

ICB

ACCREDITED BUSINESS
QUALIFICATIONS

COST AND MANAGEMENT ACCOUNTING (CMGT)

CURRICULUM STATEMENT

CURRICULUM STATEMENT: ICB COST & MANAGEMENT ACCOUNTING

An introduction to managerial accounting

- Calculate the total production, administration, selling and distribution costs of a product;
- distinguish between fixed, semi-fixed, semi- variable and variable costs;
- carry out a simple break-even analysis;
- calculate a selling price by using the mark-up or the margin; and
- apply the concepts of chargeable hours and total hours worked.

Controlling inventory and overhead costs

- Identify appropriate cost centres and elements of costs;
- explain how inventory costs can be controlled in the most efficient way;
- demonstrate how inventory can be valued according to the FIFO or weighted average method of valuation;
- illustrate how the most economical ordering quantity for items of inventory can be ascertained;
- record and analyse information with respect to allocation, apportionment and absorption of overhead costs; and
- establish overhead costs in accordance with the organisation's procedures.

Accounting for a manufacturing enterprise

- Demonstrate knowledge of the business and accounting environment;
- identify and describe accounting methods in line with organisational requirements and GAAP/GRAP;
- make the necessary double entries in the general ledger of a manufacturing concern;
- prepare a production cost statement for a manufacturing concern;
- prepare a trading statement for a manufacturing concern; and
- set up the notes to the production cost and trading statements for a manufacturing concern.

Job costing

- Identify the differences between job costing and process costing;
- explain the steps involved in job costing;
- identify overhead application rates;
- calculate the cost of a job;
- calculate the profit or loss of a job;
- identify and calculate over- or under-absorbed overheads;
- calculate the cost of a job taking into account work-in-process and finished goods;
- identify and complete a job order cost sheet;
- account for normal and abnormal wastage;
- prepare relevant ledger accounts for a job costing system;
- prepare manufacturing accounts; and
- distinguish between work-in-progress and finished goods.

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Budgeting and standard costing

- Describe the benefits of budgeting;
  outline the budgeting process; prepare selected components of a master budget from information provided;
- develop and monitor an office supply budget;
- implement a plan to control the distribution of office supplies;
- implement control measures with individuals;
- explain what standard costing is;
- correctly code, analyse and correct data;
- state the advantages of using a standard costing system;
- define a variance;
- calculate different variances and determine whether they are favourable or unfavourable; and
- discuss the reasons why variances occur.

Contract accounting

- Explain what contract accounting/costing is;
- understand the terminology used in contract accounting;
- know how to record transactions relevant to a contract;
- understand and apply the different methods of recognising revenue and profits accruing to a contract as a contract progresses in completion;
- record all relevant transactions, ascertain profits and complete a contract work in process account;
- post debits and credits for all categories of financial transactions;
- understand an income statement and balance sheet;
- explain the basics of cost and management accounting and process journal entries relevant to these transactions;
- understand the basics of job costing; and
- understand the role of work in progress in marshalling transactions relevant to production in cost and management accounting.

Process costing

- Explain what process costing is;
- explain the main components of process costing being:
  - transferring costs from one process to another;
  - accounting for wastages;
  - accounting for abnormal gains and losses in wastage;
  - accounting for scrap;
  - valuation of transfers from one process to the next;
- account for process costing in the general ledger

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Financial management

- Explain why the time value of money is such a crucial element to consider when making financial decisions for an organisation;
- calculate the future value of a present consideration;
- calculate the present value of a future consideration;
- apply various capital budgeting techniques to judge the viability of a capital investment;
- understand the importance of financial reporting;
- define capital and explain the various components thereof;
- define cost of capital;
- determine the cost of capital components; explain the capital structure;
- calculate the weighted average cost of capital;
- explain complexities in the determination of cost of capital;
- explain the issues in financing decisions.