



**Advanced Diploma in Corporate Financial Reporting (520) – Advanced Management Accounting**




<b>Prerequisites:</b> Knowledge of accounting.	<b>Corequisites:</b> A pass or better in Diploma in Accounting & Finance or equivalence.
<b>Aim:</b> The course examines the integrative and interdisciplinary role of management accounting and its contribution in the strategic management process. The course focuses on cases that deal with management's need for information for planning, control and decision making using both quantitative and qualitative information. The course builds on the managerial knowledge and concepts established in the Diploma level. The emphasis throughout is on ensuring that accounting resources are used effectively in order to achieve an organization's financial goals. Candidates examine in-depth, topical areas from the discipline of management accounting with reference to and synthesis of applicable case material, including constraints, budgets, cost-benefit analysis, goal congruence, management control systems, transfer pricing, performance measurement, total quality management, linear programming, regression analysis and ethical decision making.	
<b>Required Materials:</b> Recommended Learning Resources.	<b>Supplementary Materials:</b> Lecture notes and tutor extra reading recommendations.
<b>Special Requirements:</b> The course requires a combination of lectures, demonstrations and discussions.	
<b>Intended Learning Outcomes:</b>	<b>Assessment Criteria:</b>
1 Understand relevant information for decision making	1.1 Describe the five-step sequence in the decision process 1.2 Differentiate relevant costs and revenues from irrelevant costs and revenues 1.3 Distinguish between quantitative factors and qualitative factors in decisions 1.4 Describe the opportunity cost concept; explain why it is used in decision making 1.5 Explain why the book value of equipment is irrelevant in equipment-replacement decisions
2 Describe activity-based costing	2.1 Explain undercosting and overcosting of products 2.2 Be able to use activity-based costing systems for activity-based management 2.3 Be able to compare activity-based costing and department-costing systems
3 Understand pricing, target costing and customer profitability analysis	3.1 Discuss the major influences on pricing decisions 3.2 Distinguish between short-run and long-run pricing decisions 3.3 Describe the target-costing approach to pricing 3.4 Distinguish between cost incurrence and locked-in costs 3.5 Describe the cost-plus approach to pricing 3.6 Explain how life-cycle product budgeting and costing assist in pricing decisions 3.7 Discuss why revenues can differ across

<p>4 Understand capital investment decisions</p>	<p>4.1 customers purchasing the same product Differentiate between project and period issues</p> <p>4.2 Describe the time value of money concept and opportunity costs</p> <p>4.3 Identify the stages of capital budgeting for a project</p> <p>4.4 Be able to apply the net present-value (NPV) method and the internal rate-of-return (IRR) method</p> <p>4.5 Identify relevant cash flows used in discounting</p> <p>4.6 Apply the payback method and the accounting rate-of-return (ARR) method</p> <p>4.7 Identify the impact of tax and inflation on investment cash flows</p> <p>4.8 Distinguish between the real rate of return and the nominal rate of return and recognise risk in investment decisions</p>
<p>5 Analyse budgets and responsibility accounting</p>	<p>5.1 Define master budget and explain its major benefits to an organisation</p> <p>5.2 Be able to prepare the budgeted profit statement and its supporting budget schedules</p> <p>5.3 Explain kaizen budgeting and its importance for cost management</p> <p>5.4 Be able to illustrate an activity-based budgeting approach</p> <p>5.5 Explain how controllability relates to responsibility accounting</p>
<p>6 Understand flexible budgets, variances and management control</p>	<p>6.1 Describe the difference between a static budget and a flexible budget</p> <p>6.2 Illustrate how a flexible budget can be developed and calculate flexible-budget and sales-volume variances</p> <p>6.3 Explain why purchasing performance measures should focus on more factors than just price variances for inputs</p> <p>6.4 Describe how the continuous improvement theme can be integrated into variance analysis</p> <p>6.5 Describe benchmarking and how it can be used by managers in variance analysis</p> <p>6.6 Explain differences in the planning of variable-overhead costs and the planning of fixed overhead costs</p> <p>6.7 Explain the computation and meaning of spending and efficiency variances for variable overhead</p> <p>6.8 Give reasons why the production-volume variance may not be a good measure of the opportunity cost of unused capacity</p> <p>6.9 Explain how a 4-variance analysis can provide an integrated overview of overhead cost variances</p> <p>6.10 Explain the differing roles of cost allocation bases for fixed manufacturing overhead when (a) planning and controlling, and (b) valuing stock</p> <p>6.11 Be able to prepare journal entries for variable- and fixed-overhead variances</p>

7 Understand how direct materials yield and mix variances highlight trade-offs among material inputs	<p>7.1 Explain direct manufacturing labour yield and mix variances</p> <p>7.2 Describe the insight gained from dividing the sales-volume variance into the sales-mix and sales-quantity variances</p> <p>7.3 Explain how market-size and market-share variances provide different explanations for a sales-quantity variance</p>
8 Describe a management control system	<p>8.1 Demonstrate important elements of effective management control systems</p> <p>8.2 Describe the benefits and costs of decentralisation</p> <p>8.3 Illustrate how market-based transfer prices generally promote goal congruence in perfectly competitive markets</p> <p>8.4 Describe when a transfer price may lead to suboptimal decisions</p> <p>8.5 Be able to present a general guideline for determining a minimum transfer price in transfer-pricing situations</p> <p>8.6 Demonstrate income tax considerations in multinational transfer pricing</p>
9 Understand control systems and performance measurement	<p>9.1 Be able to design an accounting-based performance measure</p> <p>9.2 Explain the return on investment (ROI) method of profitability analysis</p> <p>9.3 Describe the residual-income (RI) measure</p> <p>9.4 Describe the economic value added (EVA) method</p> <p>9.5 Distinguish between current-cost and historical-cost asset measurement methods</p> <p>9.6 Describe the management accountant's role in designing incentive systems</p> <p>9.7 Describe the incentive problems arising when employees perform multiple tasks</p>
10 Quality and throughput concerns in management costs	<p>10.1 Explain different cost categories in a cost of quality programme</p> <p>10.2 Describe different methods that companies use to identify quality problems</p> <p>10.3 Identify the relevant costs and benefits of quality improvements</p> <p>10.4 Describe why companies use both financial and non-financial measures of quality</p> <p>1.05 Define the main measurements in the theory of constraints</p>
11 Understand accounting for just-in-time systems	<p>11.1 Describe a just-in-time (JIT) production system</p> <p>11.2 Identify the major features of a JIT production system</p> <p>11.3 Describe journal entries for backflush-costing systems</p> <p>11.4 Explain the economic order quantity</p>

<p>12 Describe Strategic management accounting</p>	<p>(EOQ) decision model and how it balances ordering costs and carrying costs</p> <p>11.5 Explain the reorder point and safety stocks</p> <p>11.6 Compare EOQ and JIT purchasing models</p> <p>11.7 Determine the relevant benefits and relevant costs in JIT purchasing and JIT production</p> <p>11.8 Describe measures for evaluating JIT production performance</p> <p>12.1 Be able to illustrate the different conceptions of strategy exist</p> <p>12.2 Analyse how some organisations adopt identifiable generic strategies such as product differentiation and cost leadership</p> <p>12.3 Identify key aspects of SMA practices</p> <p>12.4 Describe the objectives of balanced scorecards as systems of performance measurement</p> <p>12.5 Describe how a strategic scorecard can contribute to enterprise governance</p>
----------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

### **Recommended Learning Resources: Advanced Management Accounting**

<p><b>Text Books</b></p>	<ul style="list-style-type: none"> <li>• Advanced Management Accounting (International Edition) by Robert Kaplan, Anthony A. Atkinson . ISBN-10: 0130802204</li> <li>• Management and Cost Accounting (Management &amp; Cost Accounting) by Colin Drury. ISBN-10: 1844800288</li> <li>• Advanced Management Accounting by D. Hirsch. ISBN-10: 1861526768</li> </ul>
<p><b>Study Manuals</b></p> 	<p>BCE produced study packs</p>
<p><b>CD ROM</b></p> 	<p>Power-point slides</p>
<p><b>Software</b></p> 	<p>None</p>