

## ABSA206 - Cost and Management Accounting II

Course Title	Cost and Management Accounting II				
Course Code	ABSA 206				
Course Type	Elective				
Level	BA (Level 1)				
Year / Semester	4 <sup>th</sup>				
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 expand on the principles developed in the Cost and Management Accounting I and to be able to apply techniques that could be used in planning, control and decision-making.</p> <p>The course aims to introduce the theory of budgetary control and for students to be able to prepare budgets. The course aims to introduce break-even analysis and students are expected to apply this knowledge to decision making.</p> <p>Students are also expected to understand the concepts involved in variance analysis and to be able to interpret the results.</p>				
Learning Outcomes	<p>By the end of the lesson, the student will be able to:</p> <ol style="list-style-type: none"> <li>1. Evaluate the concept of the economic order quantity and its relevance to stock control.</li> <li>2. Calculate key aspects of stock control such as: the economic order quantity (EOQ) and reorder levels and interpret the results.</li> <li>3. Explain the theoretical background to cost-volume profit analysis and apply it to decision-making.</li> <li>4. Construct profit statements using different cost accounting systems, that are Marginal Costing and Absorption Costing, and be in a position to interpret the results.</li> <li>5. Analyse the nature and purpose of budgeting.</li> <li>6. Prepare budgets (such as cash budgets) and be in a position to interpret the results.</li> <li>7. Apply the techniques used in variance analysis to solve mini-case studies.</li> <li>8. Apply marginal costing techniques used in short –term decision making.</li> <li>9. Use a spreadsheet program to construct formulas for budgets (based on a case study scenario).</li> </ol>				

	<p>10. Work in groups by participating in joint projects providing management accounting information for public companies and presenting their results.</p> <p>11. Demonstrate university-level communication skills for presentations and written reports.</p>		
Prerequisites	ABSA 205.	Co-requisites	None.
Course Content	<ul style="list-style-type: none"> <li>• <b>Stock control:</b> Evaluate the concept of the economic order quantity and its relevance to stock control. Applying costing techniques to assist in making decisions on stock management. Calculate key aspects of stock control such as: the economic order quantity (EOQ) and reorder levels and interpret the results.</li> <li>• <b>Marginal and Absorption costing:</b> Recognise the structure of the profit statement under the marginal and absorption costing systems. Compare the advantages and disadvantages between marginal costing and absorption costing systems. Explain the concept of contribution. Describe the way in which inventory is valued under the marginal and absorption costing systems. Prepare profit statements using the marginal costing and absorption costing systems. Calculate and explain the under and over absorption of fixed production overheads. Reconcile the results between the two systems and explain the reasons for differences in profitability. Be in a position to interpret the results.</li> <li>• <b>Cost-volume profit analysis:</b> Explain the nature of cost-volume profit analysis. Analyse the limitations of cost-volume profit analysis for planning and decision making. Calculate and interpret: the break-even point; margin of safety and target volume either graphically or by formula. Calculate the contribution to sales ratio. Be able to construct a profit-volume chart and understanding the differences with that of the break-even chart. Be able to solve problems when variables concerning costs or revenues change.</li> <li>• <b>Standard costing and variance analysis:</b> Explain the methods of calculating standard costs. Explain the relevance of standard costing in controlling performance. Calculate the standard cost per unit using marginal and absorption costing systems. Explain what is variance analysis and how it assists the control of performance. Calculate variances for: materials, labour, variable overheads; fixed overheads and sales. Apply variance analysis to mini case studies and is in a position to interpret the results. Explain the causes of variances. Analyse the interrelationship between variances. Reconcile the budgeted and actual profit and interpret the results.</li> </ul>		

	<ul style="list-style-type: none"> <li>• <b>Budgeting and Budgetary Control:</b> Recognise the nature and purpose of budgeting. Explain the planning and control cycle. Analyse the stages in the budgetary control. Explain the theoretical concepts concerning budgets including the relationship of behaviour to budgets. Be able to prepare cash budgets and master budgets and understanding the results. Prepare other budgets such as sales and production. Use a spreadsheet program to construct formulas for budgets. Preparation flexible budgets. Compare fixed budgets to flexible budgets.</li> <li>• <b>Costs for Decision Making:</b> Explain the concept of relevant costing. Identify the relationship between limiting factors and decision making. Explain the factors surrounding make or buy decisions. Explain and apply the concept of opportunity costs. Apply marginal costing techniques used in short –term decision making such as: make or buy; pricing; excess capacity; accept or reject and limiting factor decisions.</li> </ul>
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, 10<sup>th</sup> 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, 14<sup>th</sup> Edition, Pearson, 2018.</p> <p>Pauline Weetman, Financial &amp; Management Accounting: An introduction, 8<sup>th</sup> 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 a group assignment (with a written report and presentation), a midterm test and a final</p>

	<p>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"> <li>• 86% or more – Excellent application of problem solving skills.</li> <li>• 76%-85% - Very good application of problem solving skills.</li> <li>• 66%-75% - Good application of problem solving skills.</li> <li>• 56%-65% - Satisfactory with some success in applying problem solving skills</li> <li>• 50%-55% -Satisfactory with limited success in applying problem solving skills</li> <li>• Below 50% -Little or no application of problem solving skills.</li> </ul> <p><u>(c) Weights:</u></p> <ul style="list-style-type: none"> <li>• Group assignment           20%</li> <li>• Mid-term test               20%</li> <li>• Final exam                 60%</li> </ul>
Language	English.