



**MATCOM**  
training for the management of cooperatives

## **TRAINER'S MANUAL**

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# **COST ACCOUNTING AND CONTROL**

material for management training in agricultural co-operatives

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by Malcolm Harper



# MATCOM

material and techniques for cooperative management training

The MATCOM Project was launched in 1978 by the International Labour Office, with the financial support of Sweden. Since 1984, MATCOM is financed by Denmark, Finland and Norway.

In collaboration with cooperative organisations and training institutes in all regions of the world, MATCOM designs and produces material for the training of managers of cooperatives and assists in the preparation of adapted versions for use in various countries. MATCOM also provides support for improving the methodology of cooperative training and for the training of trainers.

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ISBN 92-2-105080-7

First published 1985

Third impression 1989 Printed in Vienna, Austria



## Preface

This training package is one of a number of training packages designed by the ILO-MATCOM Project to assist people who plan or carry out training for the managerial staff of agricultural co-operatives in developing countries.

The training provided under this training package, as well as under the other packages in this series, is based on a thorough analysis of:

- (i) the tasks and functions to be performed in agricultural co-operative societies in developing countries;
- (ii) the common problems and constraints facing the effective performance of these tasks and functions.

The result of this analysis is reflected in the MATCOM "Curriculum Guide for Agricultural Co-operative Management Training". The Guide contains syllabuses for 24 management subjects and MATCOM has produced training packages, similar to this manual, for the following subjects:

- Collecting and Receiving Agricultural Produce
- Transport Management
- Storage Management
- Marketing of Agricultural Produce
- Supply Management
- Rural Savings and Credit Schemes
- Staff Management
- Work Planning
- Financial Management
- Cost Accounting and Control
- Risk Management
- Project Preparation and Appraisal
- Export Marketing
- Management of Larger Agricultural Co-operatives

For more information on the above training material, please write to:

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THE TRAINING PROGRAMME1. The Target Group

This training programme is designed to assist in the training of anyone who has responsibility for cost accounting and control in agricultural co-operative societies. This may include co-operative advisers and auditors, managers, assistant managers, accountants and other staff who are involved in this activity.

2. Aim

The aim of the programme is to enable trainees to design, operate and make effective use of simple cost accounting systems.

In particular, the course should improve trainees' abilities:

- to identify the relationships between costs and the volume of activity;
- to assess the variability of costs from past performance, and to prepare estimates of future performance;
- to distinguish between direct costs and "overheads",
- to select appropriate methods of allocating overhead costs to different activities;
- to determine appropriate cost centres within their co-operative societies, and to identify the appropriate ways of measuring their outputs;
- to design and operate systems for collecting the data necessary for a cost accounting system;
- to distinguish between changes in costs which are caused by volume, efficiency and by price and to suggest appropriate remedies when necessary;
- to identify marginal costs, and to take appropriate decisions

- to determine standard costs;
- to identify the causes of variances from standard costs, and to suggest appropriate changes when necessary;
- to determine the extent to which variances are caused by deviations in use or in cost;
- to adopt appropriate strategies for cost reduction, and to avoid inefficient approaches to the problem of excess costs.

### 3. Use

The course as described in this manual can be used for a specialised course on cost accounting. The complete programme, or individual sessions or parts of sessions, can also be incorporated in the curriculum for a more comprehensive management training programme.

### 4. Duration

The complete programme, as described in this manual, consists of 15 sessions. Session times vary from 1 to 2½ hours. The total programme will take between 28 - 32 hours, or 5 - 6 days, depending on the qualifications and experience of the trainees and the hours worked each day. The time may well be exceeded, and each instructor must decide on the likely duration in view of local conditions.

### 5. Training Approach and Methods

The programme is based on the assumptions that training is expensive and that money for co-operative management training is scarce. Therefore, it looks upon training as an investment, and unless the training yields results, the return on the money invested in it will be nil.

On their return from the training programme, the trainees should be able to show concrete results of improved management. In order to prepare and equip the trainee to achieve this, the programme has adopted a highly active learning approach through the use of "participative" learning methods.



Trainees will not learn about Cost Accounting in a general and passive way. Their day-to-day management problems have, as much as possible, been translated into realistic case studies and other problem-solving exercises. Trainees (working in groups and on their own) will learn by solving these problems with the necessary assistance and guidance from the trainer, who will act more as a "facilitator" of learning than as lecturer.

Every trainee has some ideas and suggestions from which the others can learn. This material is intended to allow and encourage every trainee to contribute as much as possible from his own insights and experience, so that all will go away with the accumulated knowledge that each brought to the programme.

This sort of shared learning is, in fact, almost always more important than the knowledge that you, the instructor, or the material itself, can contribute. You should treat each trainee as a source of ideas and suggestions which are at least as valuable as your own, and the material is designed to help you draw out, or "elicit", these contributions.

The built-in "action commitment" at the end of the programme will give each trainee the opportunity of using the knowledge and expertise of his colleagues in the training programme in order to find a concrete and acceptable solution to a specific cost problem he is faced with - a solution to which the trainee will commit himself for implementation.

## 6. Structure

The programme is divided into five TOPICS and each topic is covered by a number of SESSIONS (see the table of contents on page I).

The following material is provided for each session:

- a session guide for the trainer (yellow pages), giving the objective of the session, an estimate of the time needed and a comprehensive "plan" for the session, including instructions on how to conduct the session;

- handouts (white pages) of all case studies, forms, etc., to be reproduced for distribution to the trainees.

## 7. Adapting the Material

Before "using" the programme in a real training situation, it will probably be necessary to adapt it. This can be done as follows:

Read through the material and decide whether:

- the programme can be run as it is;
- only certain topics or sessions should be used;
- new topics and sessions should be added.

Your decision will depend on the training needs of your trainees and the means you have at your disposal.

Carefully read through the sessions you have decided to use. Check the subject matter in both the session guides and the handouts. Modify them to include local currencies, names, crops and so on. Such adaptation will help trainees identify themselves more easily with the people and the situations described in the handouts and will increase the impact and effectiveness of the training programme.

Do not feel that this manual is like a book which contains the only answers. It is merely a collection of suggestions and ideas, which you must adapt, modify, use or reject as you think fit. The best evidence that you are using it properly will be the amount of changes, additions and amendments you have yourself written into this copy.

## 8. Preparing the Handouts and other Learning Aids

Handouts constitute an important part of the training material used in the programme. They can be reproduced from the original handouts supplied in the ringbinder, after the necessary adaptation has been made. Reproduction may be done using whatever method is available: stencil, offset printing, photocopy, or carbon copies or handwritten copies if no other method is available.



The only item of training equipment which is absolutely essential is the chalkboard.

Some suggestions for visual aids are given in the session guides. If flipcharts or overhead projectors are available, you should prepare these aids in advance. If they are not available you can still use the chalkboard.

The Pre-course Questionnaire should be sent to the trainees in advance. Trainees should be asked to complete it and hand it in at the beginning of the training programme.

### 9. Preparing Yourself

Some trainers may feel that material of this sort means that they need only spend a few minutes preparing for each session. This is not the case.

You should go through the following steps before conducting any course which is based wholly or in part on this material:

1. Read it carefully; be sure you understand the content, and that you can envisage what is intended to happen in the classroom.
2. Work through all the calculations; be sure that you understand them completely and try to predict the errors that trainees are likely to make, and the different answers which may not be wrong, but which will be worth following up.
3. Work through the case studies yourself, and try to predict all the possible analyses and answers which trainees may come up with.
4. Look up and write down on the material itself, as many local examples as you can to illustrate the points that are raised.
5. Plan the whole session very carefully; try to predict approximately how many minutes each section of the session is likely to take, and make the appropriate modifications to fit into the time that you have available. Do not take the sug-



10. Conducting the Programme

While using the material, you should try to observe the following guidelines:

1. Arrange the seating so that every trainee can see the faces of as many as possible of the others; do not put them in rows so that the only face they can see is your own.
2. Be sure that the session is clearly structured in the trainees' minds; outline the structure at the beginning, follow it or say that you are diverging from it, and summarise what has happened at the end.
3. Bear all the learning points in mind, and do not forget the job-oriented objectives of the session.
4. Be flexible, do not follow the material slavishly and be prepared to change the approach, depending on what trainees, themselves, suggest.
5. Avoid, whenever possible, telling the trainees anything; in a successful session all the points will have been elicited from them by skillful questioning.
6. If you fail to elicit a particular answer from the trainees, it is your fault not theirs. Persist, by asking the same question in different ways, by hinting and so on, and only make the point yourself if all else has failed.
7. Use silence as a weapon; if nobody answers a question, be prepared to wait for 20 or 30 seconds in order to embarrass somebody into making an attempt.
8. Avoid talking yourself. Trainees' discussion and suggestions should occupy around three quarters of the total time; ask, listen and guide rather than talk. (The more you yourself talk, the more you are revealing your own insecurity and ignorance of the subject, in that you are not willing to risk questions or comments with which you cannot deal.)
9. Never ridicule a trainee's answer or suggestion; there is bound to be some merit in it somewhere, and the very fact that he or she has put forward a suggestion is commendable.

10. If you cannot answer a trainee's question, or comment on a suggestion, (or even if you can) ask another trainee to answer or make a comment. You are the facilitator, not the source of knowledge.
  11. Write trainees' own words on the chalkboard whenever possible; do not follow the words in the material, even if they are more precise.
  12. Be prepared to act as "Devil's Advocate" by supporting the opposite view to that held by the majority of participants, there are usually no right or wrong answers to management questions, and trainees must see and understand both sides of every issue.
  13. If trainees appear to be following a quite different track from that suggested in the material, do not dismiss this out of hand; it may be as useful or more so.
  14. Call on the silent and, if necessary, silence those who talk too much.
  15. Be sure that everybody understands what is going on; do not allow the discussion to be taken over by the few who understand.
  16. Be dynamic, lively and active. Move around, walk up and down the classroom, and generally keep everyone alert by your physical activity.
11. After the Course

Note down each trainee's action commitment. Be sure to contact every trainee, in person or at least by letter, about six months after the end of the course to find out how they have managed to apply what they have learned, and how well they are implementing their action commitments. If they failed, it is not they who were at fault, but the course. Either the training was ineffective, the trainees were poorly selected or you failed to recognise problems which might prevent them from applying what they learned.