



PROJECT COST MANAGEMENT

INSTITUTE FOR PROFESSIONAL AND EXECUTIVE DEVELOPMENT

United Kingdom

UNIT SPECIFICATION

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Unit Title

Project Cost Management

Credit value

The credit value for this unit is 30

30 credits equivalent to 300 hours of teaching and learning
(10 hours is equivalent to 1 credit)

Guided learning hours (GLH) = 50 hours

GLH includes lectures, tutorials and supervised study. This may vary to suit the needs and requirements of the learner and/or the approved centre of study.

Directed learning = 50 hours: This includes advance reading and preparation, group study, and undertaking research tasks.

Self-managed learning = 200 hours: This includes completing assignments and working through the core and additional reading texts. It also includes personal research reading via other physical and/or electronic resources.

Learning outcome Learner will:	Assessment criteria Learner can:
1.0 Understand the principles of cost control	1.1 Examine the elements of project costs (i.e. variable costs, fixed costs) 1.2 Discuss the project manager’s role in controlling variable costs and fixed costs 1.3 Examine how overhead costs are recovered using absorption costing 1.4 Explain the condition called overhead under recovery and explore the principal remedies to consider in such situation 1.5 Explain the meaning of overhead over-recovery 1.6 Give an account on the total cost approach
2.0 Understand the nature of cost collection procedures	2.1 Evaluate the project manager’s role in collecting, analysing and recording project costs 2.2 Analyse the procedure for collecting the costs of bought-in materials and equipment 2.3 Examine the ways of recording the cost of project materials (i.e. cost data from committed purchase costs, cost data from store issues, cost data from supplier’s invoices) 2.4 Examine the procedure for collecting labour costs 2.5 Analyse the contribution of audits and fraud prevention measures to the management of project costs
3.0 Understand the nature of cost accounting	3.1 Explain the meaning of cost accounting 3.2 Explain the meaning of cost and describe the three main ways of classifying costs:

<p>4.0 Understand how to account for depreciation of an asset</p>	<ul style="list-style-type: none"> a. By how they behave when output increases or decreases b. By how they relate to the product or service provided c. By how relevant they are to decision making <p>3.2.1 Explain the nature of fixed costs and variable costs</p> <p>3.2.2 Discuss the nature of direct and indirect costs</p> <p>3.2.3 Examine the nature of relevant and irrelevant costs</p> <p>3.2.4 Explain what is meant by sunk cost and opportunity cost</p> <p>3.3 Explain the term "contribution" as used in cost accounting</p> <p>3.3.1 Calculate "contribution" from relevant given information</p> <p>3.4 Explain what is meant by break-even point</p> <p>3.4.1 Calculate the break-even sales level</p> <p>3.4.2 Calculate the product break-even point</p> <p>3.5 Explain what is meant by margin of safety</p> <p>3.5.1 Calculate the margin of safety from relevant given information</p> <p>3.6 Examine the nature of job costing</p> <p>3.7 Explore the characteristics of material costs</p> <p>3.7.1 Examine the following assumptions as used in management accounting</p> <ul style="list-style-type: none"> - First In First Out (FIFO) - Last In First Out (LIFO) - Average Cost (AVCO) <p>3.8 Discuss the nature of absorption costing</p> <p>3.9 Evaluate the use of standard costing in management accounting</p> <p>4.1 Explain the meaning of depreciation</p> <p>4.1.1 Examine the factors that must be considered when accounting for depreciation (original cost, useful life of the asset, potential disposal value or residual value, depreciation method)</p>
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<p>5.0 Understand the nature of budgeting and budgetary control</p>	<p>4.2 Perform the correct calculations using the following methods of depreciation:</p> <ul style="list-style-type: none"> - Straight line method - Reducing balance - Sums of digits <p>5.1 Describe what a budget is</p> <p>5.1.1 Examine the features of a budget (i.e. policies, data, documentation, period)</p> <p>5.2 Evaluate the benefits of a budget</p> <p>5.3 Examine the various types of budgets:</p> <ul style="list-style-type: none"> - Master budget - Functional budgets (such as administration budget, selling and distribution budget, sales budget, capital expenditure budget, stock budget etc) <p>5.4 Give an account on the budget procedure (with reference to its administration, objectives, period and composition)</p> <p>5.5 Describe the types of budgeting (such as zero based budgeting (ZBB), incremental budgeting, traditional budgeting, activity based budgeting etc.)</p> <p>5.6 Analyse the behavioural elements that affect budgeting and budgetary control (such as consultation, education and training, independence, non-disciplinary)</p>
<p>6.0 Understand the nature of variance analysis</p>	<p>6.1 Explain what is meant by variance and variance analysis</p> <p>6.1.1 Evaluate how variance can be presented</p> <p>6.2 Calculate material usage variance and price variance, and interpret</p>

<p>7.0 Understand the nature of earned value analysis and cost reporting</p>	<p>the outcome.</p> <p>7.1 Examine the nature of cost monitoring without milestones</p> <p>7.2 Examine how results are interpreted where there are no milestones</p> <p>7.3 Describe the milestone method and evaluate its purpose</p> <p>7.3.1 identify the drawbacks of the milestone method</p> <p>7.4 Explain the meaning of earned value analysis</p> <p>7.4.1 Discuss the framework on which earned value analysis depends (i.e. detailed work breakdown structure, corresponding detailed cost coding system, timely and accurate collection and reporting of cost data, method for monitoring and quantifying the amount of work done, including work in progress)</p> <p>7.5 Examine the earned value nomenclature and definitions</p> <p>7.6 Analyse the effect of project changes on earned value analysis</p>
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Recommended learning resources

Indicative reading	John Dyson 2010; Accounting for non-accounting students 8th Edition. Pearson Education UK. ISBN: 928-0-273-72297-7 <ul style="list-style-type: none">• For a full list of textbooks and publications relevant to this unit, please contact IPED - UK.
Learning Aid	<ul style="list-style-type: none">• A comprehensive IPED study material is available to aid in learning and research of this unit.• We supply IPED course materials free of charge. Our study materials, which offer quick learning start, are comprehensive, use simple English, and are easy to read and understand. The contents are so sufficient and self-explanatory; that in majority of cases readers do not require further support; although support is always available when you need it.