

Stage: Formation 1

Subject Title: Management in Organisations

Examination Duration: 2 Hours

### Aim

The aim of this subject is to introduce students to the development of management theory and practice, with particular reference to concepts, functions and the integration of activities. Students will learn about the environmental factors which influence the success of an organisation, and explore the role of critical and creative thinking in problem solving and decision making. Current issues in management will be discussed, including business ethics and corporate social responsibility

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

The principles, concepts and practice provided forms the basis for the subsequent study of subjects such as Information Systems, Management Accounting, Corporate Laws and Governance, Managerial Finance, Strategy and Leadership and Strategic Performance Management.

Stage	Subject	Subject	Subject	Subject	Subject	Subject
P2	Strategic Corporate Finance	<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	<b>Corporate Laws &amp; Governance</b>	Auditing	
F2		<b>Management Accounting</b>	Financial Accounting	<b>Information Systems</b>	Taxation	
F1		Introduction to Cost & Management Accounting	Introduction to Accounting	Economics and Business Planning	Business Law and Professional Ethics	
			Management in Organisations			

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

## ➤ Learning Outcomes

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

- Explain the evolution of management theory in the context of recent developments, ethical principles and corporate social responsibility.
- Identify the principles and practices of organisation design, structure and behaviour, and the implications for leadership and employee morale.
- Explain the conditions and requirements necessary for effective internal and external communication.
- Distinguish the role, functions and impact of human resource management within an organisation.
- Illustrate the nature and impact of environmental factors on an organisation, and illustrate how critical and creative thinking may be used in problem solving and decision making.

## ➤ Syllabus

### 1. Development of Management Theory and Practice

- (a) Schools of management thought and their inter-relationship
- (b) Economic, social, political and technological factors which affect business and other organisations
- (c) Ethical principles and corporate social responsibility in management practice.

### 2. Organisations Structure and Behaviour

- (a) Purpose and nature of organisation structures.
- (b) Organisation design and development.
- (c) Organisational culture and change.
- (d) Group dynamics.
- (e) Integration of managerial roles and functions within an organisation
- (f) Leadership and motivation.
- (g) Personal effectiveness and self direction.

### 3. Effective Communication

- (a) Principles of successful communication.
- (b) Verbal and non-verbal communication
- (c) Effective listening.
- (d) Cross-cultural aspects of communication
- (e) Barriers to effective communication
- (f) Roles and conduct at meetings.
- (g) Public relations.
- (h) Communication channels, including social media.

### 4. Human Resource Management

- (a) Evolution of human resource management
- (b) Human resource management functions including staff recruitment, selection, training, development and appraisal.
- (c) Job design and job evaluation
- (d) Change management and employee morale.
- (e) Discipline and grievance procedures.
- (f) Employer and employee representation
- (g) Developing and supporting a learning culture.

## 5. Problem solving and Decision making management

- (a) Approaches to managerial problems and decisions.
- (b) Critical and creative thinking definitions and components
- (c) Qualities of critical and innovative thinkers.
- (d) Socratic questioning, intellectual integrity, objectivity and subjectivity within the thinking process.
- (e) Applications of critical and innovative approaches to problem solving and decision making in management.
- (f) Current issues in management practice.

### ➤ Assessment Strategy

#### Examination Approach

Students are required to demonstrate a knowledge and understanding of the environmental factors which influence the success of an organisation, and the role of critical and creative thinking in problem solving and decision making. Current issues in management will be assessed including ethical considerations and corporate social responsibility.

#### 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 assessment is 100 marks, with a minimum of 50 marks required for the attainment of a pass standard.

### ➤ Learning Resources

#### Core Texts

**Tiernan, Morley and Foley** / Modern Management, Theory & Practice for Irish Students / 4th ed. 2013 / Gill and Macmillan / ISBN-13: 978-0717156320

#### Manuals

**Griffith College** CPA Skillnet Management in Organisations - Latest edition

#### Supplementary Texts and Journals

**Mullins** / Management and Organisational Behaviour 11th Edition/Person/ISBN-13:978-1292088488.

**Gunnigle G., Heraty N., Morley M.**, / Human Resource Management in Ireland/ 4th Edition (2011) / **Gill and Macmillan** / ISBN-13: 9780717149797.

**Daft** / New Era of Management, International 11th Edition / Cengage 2012 / ISBN-13: 978-1285068770

AccountancyPlus.

CPA Students' eBulletin.

Stage: Formation 1

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	<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		Introduction to Cost & Management Accounting	Introduction to Accounting 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

- (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

- (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

- (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.

## ➤ Learning Resources

### 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 6th ed. Revised/ ISBN-13: 978-0826454102.

**Brassington and Pettitt** / Essentials of Marketing / Pearson / 3rd ed. 2012 / 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 2012) / 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

Stage: Formation 1

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

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.

## ➤ Learning Resources

### 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.

**Keane** / Company Law, 5th Edition/ Bloomsbury Professional 2016 / ISBN-13: 978-1780435428.

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).

Stage: Formation 1

Subject Title: Introduction to Accounting

Examination Duration: 3.25 Hours

### 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>	<b>Advanced Taxation</b>
P1		Managerial Finance	<b>Corporate Reporting</b>	Corporate Laws & Governance	<b>Auditing</b>	
F2		Management Accounting	<b>Financial Accounting</b>	Information Systems	<b>Taxation</b>	
F1		Introduction to Cost & Management Accounting	Introduction to Accounting Management in Organisations	Economics and Business Planning	<b>Business Law and Professional Ethics</b>	

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 (ii) 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 15 minutes allowed for reading). The paper has 7 questions. Questions 1 is compulsory. Students are required to answer 4 of the remaining 6 questions, 2 questions each from section B and C. 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

Part A question 1	30
Part B (Choice of 3 questions) 2 questions to be attempted, 20 marks each	40
Part C (Choice of 3 questions) 2 questions to be attempted, 15 marks each	<u>30</u>
Total	<u>100</u>

## ➤ 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

**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.

Stage: Formation 1

Subject Title: Introduction to Cost and Management Accounting

Examination Duration: 3.25 Hours

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 Management in Organisations	<b>Economics and Business Planning</b>	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.
- (b) 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 15 minutes allowed for reading). The paper has 7 questions. Questions 1 is compulsory. Students are required to answer 4 of the remaining 6 questions, 2 questions each from section B and C. 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

Part A question 1	30
Part B (Choice of 3 questions) 2 questions to be attempted, 20 marks each	40
Part C (Choice of 3 questions) 2 questions to be attempted, 15 marks each	<u>30</u>
Total	<u>100</u>

## ➤ Learning Resources

### Core Texts

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

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

### Manuals

**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)

**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)

### 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

AccountancyPlus.

CPA students' eBulletin.

**Useful Websites**

(as at date of publication)

[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.