

ICB

ACCREDITED BUSINESS
QUALIFICATIONS

Management Accounting Control Systems (MACS)

CURRICULUM STATEMENT

Activity-based costing

- Distinguish between traditional costing systems and ABC;
- calculate product overhead costs using ABC;
- make use of unit-based drivers to assign overheads; and
- discuss the advantages and limitations of ABC.

Cost classification, estimation and behaviour

- Differentiate between fixed, variable and mixed costs;
- estimate the fixed and variable elements of a mixed cost making use of the high-low method;
- apply the least squares regression method to study trends in financial data; and
- demonstrate how the learning curve theory can be used to calculate the amount of time necessary to complete a task.

Cost-volume-profit analysis

- List the underlying assumptions of CVP analysis;
- discuss the difference between the economist's view and the accountant's view of the CVP graph;
- demonstrate how mathematics can be used in CVP analysis;
- demonstrate how break-even analysis should be applied in an environment characterised by multiple products; and
- illustrate how a change in inputs in the CVP equation will give rise to a change in profits and breakeven points.

Linear programming

- Define and list the underlying assumptions of linear programming;
- formulate a linear programming equation;
- demonstrate the effects of shadow pricing; and
- outline the limitations of linear programming.

Standard costing

- Discuss the need for making use of standard costing;
- differentiate between the different types of standards used in standard costing;
- conduct variance calculations;
- reconcile budgeted to actual profit; and
- conduct variance calculations using the additional variances included under a standard absorption costing system.

Relevant costs

- Explain the significance of relevant costs to the decision-making process;
- explain the importance of qualitative factors in financial decision-making processes; and
- apply relevant costing in financial decision-making.

Expected value theory and decision trees

- Define the nature and use of expected value theory;
- describe the advantages and limitations of expected value theory;
- demonstrate how decision trees are used as a decision-making tool; and
- describe the advantages and limitations of decision trees.

Pricing policy and transfer pricing

- Discuss the role and purpose of a pricing policy;
- explain what is meant by an optimum price and output level;
- explain the purpose of a market penetration pricing strategy;
- outline the steps to be followed during target costing;
- outline the advantages and disadvantages of target costing; and
- explain and apply transfer pricing.

Budgeting

- Explain the definition of a budget and the budgeting process;
- distinguish between fixed and flexible budgets;
- draft the different components of a master budget; and
- outline the advantages and disadvantages of zero-based budgeting.

Divisional performance evaluation

- Explain what is meant by responsibility accounting;
- outline potential problems that may arise with inter-divisional performance measurement;
- describe the significance of organisational structures in managerial decision-making; and
- demonstrate how key performance measurement indicators for divisions are applied in a corporate environment.