

DBS SCHOOL OF BUSINESS

LJMU DEGREE PROGRAMMES

MODULE PROFORMA

Module Title: Management Accounting

Level: 3

Assessment: Continuous Assessment: 30%

Examination: 70%

Prerequisites: Cost Accounting or Business Finance

Credits: 12

Objectives:

- To develop student understanding of the nature and role of management accounting information
- To enable students to process, apply, assess and present relevant information for planning, control and decision-making using appropriate management accounting techniques
- To provide students with a thorough appreciation of the role of management accounting in a modern business environment, encompassing traditional and modern approaches, and evaluating their strengths and weaknesses
- To equip students to consider the implications of modern management philosophies and their management accounting implications

Learning Outcomes

On completion of this module students will be able to:

- Understand and apply the principles and concepts of management accounting.
- Demonstrate application of management accounting techniques as an aid to management in planning, control and decision-making.
- Understand the management accountant's role in performance evaluation
- Critically evaluate developments in management accounting and their use in the modern business world.

Syllabus:

Evolution of Management Accounting

- The role of the management accountant, accounting and the modern business environment, modern developments and the management accountant's response

Cost Accounting Systems

- Traditional costing methods – Absorption Costing, Marginal Costing;
- Modern responses – ABC

Cost Planning and Management

- Theory of constraints and throughput accounting;
- Estimating future costs – learning curve, life cycle costing, target costing;
- External cost focus – Direct product profitability, customer profitability analysis;
- Modern cost management/planning techniques – JIT, Kaizan costing, TQM, Environmental management accounting, AMB

Decision Making

- Short term decision focus – use of CVP analysis, relevant costs analysis, limiting factor analysis; Pricing decisions – factors that influence price, impact of price/demand relationship, profit maximisation/revenue maximisation pricing models, pricing approach, pricing strategies; Long term decision focus – investment process, investment appraisal techniques, advanced appraisal issues – taxation, asset replacement, capital rationing unequal life; Treatment of risk and uncertainty in decision making – probability analysis, data tables, regret bases, sensitivity analysis, value of information

Performance Evaluation and Control

- Budgeting – budgetary systems, preparation of budgets, alternative approaches to budgeting – fixed, flexible, zero-based, activity based, behavioural implications, beyond budgeting; Standard costing and variance analysis – Use of standard costing, setting standards, behavioural implications, variance analysis – price, usage sales variances, mix and yield variances, planning and operational variances, operating statements, investigating and interpreting variances

Strategic Management and Performance Measurement

- Strategy – introducing strategy, strategic objective – mission statement, goals, social responsibility and sustainability, SWOT analysis, gap analysis; Performance measurement – strategic control and critical success factors, financial performance measurement – ratio analysis, Non-financial performance measurement – balanced scorecard, benchmarking, service industry dimensions – Fitzgerald & Moon
- Responsibility centres – divisional performance measurement – ROI, RI, EVA, Transfer pricing – basic principles & rules, market based prices, optimal transfer price, negotiated transfer prices