

BFM204 MANAGEMENT ACCOUNTING

Academic Year 2012/13

Number of Aston Credits: 30

Number of ECTS Credits: 15

Staff Member Responsible for the Module:

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Pre-requisite for this module:

None

Mode of Attendance:

On campus

Module Objectives and Learning Outcomes:

This module studies the functions and techniques of cost and management accounting. Students will examine the many ways in which managers use different types of cost information to evaluate organizational performance and to make decisions. Students will learn how managers plan and control their organizations and the behavioural problems encountered when doing so. Drawing on examples from

the private, public and not-for-profit sectors, the module aims to cover traditional and innovative ways of measuring and managing costs and recent developments in performance planning, measurement and management.

After completing this module, students should be able to:

- > Identify and describe different types of costs and their significance
- > Appreciate different ways in which overheads may be allocated and absorbed, leading to the compilation of full product costs
- > Calculate full costs using Activity-Based Costing (ABC) and appreciate the strengths and weaknesses of ABC and other innovative approaches to cost management
- > Calculate cost-based prices using a variety of cost bases and fully appreciate the subjectivity inherent in cost information
- > Use Cost-Volume-Profit (C-V-P) Analysis as an aid to short-term planning and decision-making
- > Identify those costs relevant to making short-term decisions
- > Appreciate the strategic context within which costs are managed.
- > Identify and apply appropriate accounting information and techniques for planning and controlling organizations, while recognizing the likely pitfalls
- > Understand the relationship between financial and non-financial information in planning and controlling organizations.
- > Critically evaluate organizational performance at a variety of levels, using financial and non-financial measures.
- > Take a critical view in dealing with international case study material and readings.
- > Draw upon relevant conceptual ideas and techniques in dealing with case studies and other reading material.
- > Understand the limits to organizational rationality and the influence of power relationships on organizational decision-making

Module Content and Reading:

Term 1

- Week 1:** Introduction to management accounting, strategy and organisational control
- Week 2:** Product costing: direct costs, indirect costs and activity-based costing (Bhimani et al. 2012 Ch. 2 & Ch. 11)
- Week 3:** Cost behaviour and cost-volume-profit analysis (Bhimani et al. 2012 Ch. 2 & Ch. 8)

- Week 4:** Relevant costs for business decisions (Bhimani et al. 2012 Ch. 10)
- Week 5:** The diffusion of management accounting practices (Ax and Bjornenak, 2005)
- Week 6:** Responsibility accounting and organizational control (Bhimani et al. 2012 Ch. 18)
- Week 7:** Financial performance measures and their limitations (Bhimani et al. 2012 Ch. 19)
- Week 8:** Targets, performance and rewards (TBC)
- Week 9:** Revision
- Week 10:** **Term 1 Exam**
- Term 2**
- Week 11:** 21st Century management accountants: What do they do? (Bhimani et al. 2012, Chapter 1).
- Week 12:** Strategic Management Accounting (1): Basic concepts
Bhimani et al Chapter 22 (pp.754-58)
- Week 13:** Strategic Cost Management:- target costing
Bhimani et al Chapter 12 (pp.370-384)
- Week 14:** Strategic revenue management: customer profitability analysis
Bhimani et al Chapter 12 (pp.390-396)
- Week 15:** Strategic performance management (1). Control systems, responsibility centres and transfer pricing
Bhimani et al Chapter18
- Week 16:** Guest lecture: *Applying SMA within a major MNC*
- Week 17:** Strategic performance management (2) - financial evaluation of performance, including EVA.
Bhimani et al Chapter19



Week 18: Non-financial performance measures and the balanced scorecard
Bhimani et al Chapter 22 (pp.759-770)

Week 19: Review

Week 20: Final examination

Corporate connections:

The module draws on published case studies of cost and management accounting and the research conducted by the module teachers, and the guest lecture in Term 2 uses business connections to demonstrate how the principles are applied in practice today.

International Dimensions:

Topics will include international case studies of target costing, Activity Based Costing, the Balanced Scorecard and lifecycle costing. The module draws on the UK, US, European and Japanese literature and cases and compares and contrasts management accounting and management control in these jurisdictions.

Contribution of Research:

The module draws on published research papers by the staff teaching the module.

Ethics, Responsibility & Sustainability:

In addressing issues of management control the module implicitly covers matters relating to personal, professional and corporate accountability. Accountability is incorporated into the teaching of cost management, the operation of responsibility centres and alternative approaches to performance management.

Method of Teaching:

The module will be taught by lectures involving the use of numerical examples and problems. Students will prepare solutions to numerical problems in class syndicate groups and as individuals for homework. Some of these problems will take the form of objective choice questions, others will be case studies. Students will make group presentations of selected cases and be assessed for these.



Method of Assessment and Feedback:

Term 1 Examination: Will consist of short questions (some essay style and some numerical). All questions should be answered 25%

Term 2

Coursework assessment::

(1) Group case presentation & write up 15%

(2) Group participation 10%

Final examination: 50%

This will consist of a 2 hour closed book examination of case study format .The case study will be made available two weeks prior to the exam.

The coursework assessment is based on an assigned case study. For the case study presentation – you are required to analyze a specific practical problem, to study the issues from various perspectives, to reach a conclusion that is consistent with the purpose and setting, and to formally present your findings pertaining to the allocated case to the class. Those students not presenting must also prepare the case in sufficient detail as to facilitate in depth questions of the presenting group.

It must be emphasized that for most cases there are a number of defensible answers or conclusions. Determination of the “acceptable”, “best” or “right” answers may become a question of consistency with personal and professional values.

Case Study Write Up – Maximum 4 pages, font 12 point, 1.5 spaced.
Formal submission of the case write up is due in class prior to the presentation.

Feedback will be provided usually within one week of hand-in of assessed item.
Feedback will be given in hardcopy and/or electronic form **on a group basis**.

Information for Distance Learning Students:

None

Learning Hours:

Contact hours	57
Directed learning	213
Group work	24
Assessment	6
Total	300

The following essential and recommended readings are subject to change. Students should not therefore purchase textbooks prior to commencing their course. If students wish to undertake background reading before starting the course, many of the chapters/readings are available in electronic form via on-line library catalogues and other resources.

Essential reading:

Bhimani A., Horngren C.T., Datar S.M. and Rajan, M.V.. (2012) Management & Cost Accounting. Pearson, 5th Edition

Indicative bibliography:

Northcott, D., Hopper T & Scapens R. W. – 3rd ed (2007) Issues in management accounting.

Bhimani, A & M. Bromwich (2010) Management accounting: retrospect and prospect, CIMA Publishing/Reed Elsevier

Bromwich, M. and Bhimani A. (1994) Management accounting : pathways to progress.

Cooper R. and Kaplan R.S. (1996). "The design of cost management systems", Prentice Hall, 2nd edition.

Drury C (2008) Management & Cost Accounting. Thomson, 7th Edition, ISBN 7981844805662.

Dugdale, D, Jones T.C. & Green S. (2006) Contemporary management accounting practices in UK manufacturing.

Emmanuel, C. Otley, D. & Merchant, K. Accounting for Management Control, Chapman & Hall

Emmanuel, C. Otley, D. Merchant K. (1996) Readings in Accounting for Management Control. Chapman & Hall

Hopwood, A.G. and Shields, M.D. (Eds), 2007. Handbook of Management Accounting Research, Vol. 1, Elsevier, Oxford.

Johnson H.T. and Kaplan R.S. (1987). "Relevance Lost: the rise and fall of management accounting", Boston Mass., Harvard Business School Press.

Kaplan R.S. & Atkinson A. (1998) Advanced management accounting, 3rd ed.

Kaplan R.S. & Atkinson A. (1996) The balanced scorecard: translating strategy into action .

Kaplan R.S., Norton D.P., 2001. Transforming the balanced scorecard from performance measurement to strategic management: Part II. Accounting Horizons. 15(2):147–60.

Merchant, K.A. and Van der Stede, W. Management Control Systems: Performance Measurement , Evaluation and Incentives, Prentice Hall.

Meyer, M. W. (2002) Rethinking performance measurement [electronic resource]: beyond the balanced scorecard / 2 eBook.

Ward K. (1992) Strategic Management Accounting.

Wilson, R. M.S & Chua W.F. Managerial Accounting: Method and Meaning. Chapman & Hall. 2nd Edition.