

ABSA205 - Cost and Management Accounting I

Course Title	Cost and Management Accounting I			
Course Code	ABSA 205			
Course Type	Elective			
Level	BA (Level 1)			
Year / Semester	3 rd			
Teacher's Name	Dr Christos Minas / Dr Andreas Georgiou			
ECTS	6	Lectures / week	3	Laboratories/week
Course Purpose	<p>The main aim of the subject is for students to develop an understanding of cost accounting, the terminology used and the methods by which costs of operations, processes, departments, products or services are ascertained using the absorption principle.</p> <p>Students will be expected to acquire knowledge of various costing techniques used for materials, labour and overheads.</p>			
Learning Outcomes	<p>By the end of the lesson, the student will be able to:</p> <ol style="list-style-type: none"> 1. Compare and contrast cost accounting to financial accounting. 2. Identify and define costs by classification and behaviour. 3. Evaluate the concept of cost behaviour and explain its relevance to costing. 4. Explain and apply cost accounting techniques concerning materials. 5. Explain and apply cost accounting techniques concerning labour. 6. Explain and apply cost accounting techniques concerning and overheads. 7. Explain and solve mini-case studies applying cost accounting techniques involved in specific order (such as job costing) and continuous costing (such as process costing). 8. Use a spreadsheet program to construct formulas for payroll (based on a case study scenario). 			
Prerequisites	ABSA 102.	Co-requisites	None.	
Course Content	<ul style="list-style-type: none"> • Introduction to cost and financial accounting: Explain the purpose and role of cost and management accounting. Compare and contrast cost and management accounting with financial accounting. Distinguish between data and information. Outline the characteristics of good 			

information. Identify the sources of information within and outside the firm.

- **Cost classification behaviour:** Identify and define costs by classification. Explain and apply production and non-production costs. Explain the elements of production cost. Explain the concepts of: cost units and cost centres. Identify the different type of centres (cost, revenue, profit and investment). Describe the purpose of the costing information for these centres.
- **Cost behaviour:** Describe and illustrate graphically different types of cost behaviour. Apply the relationship between cost behaviour and profit and interpret the results.
- **Accounting for materials:** Explain the procedures for: ordering, receiving and issuing materials from inventory. Describe control procedures used to monitor physical and book inventory. Explain the theory behind inventory valuations such as: FIFO, LIFO and weighted average. Prepare stock statements using: FIFO, LIFO and weighted average Calculate firm's profitability under various inventory valuation methods and explain the reasons for differences.
- **Accounting for labour:** Analyse the different methods of remuneration such as the time basis, piecework basis and incentives schemes and apply these methods. Calculate direct and indirect costs of labour. Calculate labour costs using payroll. 8. Use a spreadsheet program to construct formulas for payroll. Prepare the ledger and journal entries to record labour costs. Apply and interpret the following: labour turnover, labour efficiency, capacity and production volume and, define these terms.
- **Accounting for overheads:** Explain the terms "allocation", "apportionment" and "absorption" in the context of overhead accounting. Recognise the process of determining the overhead absorption rate. Prepare an overhead analysis sheet and its application to determining an overhead absorption rate. Allocate and apportion production overheads using an appropriate basis. Reapportion service cost centres to production cost centres using an appropriate basis. Examine and apply the different types of absorption bases. Prepare the ledger and journal entries to record overhead costs.

	<ul style="list-style-type: none"> • Cost accounting methods: Specific order costing techniques: Explain the characteristics of job, batch and contract costing. Calculate from given information the costs or profit using: job costing, batch costing and contract costing. • Cost accounting methods: Continuous costing techniques: Process costing: Outline the characteristics of process costing. Explain when process costing is appropriate. Apply the double entry bookkeeping principles for process costing. Explain and apply the treatment of losses (normal and abnormal) and equivalent units. Calculate the work in process where work is incomplete. Contrast the accounting treatment between joints products and by-products. Apply the accounting treatment of joint products and by-products. Determine the value of joint products and by-products at the point of separation.
Teaching Methodology	<p>The taught part of course is delivered to the students by means of lectures, conducted with the help of computer presentations. Lecture notes and presentations are available through the web for students to use in combination with the textbooks.</p> <p>Lectures are supplemented with class exercises carried out in class and via homework. Class exercises for homework are submitted on the e-learning platform for students to attempt and the solutions are posting on the platform at a later date (around one week).</p>
Bibliography	<p><u>Textbooks:</u></p> <p>Drury, C, Management and Cost Accounting, 10th Edition, Cengage Learning EMEA, 2017.</p> <p><u>References:</u></p> <p>Kaplan Publishing, ACCA Paper Management Accounting (MA) Study Text, Latest Edition, Kaplan Publishing.</p> <p>F Wood and A Sangster, Business Accounting: Volume 2, 14th Edition, Pearson, 2018.</p> <p>BPP Learning Media, FIA Foundations in Management Accounting FMA (ACCA F2): Interactive Text Paperback, 2019, BPP</p> <p>Pauline Weetman, Financial & Management Accounting: An introduction, 8th Edition, 2019, Pearson.</p> <p>Andreas Georgiou (2018), Job Satisfaction and Staff Turnover Intentions of Banking Employees in Cyprus and its Effect on Profitability, Components Of Scientific And Technological Progress, Issue 3 (37), 2018, pp.17-26.</p>

Assessment	<p><u>(a) Methods:</u> Students will be assessed with coursework that involves an online assignment (quiz), a midterm test and a final exam. The course involves both explaining theoretical concepts and also solving numerical problems in cost and management accounting.</p> <p><u>(b) Criteria:</u> The assessment criteria can be generalised as follows concerning the area assessed:</p> <ul style="list-style-type: none"> • 86% or more – Excellent application of problem solving skills. • 76%-85% - Very good application of problem solving skills. • 66%-75% - Good application of problem solving skills. • 56%-65% - Satisfactory with some success in applying problem solving skills • 50%-55% -Satisfactory with limited success in applying problem solving skills • Below 50% -Little or no application of problem solving skills. <p><u>(c) Weights:</u></p> <ul style="list-style-type: none"> • Assignment (online) 20% • Mid-term test 20% • Final exam 60%
Language	English.