

Level: Diploma in Accounting and Finance

Subject Title: Management in Organisations

Examination Duration: 2 Hours

### Aim

The aim of this module is to introduce learners to management theory and practice with reference to concepts, functions and the integration of activities. The role of business ethics will permeate the module including in the use of technology and marketing strategies.

### Management in Organisations as an Integral Part of the Syllabus

Management in Organisations is an essential module for the study of modules on Management Accounting, Strategy & Leadership and Auditing.

| Stage | Subject                     | Subject                          | Subject                      | Subject                          | Subject                               | Subject           |
|-------|-----------------------------|----------------------------------|------------------------------|----------------------------------|---------------------------------------|-------------------|
| P2    | Strategic Corporate Finance | Strategic Performance Management | Advanced Corporate Reporting | <b>Strategy &amp; Leadership</b> | Audit Practice and Assurance Services | Advanced Taxation |
| P1    |                             | Managerial Finance               | Corporate Reporting          | Corporate Laws & Governance      | <b>Auditing</b>                       |                   |
| F2    |                             | <b>Management Accounting</b>     | Financial Accounting         | Information Systems              | Taxation                              |                   |
| F1    |                             |                                  | Management in Organisations  | Economics and Business Planning  | Business Law and Professional Ethics  |                   |

The above table shows the linkages between **Management in Organisations** and the subjects highlighted.

## ➤ Learning Outcomes

On successful completion of this module, students will be able to:

- Describe organisational structures and entrepreneurship in the evolving business landscape
- Discuss key management functions including strategic planning
- Explain the theories of motivation and leadership and their application in the workplace
- Describe how marketing and sales activities contribute to the attainment of an organisation's strategic objectives
- Describe the role of information technology in organisations
- Explain the principles of ethical behaviour and corporate social responsibility in a business context.
- Describe the various market structures
- Discuss the global forces that influence the open Irish economy
- Explain economic concepts in the context of the consumer and business behaviour

## ➤ Syllabus

### **1. Organisational Structures & the Business Environment**

- (a) The business landscape
- (b) Challenges & opportunities
- (c) Types of business
- (d) Organisation structures
- (e) Economics

### **2. Entrepreneurship & Small Business**

- (a) Types and traits of entrepreneurs
- (b) Franchising / buying in
- (c) Technology, social media, mobile marketing
- (d) Financing options
- (e) Supports

### **3. Planning, Organising & Controlling**

- (a) Production of goods & services
- (b) Transition to a service-based economy

- (c) Production Management
- (d) Operations planning & control
- (e) Supply chain management
- (f) HRM

#### **4. Motivation & Leadership**

- (a) Motivational theories & their application
- (b) Leadership traits
- (c) Role of leadership & corporate culture
- (d) Teams in the workplace

#### **5. Marketing & Sales**

- (a) Evolution of marketing
- (b) Marketing environment, consumer behavior & market research
- (c) Product development
- (d) Branding strategies
- (e) Pricing strategies
- (f) Promotion, sales & distribution

#### **6. Information Technology in Business**

- (a) Management information systems
- (b) Decision support systems
- (c) MIS including cloud solutions
- (d) Information security

#### **7. Ethics & Corporate Social Responsibility**

- (a) Ethical systems, moral relativism, situational and Judeo-Christian ethics
- (b) Personal ethics & the business environment
- (c) Corporate ethics
- (d) Recovering from ethical lapse
- (e) Corporate Social Responsibility

## **Learning Guide**

### Organisational Structures and the Business Environment

- Define business and explain factors of production
- Explain how competition, social environment, globalization and technological changes challenge and provide opportunities to business owners
- Identify and describe types of business
- Describe various types of organisation structures
- Define economics and describe different types of economic systems
- Explain the principles of supply and demand and describe factors that affect these principles
- Describe the various degrees of business competition
- Understand the stages of the business cycle and explain how government uses fiscal and monetary policy to control the business cycle
- Describe various types of fiscal and monetary policies
- Graphical and pictorial presentation of economic and related data. Compilation and interpretation and use of bar charts, histograms, pie charts, frequency distributions, graphs and tables

### Entrepreneurship and Small Business

- Explore and describe the reasons to start a small business
- Discuss the role of technology, social media and mobile marketing in entrepreneurship and small business
- Explain the traits of an effective entrepreneur and differentiate between the types of entrepreneurs
- Summarise the advantages and disadvantages of franchising and buying existing businesses
- Compare the potential benefits and drawbacks of each major source of small business financing
- Discuss resources available to diminish the potential for small business failure

### Planning, Organising and Controlling

- Explain the importance of manufacturing and production
- Discuss transition to a service-based economy
- Describe production management and discuss common production processes that are used by business
- Describe how operations are controlled and quality standards achieved in a firm

- Define supply chain management and describe how it helps companies create and deliver goods and services effectively
- Describe the processes involved in human resource management

### Motivation and Leadership

- Understand the main theories of motivation and how they have changed the work environment
- Identify the various leadership styles and traits and explain how they affect business
- Describe the role of leadership and how it affects corporate culture
- Explain the best ways to create, manage and participate in teams
- Identify and describe team working skills.

### Marketing and Sales

- Describe how marketing has evolved over time and outline the benefits and criticisms of marketing
- Understand the marketing environment. Describe the marketing research process and elements of a good marketing plan.
- Compare customer behavior in a business-to-business market to a business to consumer market
- Describe the elements of a marketing mix for a product and a service
- Define the product life cycle for new product development. Discuss modification of existing products and product lines
- Explain benefits of branding for buyers and sellers and discuss some branding strategies
- Describe some pricing objectives and discuss approaches to pricing strategies
- Describe the elements of a promotional mix. Outline the steps involved in the selling process
- Describe marketing intermediaries and their role in the distribution channel

### Information Technology in Business

- Explain how the online environment helps market a business and describe types of business transactions that are supported by online commerce
- List the functions of key IT personnel in a business and describe how businesses transform data into useful business intelligence
- Define and describe information systems
- Understand the security challenges that arise with the increased use of technology in business
- Outline the ethical considerations in IT

## Ethics and Corporate Social Responsibility

- Describe ethics and the systems of ethical conduct
- Explain how personal ethics plays a role in the workplace
- Analyse the ways in which a company's policies and decisions affects its achievement of corporate social responsibilities
- Describe some strategies for how a company can recover from an ethical lapse
- Identify ways in which companies can apply ethical standards to create new business opportunities

## ➤ Assessment Strategy

### Examination Approach

Questions in this examination are structured to ensure that students may demonstrate their knowledge and understanding of the principles of management at an introductory level. Where appropriate, students are expected to apply and integrate explanations and examples linked to a work scenario. This is achieved through a blend of theoretical and evaluation questions, often seeking examples in an organizational context.

### Examination Format

This examination is unseen, closed book and 3.5 hours in duration. The exam will also have an additional 10-minute reading time.

All exam papers at the foundation level will be prepared in accordance with the following format:

Section A: 60 marks. All questions are compulsory. (This section may include a multi-choice or multi-part question at the discretion of subject examination team).

Section B: 40 marks Candidate can choose 2 from 3 questions.

The subject examination team will decide upon the exact question style considered most appropriate to this subject. This format will be followed in subsequent exams. Should a change to the exam format be deemed appropriate this will be notified, in advance, in the annual Educator's Briefing. Please refer to the CPA Ireland website for latest Educators Briefing.

## ➤ Learning Resources

### Suggested Texts

Better Business, 6th Edition,  
Solomon, Poatsy, Martin, ISBN-13: 9780138028633, Pearson (2022)

CPA Ireland resource – CPA code of ethics – selected sections  
Supplementary Text Management, 13th Edition,  
Griffin R, ISBN - 9780357710388, Cengage (2021)

Level: Diploma in Accounting and Finance

Subject Title: Business Law and Professional Ethics

Examination Duration: 2 Hours

### Aim

The aim of this subject is to enable students to become familiar with the principles and practice of business law and case law relating to the role and work of an accountant. They will also explore the ethical standards necessary for a career in professional accountancy and develop the ability to identify when the engagement of a legal expert is required.

### Business Law and Professional Ethics as an Integral Part of the Syllabus

A knowledge and understanding of legal and ethical principles and practice is relevant to students throughout the field of professional accountancy studies. In particular, Business Law and Professional Ethics form the basis for the study of Corporate Laws and Governance.

The content of the syllabus provides a firm foundation for subsequent study in the areas of Auditing, Audit Practice and Assurance Services, Financial Accounting, Corporate Reporting, Advanced Corporate Reporting and Strategy and Leadership.

| Stage | Subject                     | Subject                          | Subject                      | Subject                         | Subject                               | Subject           |
|-------|-----------------------------|----------------------------------|------------------------------|---------------------------------|---------------------------------------|-------------------|
| P2    | Strategic Corporate Finance | Strategic Performance Management | Advanced Corporate Reporting | Strategy & Leadership           | Audit Practice and Assurance Services | Advanced Taxation |
| P1    |                             | Managerial Finance               | Corporate Reporting          | Corporate Laws & Governance     | Auditing                              |                   |
| F2    |                             | Management Accounting            | Financial Accounting         | Information Systems             | Taxation                              |                   |
| F1    |                             |                                  | Management in Organisations  | Economics and Business Planning | Business Law and Professional Ethics  |                   |

The above table shows the linkages between **Business Law and Professional Ethics** and the subjects highlighted.

## ➤ Learning Outcomes

On successful completion of this subject, students should be able to:

- Distinguish between the sources of law, both domestic and EU.
- Explain the principles and applications of the law of torts and the sale of goods and supply of services legislation.
- Interpret contract law including the law relating to the employment contract.
- Identify and describe aspects of law relating to negotiable instruments.
- Demonstrate the application of elements of company and partnership law in relation to how business entities and partnerships are formed and structured, and describe their commercial relationships.
- Explain the relevance of the CPA Code of Ethics for students, members of the Institute and other stakeholders.

## ➤ Syllabus

### 1. Introduction

- (a) The sources of law; common law and equity, judicial precedent and case law, statute law, the Constitution and European Union (EU) law.
- (b) The legal system in operation – doctrine of separation of powers, basic institutions of the State, the requirements of natural and Constitutional justice, structure of the courts, civil and criminal divisions, solicitor/barrister relationship, functions of the Attorney General and the Director of Public Prosecutions, interpretation of statutes.
- (c) EU Law –the treaties, institutions of the Union. Regulations, directives, decisions, recommendations, opinions and competition law.

### 2. Law of Torts

- (a) Principles.
- (b) Types of tort – defamation, nuisance, negligence, professional negligence, conversion, passing off, data protection legislation, product liability and the defective products legislation.
- (c) Remedies.

### 3. Contract

- (a) Formation of a contract – agreement, including offer (versus invitation to treat) and acceptance, intention to create legal relations, consideration, evidentiary requirements, third party rights, including privity of contract and assignment.
- (b) Content of a contract – what is a term, distinction between terms and mere representations, sources of terms, the parol evidence rule, classification of terms, exclusion clauses.
- (c) Misrepresentation, mistake, illegality, duress, undue influence, unconscionable bargains, capacity.

- (d) Performance, discharge and remedies for breach of contract.
- (e) Employment contracts – contract for / of services. Rights and duties of employers and employees.

#### **4. Sale of Goods and Supply of Services**

- (a) Defining and distinguishing sales contracts.
- (b) Credit sales, hire purchase and lease.
- (c) Terms of the contract.
- (d) The duties of the parties.
- (e) Remedies.
- (f) Product guarantees, after sales services and product liability.
- (g) Passing of property.
- (h) Passing of risk.
- (i) Title conflicts.
- (j) Contracts for the supply of services.
- (k) Relevant legislation.

#### **5. Negotiable Instruments**

- (a) Negotiable Instruments.
- (b) Bills of Exchange.
- (c) Cheques.
- (d) Promissory Notes.
- (e) Bank Drafts.

#### **6. Company and Partnership Law**

- (a) Introduction to companies and other forms of business organisation, the development of company law in Ireland, Irish company law and EU law.
- (b) Characteristics of companies - their classifications, how a company is formed, commencement of a business.
- (c) Formation of partnerships. Types of partners and liability.

(d) Dissolution of partnerships and priority of debts on dissolution.

## 7. Professional Ethics

(a) CPA Code of Ethics.

(b) Ethical Standard for Auditors (Ireland) 2016

(c) Ethical Dilemmas – CCAB Case Studies

(i) Professional accountants in business Cases 1 to 3.

(ii) Professional accountants in public practice – Cases 2, 4 and 6.

(iii) Professional accountants working in the voluntary sector Cases 1, 5 and 6.

## ➤ Assessment Strategy

### Examination Approach

Students are required to demonstrate appropriate knowledge of legal principles and concepts, case law, legislative provisions and the ethical framework relevant to business and other organisations in the context of the role of the professional accountant.

### Examination Format

The examination is paper-based, closed-book and 2.0 hours in duration. Students are presented with 50 questions, each of which should be answered.

### Marks Allocation

Each question carries 2 marks The total for the examination is 100 marks, with a minimum of 50 marks required for the attainment of a pass standard.

## ➤ Book Lists

### Core Texts

**Keenan** / Essentials of Irish Business Law 6th edition 2012 / Gill and Macmillan / ISBN-13: 978-0717152612.

**McDonnell, Vaeni**/ An Introduction to Business Law/ 2nd edition/ 2015 / ISBN-13: 9781910374337

### Manuals

**Griffith College** CPA Skillnet Business Law and Professional Ethics - Latest edition.

### Supplementary Texts

**Byrne & McCutcheon** / Irish Legal System, 6th edition / Tottel / ISBN-13:978-1780435008.

**Enright** / Principles of Contract Law / Clarus Press 2007 / ISBN-13: 978-1905536108

**White** / Commercial Law / Round Hall Press 2012 / ISBN-13: 978-1858006321.

CPA Students' eBulletin

CPA AccountancyPlus

**Useful Websites**

(as at date of publication)

[www.cpaireland.ie](http://www.cpaireland.ie) - CPA Ireland.

[www.irishstatutebook.ie](http://www.irishstatutebook.ie) - Irish Statute Book – Office of the Attorney General.

[www.cro.ie](http://www.cro.ie) - Companies Registration Office.

[www.clrg.org](http://www.clrg.org) - Company Law Review Group.

[www.lawreform.ie](http://www.lawreform.ie) - The Law Reform Commission.

[www.courts.ie](http://www.courts.ie) - Irish Courts Service.

[www.consumerhelp.ie](http://www.consumerhelp.ie) - Office of The Director of Consumer Affairs.

[www.ifac.org](http://www.ifac.org) – The International Federation of Accountants.

[www.ccab.org.uk/reports.php](http://www.ccab.org.uk/reports.php) - CCAB (publications page).

Level: Diploma in Accounting and Finance

Subject Title: Economic and Business Planning

Examination Duration: 2 Hours

### Aim

The aim of this subject is to introduce students to the nature and scope of economics and related business planning, with a focus on the practical application of theoretical concepts. Students will examine how national and international factors impact upon wealth creation and business development. The key objectives of economic policy will be considered, while the uses of analytical techniques and mathematical approaches for business planning will also be explored.

### Economic and Business Planning as an Integral Part of the Syllabus

A knowledge of economics and business planning is an essential foundation for a career in accountancy and business. This subject will enable students acquire knowledge and develop skills related to economic theory, business planning and associated applications across a range of environments. The subject is particularly relevant for subsequent learning in Management Accounting, Managerial Finance, Strategic Performance Management, Strategic Corporate Finance, and Strategy and, Leadership.

| Stage | Subject                     | Subject                          | Subject                      | Subject                         | Subject                               | Subject           |
|-------|-----------------------------|----------------------------------|------------------------------|---------------------------------|---------------------------------------|-------------------|
| P2    | Strategic Corporate Finance | Strategic Performance Management | Advanced Corporate Reporting | Strategy & Leadership           | Audit Practice and Assurance Services | Advanced Taxation |
| P1    |                             | Managerial Finance               | Corporate Reporting          | Corporate Laws & Governance     | Auditing                              |                   |
| F2    |                             | Management Accounting            | Financial Accounting         | Information Systems             | Taxation                              |                   |
| F1    |                             |                                  | Management in Organisations  | Economics and Business Planning | Business Law and Professional Ethics  |                   |

The above table shows the linkages between **Economics and Business Planning** and the subjects highlighted.

## ➤ Learning Outcomes

On successful completion of this subject, students should be able to:

- Demonstrate a knowledge and understanding of micro and macro economic theory and related applications.
- Compare different market structures and circumstances, and describe the main features and implications of each.
- Identify the external factors, issues and agencies which influence and help determine the outcome of economic and business policies.
- Explain how marketing and sales activities contribute to the attainment of strategic organisational objectives.
- Illustrate how analytical techniques and mathematical approaches may be used in economic policy and business decision making.
- Present, interpret and explain economic and business data.

## ➤ Syllabus

### **1. Nature and Scope of Economics: Weighting 25%**

- (a) Development of economic theory and practice.
- (b) Economic principles and concepts.
- (c) Language of economics.
- (d) Supply, demand and price determination.
- (e) Market systems and the allocation of scarce resources.
- (f) Market structures, including - Perfect Competition, Imperfect Competition, Oligopoly, Monopoly. Monopsony.
- (g) Elasticities of supply and demand.
- (h) Concept of equilibrium.
- (i) Long-run and short-run cost factors
- (j) Economies and diseconomies of scale.

### **2. Macro Economic Theory and Practice: Weighting 25%**

- (a) The macroeconomic environment.
- (b) Government policies, objectives and instruments.
- (c) National Income Accounting.
- (d) Determination of GDP and GNP.

- (e) National income multiplier and the accelerator.
- (f) Unemployment, inflation, recession and growth.
- (g) Keynesian theory and subsequent developments.
- (h) Aggregate demand and the circular flow of income.
- (i) Fiscal and monetary policies and practices. Servicing the national debt.
- (j) Monetary systems and currencies.
- (k) Exchange rates, interest rates, credit control and availability. The role of Central Banks, the World Bank, IMF and other agencies.
- (l) International trade and comparative advantage.
- (m) Balance of trade and balance of payments.
- (n) EU economic institutions and policies.
- (o) Economic growth and welfare.
- (p) Current macroeconomic issues.

### **3. Business Planning and Analysis: Weighting 50%**

- (a) The growth and development of the organisation.
- (b) National and international business environments.
- (c) Strategic and tactical planning.
- (d) Sources of finance for business development.
- (e) Decision making, profit maximisation and other considerations.
- (f) Goal and target setting
- (g) Marketing and sales concepts, roles and functions
- (h) Market planning and analysis
- (i) Influences on consumer behaviour
- (j) The marketing mix
- (k) Services marketing
- (l) Environmental, cultural and technological factors in marketing and sales
- (m) Quantitative and qualitative research
- (n) Sales techniques and influences
- (o) Ethical behaviour in marketing and selling.
- (p) Analytical techniques

- (q) Moving averages and regression analysis
- (r) Measures of central tendency and dispersion. Mean median, mode, and standard deviation.
- (s) Probability, sampling, statistical inference and hypothesis testing.
- (t) Graphical and pictorial presentation of economic and related data. The compilation, interpretation and use of bar charts, histograms, pie charts, frequency distributions, graphs and tables.

## ➤ Assessment Strategy

### Examination Approach

Students are required to demonstrate a knowledge and understanding of applied economics and the skills of analysis relevant to business and other organisations in the context of the role of the professional accountant.

### Examination Format

The examination is paper- based, closed-book and 2.0 hours in duration. Students are presented with 50 questions, each of which should be answered.

### Marks Allocation

Each question carries 2 marks The total for the examination is 100 marks, with a minimum of 50 marks required for the attainment of a pass standard.

## ➤ Book Lists

### Core Texts

**Turley, Moloney and O'Toole** / Principles of Economics /(Gill & Macmillan 4th ed. 2011 / ISBN-13: 978-0717149889.

**Francis** / Business Mathematics and Statistics / Cengage 7th ed. Revised/ ISBN-13: 978-0826454102.

**Brassington and Pettitt** / Essentials of Marketing / Pearson / 3rd ed. 2014 / ISBN13: 978-1292063881.

### Manuals

Griffith College CPA Skillnet Economics and Business Planning - Latest edition

### Supplementary Texts and Journals

**David Begg** / Economics for Business / (McGraw-Hill 2016) / ISBN-13:978-0077139452.

**McDowell, Thom, Frank & Bernanke.** / Principles of Economics, (European Edition) / McGraw-Hill 2012 3rd Edition / ISBN-13: 978-0077132736.

**Oakshott** / Essential Quantitative Methods for Business, Management and Finance, 6th Edition / Palgrave (2016)/ ISBN-13: 978-1137518552.

**Jobber, Ellis-Chadwick/** Principles and Practice of Marketing / McGraw-Hill 2016 8th Edition Revised / ISBN-13:978-0077174149.

**Kotler, Keller** / Marketing Management / 15<sup>th</sup> Edition / Pearson (2015) / ISBN-13: 978-1292092621.

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Useful Websites

(as at date of publication)

[www.cpaireland.ie](http://www.cpaireland.ie) - CPA Ireland

[www.centralbank.ie](http://www.centralbank.ie) - Central Bank of Ireland

[www.finance.gov.ie](http://www.finance.gov.ie) - Department of Finance

[www.cso.ie](http://www.cso.ie) – The Central Statistics Office

[www.esri.ie](http://www.esri.ie) - Economics and Social Research Institute

[www.ecb.europa.eu/home](http://www.ecb.europa.eu/home) - European Central Bank

[www.europa.eu/](http://www.europa.eu/) - European Union

[www.imf.org](http://www.imf.org) – International Monetary Fund

[www.ibec.ie](http://www.ibec.ie) – Irish Business and Employers Confederation

[www.neweconomics.org/](http://www.neweconomics.org/) - New Economics Forum

<http://home.ubalt.edu/ntsbarsh/businessstat/opre504.htm> - Professor Hossein Arsham's, (FOR, FRSS, FWIF), Statistical Thinking for Managerial Decisions

Level: Diploma in Accounting and Finance

Subject Title: Accounting

Examination Duration: 3 Hours 10 minutes

### Aim

This is an introduction to financial accounting and assumes no prior knowledge of the subject. It deals with the basic principles involved in producing financial statements, discusses the methods of preparing them, and develops an understanding of the purpose served by the Balance Sheet and Profit and Loss Account. It will analyse the meaning of capital, income and value within an accounting framework. It aims to develop knowledge and understanding of the techniques used to prepare financial statements, including necessary underlying records, and the interpretation of financial statements for incorporated enterprises, partnerships and sole traders.

### Financial Accounting as an Integral Part of the Syllabus

This unit will provide an introduction to the principles underlying the preparation of financial statements and develops knowledge and understanding of the techniques used to prepare financial statements, including necessary underlying records, and the interpretation of financial statements for incorporated enterprises, partnerships and sole traders. The knowledge and understanding gained in this subject are an essential foundation for the later studies of Financial Accounting, Corporate Reporting, Advanced Corporate Reporting, Auditing and Audit Practice and Assurance Services.

| Stage | Subject                     | Subject                                      | Subject                                                   | Subject                         | Subject                                      | Subject           |
|-------|-----------------------------|----------------------------------------------|-----------------------------------------------------------|---------------------------------|----------------------------------------------|-------------------|
| P2    | Strategic Corporate Finance | Strategic Performance Management             | <b>Advanced Corporate Reporting</b>                       | Strategy & Leadership           | <b>Audit Practice and Assurance Services</b> | Advanced Taxation |
| P1    |                             | Managerial Finance                           | <b>Corporate Reporting</b>                                | Corporate Laws & Governance     | <b>Auditing</b>                              |                   |
| F2    |                             | Management Accounting                        | <b>Financial Accounting</b>                               | Information Systems             | Taxation                                     |                   |
| F1    |                             | Introduction to Cost & Management Accounting | Introduction to Accounting<br>Management in Organisations | Economics and Business Planning | Business Law and Professional Ethics         |                   |

The above table shows the linkages between Introduction to Accounting and the subject highlighted. The capabilities developed will be built upon in the study of the subjects highlighted above.

## ➤ Learning Outcomes

On completion of this paper candidates should be able to demonstrate an awareness of the nature, principles and scope of Financial Accounting. They will also be able to:

- Use basic bookkeeping and accounting procedures to record accounting transactions
- Describe the role and function of external financial reports and identify their users
- Explain the accounting concepts and conventions used in preparing financial statements
- Record and summarise accounting data
- Maintain records relating to non-current asset acquisition and disposal
- Prepare basic financial statements for sole traders and partnerships
- Appraise financial performance and the position of an organisation through the calculation and review of basic ratios

## ➤ Syllabus

### 1. General Framework

- (a) Types of business entity – partnerships and sole traders.
- (b) Forms of capital.

### 2. Accounting Concepts and Principles

- (a) Basic accounting concepts and principles as stated in the IASB's Framework for the preparation and presentation of financial statements and relevant International Accounting Standards
- (b) Other accounting concepts
  - (i) Historical cost
  - (ii) Money measurement
  - (iii) Entity
  - (iv) Dual aspect
  - (v) Time interval

### 3. Double-entry bookkeeping and accounting systems

- (a) Double-entry bookkeeping and accounting systems, preparing Financial Statements
  - (i) form and content of accounting records (manual and computerised)
  - (ii) books of original entry, including journals
  - (iii) accounts receivable and accounts payable ledgers
  - (iv) cash book
  - (v) general ledger
  - (vi) trial balance

- (vii) accruals, prepayments and adjustments
- (viii) asset registers
- (ix) petty cash
- (b) Confirming and correcting mechanisms
  - (i) control accounts
  - (ii) bank reconciliation
  - (iii) suspense accounts and the correction of errors.
- (c) General principles of the operation of a sales tax.
- (d) Computerised accounting systems.
- (e) Accounting for indirect taxes
- (f) Accounting for payroll

#### **4. Accounting Systems**

- (a) Non-current assets, tangible and intangible
  - (i) distinction between capital and revenue expenditure
  - (ii) accounting for acquisitions and disposals
  - (iii) depreciation – definition, reasons for and methods, including straight line, reducing balance and sum of digits
  - (iv) research and development
  - (v) elementary treatment of goodwill.
- (b) Current assets
  - (i) Inventory
  - (ii) accounts receivable, including accounting for bad and doubtful debts
  - (iii) cash
- (c) Current liabilities and accruals.

#### **5. Financial Statements**

- (a) Objectives of financial statements
- (b) Users and their information needs.
- (c) Key features of financial statements
  - (i) balance sheet
  - (ii) income statement

(iii) cash flow statement

(iv) notes to the financial statements (examined to a limited extent – see d (iii) below).

(d) Preparation of financial statements for:

(e) sole traders, including incomplete records techniques

(i) partnerships

(ii) limited liability companies, including income statements and balance sheets for internal purposes and for external purposes and preparation of basic cash flow statements for limited liability companies, all in accordance with International Accounting Standards (excluding group cash flow statements). The following notes to the financial statements will be examinable:

- Statement of changes in equity
- Non-current assets
- Unusual and extraordinary items
- Events after the balance sheet date
- Contingent liabilities and contingent assets
- Research and development expenditure

(iii) groups of companies – preparation of a basic consolidated balance sheet for a company with one subsidiary.

## **6. Interpretation**

(a) Ratio analysis of accounting information and basic interpretation.

## **➤ Assessment Strategy**

### **Examination Approach**

This examination seeks to test the students' knowledge and understanding of the application of accounting concepts and principles. Students are required to be fully aware of the basis on which financial statements are prepared and the information that they provide to users. They are expected to be familiar with the principles underlying the preparation of financial statements. Question 1 is compulsory and usually involves the preparation and presentation of financial statements for sole traders, limited companies, partnerships and other organisations in accordance with current standards and guidelines. Other questions provide the opportunity for students to demonstrate their understanding of the role, function and basic principles, (including double entry bookkeeping), of financial accounting.

Emphasis in this examination is placed on proper layout and presentation as well as on numerical accuracy. Students must demonstrate sound technical knowledge and presentation skills and the ability to integrate learning from different parts of this and other syllabi, as appropriate.

## Examination Format

The examination is unseen, closed book and 3 hours' in duration (additional 10 minutes allowed for reading). The paper has 5 questions. Students are required to answer All questions. Normally the examination consists of both essay and computational type questions. Multiple-choice questions may be included in any or all sections of the question paper. Some of the computational questions may require brief commentary on salient points related to the computations carried out. Generally, the paper will seek to draw questions from as many of the syllabus sections as possible.

## Marks Allocation

Each question carries 20 marks. The total for the assessment is 100 marks, with a minimum of 50 marks required for the attainment of a pass standard.

## ➤ Learning Resources

### Core Texts

**Wood F and Sangster A** / Business Accounting Vols 1 and 2 12th ed / Pearson 2012 / ISBN 0273759280

**Connolly** / International Financial Accounting and Reporting 4th ed. / CAI 2013 / ISBN 978-1-908199-71-3

### Manuals

There are a number of sources from which you can obtain a series of materials written for Accountancy Professional examinations. These are listed below:

**Foulks Lynch** – Contact number: +44 (0)20 8831 9990, Website: [www.foulkslynch.com](http://www.foulkslynch.com)

**Accountancy Tuition Centre (ATC), International**, Contact number: +44 (0)141 880 6469.  
Website: [www.ptc-global.com](http://www.ptc-global.com)

**BPP** Contact number: +44 (0)20 8740 2211. Website: [www.bpp.com](http://www.bpp.com)

**The Financial Training Company**, Contact number: +44 (0)174 785 4302.  
Website: [www.financial-training.com](http://www.financial-training.com)

**Griffith College**, Contact number +353 1 415 04 00, Email: [profaccountancy@gcd.ie](mailto:profaccountancy@gcd.ie)  
Website: [www.griffith.ie](http://www.griffith.ie) [www.griffith.ie](http://www.griffith.ie)

### Journals

AccountancyPlus

CPA students' eBulletin

### Useful Websites

(as at date of publication)

[www.icpasrilanka.com](http://www.icpasrilanka.com) - CPA Sri Lanka

[www.cpaireland.ie](http://www.cpaireland.ie) - CPA Ireland.

[www.iaasa.ie/](http://www.iaasa.ie/) - Irish Auditing and Accounting Supervisory Authority.

[www.ifac.org/](http://www.ifac.org/) - The International Federation of Accountants.

[www.ifrs.org/](http://www.ifrs.org/) - The International Financial Reporting Standards Foundation.

[www.iasplus.com](http://www.iasplus.com) - Deloitte Touche Tohmatsu. Summaries of International Financial Reporting Standards (IFRS). [www.frc.org.uk/](http://www.frc.org.uk/) - The Financial Reporting Council.

[www.frc.org.uk/](http://www.frc.org.uk/) - The Financial Reporting Council.

Level: Diploma in Accounting and Finance

Subject Title: Introduction to Cost and Management Accounting

Examination Duration: 3 Hours 10 minutes

### Aim

This module ensures a sound understanding of cost and management accounting techniques and practices. Emphasis is given to develop knowledge and understanding of the application of management accounting techniques to support the management processes of planning.

### Cost and Management Accounting as an Integral Part of the Syllabus

This module is designed to provide a sound understanding of current cost and management accounting techniques and practices. It provides an essential foundation in the study of cost and management accounting and is a necessary prerequisite to the later studies in Managerial Finance, Strategic Performance Management, Strategic Corporate Finance and Strategy & Leadership.

| Stage | Subject                            | Subject                                                 | Subject                                                   | Subject                          | Subject                               | Subject           |
|-------|------------------------------------|---------------------------------------------------------|-----------------------------------------------------------|----------------------------------|---------------------------------------|-------------------|
| P2    | <b>Strategic Corporate Finance</b> | <b>Strategic Performance Management</b>                 | Advanced Corporate Reporting                              | <b>Strategy &amp; Leadership</b> | Audit Practice and Assurance Services | Advanced Taxation |
| P1    |                                    | <b>Managerial Finance</b>                               | Corporate Reporting                                       | Corporate Laws & Governance      | Auditing                              |                   |
| F2    |                                    | <b>Management Accounting</b>                            | Financial Accounting                                      | Information Systems              | Taxation                              |                   |
| F1    |                                    | <b>Introduction to Cost &amp; Management Accounting</b> | Introduction to Accounting<br>Management in Organisations | Economics and Business Planning  | Business Law and Professional Ethics  |                   |

The above table shows the linkages between Introduction to Cost and Management Accounting and the subject highlighted. The capabilities developed will be built upon in the study of the subjects highlighted above.

## ➤ Learning Outcomes

On completion of this module candidates should be able to:

- understand the role of cost and management accounting information systems in organisations.
- apply techniques used in practice and to identify relevant information for decision making.
- explain the role of cost and management accounting within an organisation and the requirement for management information.
- describe the relative strengths and weaknesses of alternative cost accumulation methods and discuss the value of cost and management accounting information.
- calculate unit costs, applying overhead using both absorption costing and activity based costing principles.
- Identify and explain cost behaviour pattern and apply cost-volume-profit analysis.
- collect and prepare cost accounting data for stock valuation, profit measurement, decision making and planning and control.
- define and use relevant costs in a range of decision-making situations.

## ➤ Syllabus

This syllabus aims to cover the following:

- Cost classification and measurement
- Cost-volume-profit relation
- Contribution analysis
- Short-term decision making
- Long-term decision making'
- Flow of costs-direct material, direct labour, manufacturing overhead, finished goods
- Overheads- pre-determined rates, under/over absorption of overheads
- Absorption costing and Marginal costing
- Job costing, contract costing, process costing, joint and by products.

### **1. Costing systems and techniques**

- (a) The purpose of costing as an aid to planning, monitoring and control of business activity.
- (b) Different approaches to costing
- (c) Costing information requirements and limitations in not-for-profit organisations.
- (d) Behavioural implications of different costing approaches including performance evaluation.

- (e) Implications of costing approaches for profit reporting, the pricing of products and internal activities/services

## **2. Cost Accounting**

- (a) Cost accounting versus management accounting
  - (i) purposes of cost and management accounting and financial accounting
  - (ii) role of cost accounting in a management information system
  - (iii) non-financial information.
- (a) Nature and purpose of cost classification and definitions.

## **3. Elements of Cost**

- (a) Materials
  - (i) standard and actual costs for materials including the use of FIFO, LIFO and weighted average for material valuation and the pricing of material issues
  - (ii) optimal purchase quantities to include discounts
  - (iii) optimal batch quantities
  - (iv) reorder levels
  - (v) material losses.
- (b) Labour
  - (i) direct and indirect labour
  - (ii) different remuneration methods
  - (iii) labour efficiency
  - (iv) labour turnover.
- (c) Overheads
  - (i) direct and indirect expenses
  - (ii) principles and processes of overhead cost analysis
  - (iii) allocation and apportionment of overhead costs including reciprocal service centre situation
  - (iv) absorption rates
  - (v) under- and over –absorption
  - (vi) fixed overhead expenditure and volume variances

(vii) fixed overhead efficiency and capacity variances where appropriate

(viii) changes in the cost structure of a business over time.

#### **4. Costing Systems**

(a) Job, batch and process costing

- (i) Characteristics
- (ii) direct and indirect costs (including waste, scrap and rectification costs)
- (iii) valuation of process transfers and work-in-progress using equivalent units of production and based on FIFO and weighted average pricing methods
- (iv) process costing normal losses, abnormal losses and gains
- (v) joint and by-products in process costing

(b) Operation/service costing

- (i) scope of operation/service costing
- (ii) appropriate cost units
- (iii) collection, classification and ascertainment of costs.

#### **5. Costing Methods and Techniques**

(a) Standard costing

- (i) establishment of standard costs
- (ii) variance analysis
- (iii) explanations of variances and control
- (iv) implications for management
- (v) operating statements.

(b) Marginal and absorption costing

- (i) marginal and absorption costing profit and loss accounts
- (ii) reconciliation of the profits under the two methods
- (iii) contrast of absorption and marginal costing

#### **6. Short-term decision making**

(a) Cost behavior

- (i) fixed, variable and semi-variable costs
- (ii) cost behaviour using an appropriate graph

(iii) high-low method

(iv) regression analysis.

(b) CVP analysis

(i) break-even point and revenue

(ii) margin of safety

(iii) target profit

(iv) contribution to sales ratio

(v) break-even chart and profit/ volume graph.

(c) Limiting factors

(i) optimal production plan given a scarce resource

(ii) linear programming techniques

(iii) other methods for more than two variable problems.

(d) Preparation of cost estimates for decision making

(i) relevant costing techniques to include opportunity/sunk, avoidable/unavoidable, fixed/variable applied to such situations as make or buy, shut down and one-off contracts.

(e) Pricing of goods and services

(i) price/demand relationships

(ii) full cost plus pricing

(iii) marginal costing.

(iv) Price skimming, penetration pricing, premium pricing and price discrimination.

## **7. Budgeting**

- Budget theory.
- Budget preparation.
- IT and budgeting.
- Cost estimation and estimating techniques.
- Reporting of actual against budget.
- Fixed and flexible budgeting.

## ➤ Assessment Strategy

### Examination Approach

Questions in this examination are structured to ensure that students may demonstrate their knowledge and understanding of the principles and techniques of cost and management accounting at an introductory level. They aim to test the student's ability to explain the basic concepts and processes used to determine product and service costs; explain absorption cost, marginal cost, opportunity cost, notional cost and relevant cost concepts, apply CVP analysis and interpret the results. These examine through a blend of theoretical and numeric questions, often set in the context of a scenario.

### Examination Format

The examination is unseen, closed book and 3 hours' in duration (additional 10 minutes allowed for reading). The paper has 5 questions. Students are required to answer All questions. Normally the examination consists of both essay and computational type questions. Multiple-choice questions may be included in any or all sections of the question paper. Some of the computational questions may require brief commentary on salient points related to the computations carried out. Generally, the paper will seek to draw questions from as many of the syllabus sections as possible.

### Marks Allocation

Each question carries 20 marks. The total for the assessment is 100 marks, with a minimum of 50 marks required for the attainment of a pass standard.

## ➤ Learning Resources

### Core Texts

**Drury, C.**, Cost and Management Accounting – An Introduction, 7th ed. / Cengage 2011 /ISBN: 97814032138

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Website: [www.financial-training.com](http://www.financial-training.com)

## Supplementary Texts

**Lucey, T.**, /Costing / 7th ed. 2009 / Cengage Learning / ISBN 13-9781844809431 / ISBN 10-1844809439.

**C. Drury** / Management and Cost Accounting (8th edition) Cengage 2012 / ISBN: 9781408064313

**Horngren, Foster & Datar**/ Cost Accounting - A Managerial Emphasis/ Pearson 14th ed 2011  
ISBN-10- 0132109174

Management Accounting by **John Burns, Martin Quinn, Liz Warren, Joao Oliveria**, 2013 McGraw Hill, ISBN: 9780077121617

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[www.icpasrilanka.com](http://www.icpasrilanka.com)

[www.cpaireland.ie](http://www.cpaireland.ie) - CPA Ireland

[www.accountingeducation.com](http://www.accountingeducation.com) - Accountingeducation.com

Cost and Management Accounting (7th Edition) by Colin Drury - related website:

[www.drury-online.com/cma7/students](http://www.drury-online.com/cma7/students)

Management Accounting by Burns, Quinn, Warren and Oliveira - related website: Wider reading is also desirable, especially regular study of relevant articles in Accountancy and Finance journals and quality daily newspapers.