

# ■ Exam Cheat Sheet – Management & Cost Accounting

## 1■■ Definitions

Management Accounting (MA)	Internal info for managers (planning, control, decision-making)
Financial Accounting (FA)	External info for shareholders, regulators
Direct Costs	Traceable to product/service (e.g., wood for chair)
Indirect Costs	Not traceable, allocated via cost drivers (e.g., rent)
Product Costs	Attached to goods/services (DM + DL + MOH)
Period Costs	Expensed in period (e.g., admin, selling expenses)

## 2■■ Differences

### FA vs MA

Aspect	Financial Accounting	Management Accounting
Purpose	External reporting	Internal decision-making
Requirement	Statutory (compulsory)	Optional
Info Type	Historical	Historical + Future
Scope	Whole business	Products, depts, customers
Format	GAAP required	Flexible
Timing	Periodic	On-demand

### Direct vs Indirect Costs

Aspect	Direct Costs	Indirect Costs
Traceability	Easily traced	Not directly traceable
Example	Raw material	Factory rent, supervisor salary

### Product vs Period Costs

Aspect	Product Costs	Period Costs
Definition	Attached to product (inventory)	Expensed in period
Example	DM, DL, MOH	Admin, selling expenses

## 3■■ Decision-Making Steps

1. Identify problem → 2. Identify criteria → 3. Weight criteria → 4. Develop alternatives → 5. Analyze → 6. Select → 7. Implement → 8. Evaluate

## 4■■ Relevant vs Irrelevant Costs

Type	Definition	Example
Relevant	Future cost affected by decision	Fuel cost for travel
Irrelevant	Not affected by decision	Car insurance
Sunk Cost	Already incurred, cannot be recovered	Depreciation
Opportunity Cost	Benefit lost by choosing one option	Lost profit from rejected order

## 5■■■ Cost Behaviours

Type	Definition	Example
Variable	Changes with activity level	Raw material per unit
Fixed	Constant within range	Rent, salaries
Semi-Fixed (Step)	Fixed within range, jumps at threshold	Extra supervisor after 50 workers
Semi-Variable	Has both fixed + variable parts	Telephone bill (line rent + calls)