



Course information 2016–17

AC3097 Management accounting

This course is designed to provide students with knowledge and skills that enable them to strategically use management accounting in a business context.

Prerequisite

If taken as part of a BSc degree, courses which must be passed before this course may be attempted:

AC1025 Principles of accounting.

Aims and objectives

This course is designed to equip you with the knowledge of concepts and the ability to apply techniques of management accounting, in order to be able to contribute to the success of a firm. Management accounting has evolved from being purely concerned with the recording and measurement of costs, to supporting decision makers in their daily and strategic decisions. For this reason non-financial information is included in management accounting reports, where it is used in combination with financial information to construct a picture that can illuminate the contribution that each division, function, activity, process and procedure makes to the strategic achievements of a firm.

Essential reading

For full details, please refer to the reading list.

Horngren, Datar, Foster, Rajan, Ittner, *Cost Accounting: A Managerial Emphasis*,
Mongiello, M., *International Financial Reporting*

Learning outcomes

At the end of the course and having completed the essential reading and activities students should be able to:

- critically evaluate the uses of Managerial Accounting information for strategic decision making in various business contexts
- select, devise and apply different types of cost allocation and explain their different roles for supporting strategic managerial decisions
- design and prepare budgets and explain their use in strategic planning and control
- design and use variances to support feedback analysis and strategic control
- discuss various approaches to performance measurement and control in various types of organisations, and devise and evaluate simple indicators of performance
- discuss the changing role of Management Accounting.

Assessment

This course is assessed by a three-hour and 15-minute unseen written examination.

Students should consult the appropriate *EMFSS Programme Regulations*, which are reviewed on an annual basis. The *Regulations* provide information on the availability of a course, where it can be placed on your programme's structure, and details of co-requisites and prerequisites.

Syllabus

This is a description of the material to be examined. On registration, students will receive a detailed subject guide which provides a framework for covering the topics in the syllabus and directions to the essential reading.

This subject guide begins by putting management accounting in its current context, i.e. as an essential function for the implementation of a firm's strategy. Chapters 1 and 2 give particular emphasis to the role played by management accounting in the support of strategic decision making. Chapter 3 adds the elements of uncertainty and capacity constraint.

Chapters 4 to 11 address various costing techniques, showing their underlying logic and demonstrating their most appropriate use. These techniques enable different analyses which are aimed at tracing the consumption of resources back to units of products or services. The choice between them will be seen in light of the different aims that the decision makers are hoping to achieve.

Chapter 12 explores the link between measurement and management, making the information created by activity-based costing (ABC) an essential tool for strategic management of an organisation. These decisions imply wider and longer commitments for a company, as explained in Chapter 13.

Chapters 14 to 19 close the loop opened at the beginning of the study guide with regards to the role of management accounting in strategic management. Chapters 14 to 16 will demonstrate how the concepts and techniques presented in the previous chapters can be used for advanced management practices, such as budgeting and controlling in a strategic context. Chapters 17 and 18 will explore how management accounting can enable performance evaluation aimed at supporting daily and strategic decision making. Chapter 19 brings it all together by emphasising the use of comprehensive frameworks, such as the balanced scorecard, in strategic decision making.

The study guide closes with Chapter 20, where scenarios and questions are proposed to address all concepts in a systematic way.