ACCREDITED BUSINESS QUALIFICATIONS

Financial Management and Control (FMCL)

CURRICULUM STATEMENT

CURRICULUM STATEMENT: ICB FINANCIAL MANAGEMENT & CONTROL

An introduction to information systems

- The ability to recognise the value of information and information systems in organisations;
- discuss the reasons why organisations are increasingly becoming dependent on information systems;
- outline the characteristics of an efficient information system;
- identify different types of information systems in an organisation and explain the integration of these systems;
- identify the information system requirements for the different levels within an organisation; and
- discuss the advantages and disadvantages of various information systems.

Management information systems

- Define and state the purpose of management information;
- describe the features of useful management information;
- describe the role of information in executing the four functions of management; and
- highlight emerging trends in information systems;
- describe information technology as an enabler of change;
- explain the need for effective internal control over transactions;
- describe the purpose and nature of a computerised information system;
- explain how computerised accounting systems can assist management accountants with planning and decision-making; and
- identify the key features, functions and benefits of computerised information systems.

An introduction to auditing

- Explain the nature of an audit;
- explain the purpose of an audit, including the advantages and disadvantages of an audit;
- explain the nature of accounting records, including proper records;
- explain the concepts of true and fair presentation, and reasonable assurance;
- explain the regulations governing the appointment, removal and resignation of auditors;
- describe the duties of auditors;
- describe the rights of auditors;
- explain the liability of auditors under contract and negligence to clients;
- explain the liability of auditors to third parties;
- describe the objectives of an internal control system;
- explain the importance of internal control to auditors;
- discuss the fundamental principles an auditor should adhere to including integrity, objectivity, professional confidence and due care, confidentiality and professional behaviour;
- describe the detailed requirements – and application of professional ethics – in the context of integrity, objectivity and independence;
- explain the structure of the auditing profession; and
- explain the scope of ISAs.

The role and function of the financial manager

- Explain the primary roles of the financial manager, namely performing financial analysis and planning, making investment decisions and making financing decisions;
- demonstrate how a financial manager balances the timing of returns and cash distributions to equity participants in lieu of prevalent and pending risks;
- critically evaluate the ethical considerations that underline a financial manager's conduct; and
- describe the agency problem and the associated risk posed by a financial manager to the corporate entity that it purports to serve.

Material and inventory control

- Identify appropriate cost centres and elements of costs;
- explain what is meant by 'stockpiling';
- explain how inventory costs can be controlled in the most efficient way;
- illustrate how the most economical ordering quantity for items of inventory can be ascertained;
- determine the reorder point and safety stock values for items of inventory;
- describe the just-in-time (JIT) system of inventory control.
- describe the real costs of inventory (e.g. purchasing costs, ordering costs, stock-out costs and quality costs);
- explain the concept of 'shrinkage' and demonstrate how shrinkage can be minimised;

- demonstrate how inventory can be valued according to the FIFO or weighted average method of valuation; and
- calculate gross margins when using different valuation methods for closing inventory.

Labour cost control

- Describe recruitment practices and payroll administration as elements of personnel management;
- explain the importance of proper administration of payroll records; and
- discuss the importance of effective performance management in an organisation.

Allocating and controlling overheads

- Record and analyse information with respect to allocation, apportionment and absorption of overhead costs using direct and step methods;
- record and analyse information with respect to allocation, apportionment and absorption of overhead costs using the linear algebraic method; and
- establish a predetermined overhead rate and calculate under/over-applied manufacturing overhead.

Job costing

- Describe the characteristics of job costing;
- calculate unit costs using job costing;
- identify the differences between job costing and process costing;
- describe the steps involved in job costing;
- identify overhead application rates in a job costing environment;
- calculate the cost of a job;
- calculate and analyse 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-process and finished goods in a job costing environment.

Contract costing

- Define contract costing;
- describe common terms used in contract accounting, including contract price, total estimated;
- Identify and calculate costs and profit, certified and uncertified work, as well as retention money;
- differentiate between fixed price and cost-plus products;
- examine the reasons for work being certified;
- describe how the contract accounting system works;
- prepare a contract account (WIP) in the general ledger;
- prepare the general ledger accounts under the completed contract method;
- prepare the general ledger accounts under the percentage-of-completion method;
- prepare contract accounts when holding back a reserve;
- outline the accounting processes to account for the disposal of unsuitable materials, plant, etc.; and
- apply the concept of prudence in the recording process when it appears that a loss is going to be made during the course of a contract.