydney

### **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.

### **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.

For each topic, a set of tutorial preparation questions is listed. These problems should be attempted by you *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.** 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.

### **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	Date	Topic Number	Topic	Readings / Resources
1	20/7	1	An introduction to management accounting	Chapter 1
2	27/7	2	Cost behaviour and cost volume profit analysis	Chapter 2
3	3/8	3	Relevant information and short term decision making	Chapters 5 and 6
4	10/8	4	Master budgets and static budget variances	Chapters 7 and 8
5	17/8	5	Flexible budgets and budget variances	Chapter 8
6	24/8	6	Measuring cost behaviour <b>Assessment Task 2 due August 24</b>	Chapter 3 (including the appendix)
7	31/8	7	Cost management	Chapter 4
7/9			<b>Mid-semester break</b>	
8	14/9	8	Management control systems and performance evaluation	Chapter 9
9	21/9	9	Decentralisation, transfer pricing and divisional performance measurement	Chapter 10
10	28/9	10	Cost allocation <b>Assessment task 3 due September 28</b>	Chapter 12
11	5/10	11	Overhead costs	Chapter 13
12	12/10	12	Overview Discussion of Examination	
13	19/10		Study Period (swot vac)	

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# 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.

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 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

Assessment task	Date due	Percent weighting
Assessment Task 1: Consolidation problems	Random / Ongoing	10%
Assessment Task 2: Project – Short Term Decision-Making	August 24	10%
Assessment Task 3: Project - Budgeting	September 28	10%
End of semester exam		70%

## Assessment details

### Assessment task 1: Consolidation Problems

<b>Task description</b>	Topics 2, 3, 4, 5, 6, 7, 8, 9 and 11 each contain a specific assessable consolidation problem. These are identified in the topic schedule for the specific units at the end of the unit outline.
<b>Task length</b>	The overall word length for the work collected should not exceed 1500 words
<b>Links to unit's learning outcomes</b>	<a href="#">1</a> , 2, 3, 4, 5 and 6
<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(s) due</b>	<b>Topic 2 – August 3, Topic 3 – August 10, Topic 4 – August 17, Topic 5 – August 24, Topic 6 – August 31, Topic 7 – Sep 14, Topic 8 – Sep 21, Topic 9 – Sep 28 and Topic 11 – Oct 12</b>

## Assessment task 2: Project – Relevant Information and Short Term Decision Making

<b>Task description</b>	A practical assignment that involves developing and using cost data in a short term decision context.
<b>Task length</b>	1500 words
<b>Links to unit's learning outcomes</b>	<a href="#">1</a> , 2, 3, 4 and 7
<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.
<b>Date due</b>	5.00 pm Thursday August 24

## Assessment task 3: Project - Budgeting

<b>Task description</b>	A practical assignment that involves constructing and using budget data. This assignment can be completed by students working individually or in pairs.
<b>Task length</b>	1500 words
<b>Links to unit's learning outcomes</b>	<a href="#">1</a> , 3, 5 and 7
<b>Assessment criteria / guidelines</b>	Ability to calculate and evaluate data. Ability to compare and contrast data. Ability to present data in tabular form. Ability to logically argue and present information.
<b>Date due</b>	5.00 pm Thursday September 28

## Final exam

**Description / conditions** Closed Book Examination 3 hours duration. The exam will enable you to demonstrate breadth and depth of understanding across all the course material. **All topics are examinable**

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**Date** 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.

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## Assessment/Learning Outcomes/Generic Graduate Attributes Matrix

Assessment task: 1	Consolidation Problems				
Assessment task: 2	Project – Relevant information and short term decision-making				
Assessment task: 3	Project – Budgeting				
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		√	√	
<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.

Note that there are no compulsory attendance requirements for this unit. Note also that results are not standardised within the School of Accounting and Corporate Governance. 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 via the assignment box, Level 5, Commerce Building, Hobart 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 12 (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*, 2<sup>nd</sup> ed, 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/acffin/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 Teaching & Learning, Student Services, International Services. 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 (e.g. 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 one of 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)

# Seminar Program

<b>TOPIC ONE – An introduction to management accounting</b>
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## Objectives:

1. understand the major roles and purposes fulfilled by accounting systems
2. distinguish between financial accounting and management accounting and identify the broad influences over the practice of each
3. understand the value chain and how accountants contribute to that chain
4. understand the role of ethics in managerial accounting
5. demonstrate an awareness of current trends influencing the practice of management accounting

## Reading:

Chapter 1

## Lecture demonstration questions:

None

## Class practice questions:

1-A1  
1-42  
1-46  
1-51

## Self-study questions:

1-A3  
1-B1  
1-33

## TOPIC TWO - Cost behaviour and cost volume profit analysis

### Objectives:

1. understand how cost drivers influence cost levels
2. understand why it is important to be able to distinguish between fixed and variable cost components
3. be able to apply CVP analysis
4. demonstrate an awareness of the assumptions and limitations underpinning CVP analysis
5. understand how CVP can assist in cost structure decisions

### Reading:

Chapter 2

### Lecture demonstration questions:

2-24  
2-25  
2-A1  
2-44

### Class practice questions:

2-27  
2-B2  
2-64

### Self-study questions:

2-45  
2-53  
2-55

**Assessable consolidation problem:** 2-50 (Submit at class on 3 August )

## TOPIC THREE- Relevant information and short-term decision making

### Objectives:

1. understand the concepts of relevant costs and relevant revenues
2. evaluate special order opportunities
3. analyse the implications of dropping a particular product or department
4. select and analyse information for product mix decisions under capacity constraints
5. evaluate make-or-buy decisions
6. determine when joint products should be processed further
7. understand that sunk costs are irrelevant when looking at strategies to dispose of obsolete stock or equipment

### Reading:

Chapters 5 & 6

### Lecture demonstration questions

5-A1  
5-B3  
5-A2  
6-B1  
6-A2  
6-38

### Class practice questions:

5-38  
5-37  
5-B2  
6-A1 (part 1 and 2)  
6-B2

### Self-study questions:

5-B1  
5-B3  
5-53  
6-37  
6-52

**Assessable consolidation problem:** 5-58 (Submit at class on 10 August)

## TOPIC FOUR – Master budgets and static budget variances

### Objectives:

1. understand the role that budgets play within an organisation
2. prepare a master budgets
3. distinguish between flexible budgets and static master budgets
4. prepare flexible budgets and calculate static and flexible budget variances

**Reading:** Chapters 7 & 8

**Lecture demonstration questions** 7-A1  
8-A2

**Class practice questions:** 8-34  
8-35

**Self-study questions:** 7-37  
8-35

**Assessable consolidation problem:** 7-B1 (Submit at class on 17 August)

## TOPIC FIVE - Flexible budgets and budget variances

### Objectives:

1. identify the major approaches to determining budgeted amounts
2. understand what can cause variations from budget
3. analyse flexible budget variances in terms of their price and efficiency components
4. interpret the significance of variance information

**Reading:** Chapter 8

**Lecture demonstration questions:** 8-A3  
8-B3

**Class practice questions:** 8-B2  
8-45  
8-43

**Self-study questions:** 8-44  
8-46

**Assessable consolidation problem:** 8-55 (Submit at class on 24 August)

## TOPIC SIX- Measuring cost behaviour

### Objectives:

1. understand the basic cost behaviour patterns
2. describe how management decisions affect cost behaviour
3. measure and express cost behaviour in the form of mathematical cost functions
4. outline the various ways in which cost functions may be derived

### Reading:

Chapter 3 (including Appendix)

### Lecture demonstration questions:

3-34  
3-35  
3-42

### Class practice questions:

3-B1  
3-32  
3-50  
3-51

### Self-study questions:

3-A1  
3-37  
3-54

**Assessable consolidation problem:** 3-52 (Submit at class on 31 August)

## TOPIC SEVEN – Cost management

### Objectives:

1. understand the purposes of cost management systems
2. understand what is meant by a “cost object” and how costs might be related to a particular cost object
3. describe the different ways in which costs can be categorised and viewed
4. examine the features of activity based costing systems
5. understand the differences between traditional costing approaches and activity based costing

### Reading:

Chapter 4

### Lecture demonstration questions:

4-41  
4-A4

### Class practice questions:

4-42  
4-B4  
4-53

### Self-study questions:

4-44  
4-A2

### Assessable consolidation problem:

4-60, parts 1 – 3  
(Submit at class on 14 September)

## TOPIC EIGHT – Management control systems and performance evaluation

### Objectives:

1. understand how management control systems can help to promote goal congruence
2. understand how responsibility accounting systems operate
3. describe the different ways in which performance can be evaluated
4. prepare a segment income statement
5. explain how balanced scorecards might be used in organisations
6. to be familiar with quality control measures that can be implemented by organisations
7. discuss the difficulties associated with management control in non-profit organisations

### Reading:

Chapter 9

### Lecture demonstration questions:

9-A2  
9-11  
9-46

### Class practice questions:

9-A1  
9-38  
9-B3

### Self-study questions:

9-B2  
9-35  
9-43

### Assessable consolidation problem:

9-52 Parts 2 – 5  
(Submit at class on 21 September)

## TOPIC NINE — Decentralisation, transfer pricing and performance evaluation

### Objectives:

1. examine the costs and benefits of a decentralised structure
2. calculate and evaluate return on investment, residual income and economic value-added measures
3. understand the role of transfer prices in decentralised organisations
4. explain the general methods that might be used to set transfer prices
5. explain how transfer prices can affect managerial decisions
6. develop guidelines for setting minimum and maximum transfer prices

**Reading:** Chapter 10

**Lecture demonstration questions:** 10-A1  
10-B2  
10-A2

**Class practice questions:** 10-B1  
10-38  
10-A3

**Self-study questions:** 10-A4  
10-32  
10-47

**Assessable consolidation problem:** 10-51 (Submit at class on 28 September)

## TOPIC TEN – Cost allocation

### Objectives:

1. understand why costs might be allocated
2. calculate appropriate cost allocation rates
3. allocate service department costs to other organisational units using the direct method and the step-down method
4. allocate joint costs to separable products using the physical units method and the relative sales value method
5. prepare income statements using variable costing and absorption costing approaches

### Reading:

Chapter 12

### Lecture demonstration questions:

12-23  
12-A1  
12-A4

### Class practice questions:

12-A3  
12-40  
12-44

### Self-study questions:

12-B1  
12-B2  
12-27

### Assessable consolidation problem:

None

## TOPIC ELEVEN – Overhead costs

### Objectives:

1. calculate overhead cost rates and use them in applying overhead costs to production
2. understand normal costing systems
3. allocate under- or over-applied overhead
4. distinguish between variable and absorption costing

### Reading:

Chapter 13

### Lecture demonstration questions:

13-A1  
13-A2  
13-A4

### Class practice questions:

13-B2  
13-38  
13-39  
13-53

### Self-study questions:

13-B1  
13-B3  
13-37

**Assessable consolidation problem:** 13-B4 (Submit at class on 12 October)