

Cost and Managerial Accounting

Level CPA FII Subject Code PF202 Exam Marks 100

Assessment Level: Intermediate/Conceptual/Practical/Professional

Assessment Strategy

Section A: MCQ's 05(5Marks)	Competency Questions 5 (15Marks)	Case Studies/Scenario base Question 1 (10Marks)
Section B: MCQ's 05(5Marks)	Competency Questions 7 (21Marks)	Case Studies/Scenario base Question 1(09Marks)
Section C: MCQ's 05(5Marks)	Competency Questions 7 (21Marks)	Case Studies/Scenario base Question 1(09Marks)

Syllabus

Section	Lead Topics	Indicative Syllabus
Section A: 30%	Cost Behaviour	Fixed, variable, semi variable and step fixed cost, Linear, curvilinear and step functions, relevant range, Factors influencing cost behaviour. Methods of segregation of cost into fixed and variable, high low method, scatter graph method, regression analysis and correlation, Learning curve and cost function.
	Cost Volume Profit Analysis	Break-even analysis, Break-even graph and profit graph, Multi-product CVP analysis, Operational leverage, the economist's and accountant's CVP model, Assumptions of CVP analysis, Effect of changes in cost and revenue.

Section	Lead Topics	Indicative Syllabus
Section B: 35%	Information for Planning and Control	The role of budgeting, including alternative budgeting systems, Behavioural and motivational issues in the budgetary process, Functional and subsidiary, Standard costing: role and procedures for standard setting including different types of Standards, Variance analysis: the calculation and interpretation of basic sales/cost variances, Reconciliation reports, The inter-relationship and possible causes of variances, (fixed overhead capacity and efficiency variances are not examinable.)
	Pricing Decisions	Economic theory of pricing, Optimal sales price using differential calculus, Difficulties with applying economic theory, Cost based or cost plus pricing, Pricing policies, Pricing for target rate of return, Pricing strategies for new products: skimming and penetration pricing
	CPR	CPR using FIFO/LIFO

Section	Lead Topics	Indicative Syllabus
Section C: 35%	Information for Decision Making	Cost behaviour patterns and identification of fixed/variable elements in a cost using High/Low method, scatter-graphs and regression analysis, Break-even analysis and the importance of contribution, Break-even chart preparation and interpretation, Calculation of break-even point, margin of safety and target profit, Limitations of Cost-Volume Profit Analysis, Relevant costing principles, including committed, sunk and opportunity costs, Relevant costs in decision making, Decision making with a single limiting factor/constraint, Qualitative factors relevant to specific decisions.
	ABC Costing	Activity based costing for control and decision making purposes
	TQM	Basic concepts and application of TQM and JIT