



Level 6 Advanced Diploma in Corporate Financial Reporting (520) 159 Credits






Unit: Advanced Management Accounting	Guided Learning Hours: 300
Exam Paper No.: 2	Number of Credits: 30
Prerequisites: Knowledge of accounting.	Corequisites: A pass or better in Diploma in Accounting & Finance or equivalence.
<p>Aim: The unit examines the integrative and interdisciplinary role of management accounting and its contribution in the strategic management process. The unit focuses on cases that deal with management's need for information for planning, control and decision making using both quantitative and qualitative information. The unit 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 organisation's financial goals. Learners 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.</p>	
Required Materials: Recommended Learning Resources.	Supplementary Materials: Lecture notes and tutor extra reading recommendations.
Special Requirements: The unit requires a combination of lectures, demonstrations and discussions.	
<p>Intended Learning Outcomes:</p> <ol style="list-style-type: none"> 1. Understand Activity Basic Costing (ABC) concepts, need and meaning 2. Understand budget functions, composition and where the money does comes from. 3. Understand advanced variance analysis services, calculations and formulas 4. Understand factors affecting pricing policy, price elasticity of demand and price elasticity of supply 	<p>Assessment Criteria:</p> <ol style="list-style-type: none"> 1.1 Describe absorption and marginal costing 1.2 Calculate absorption costing 1.3 Calculate marginal costing 1.4 Explain Activity Basic Costing (ABC) 1.5 Define cost pools and drivers 1.6 Calculate cost per unit under absorption and activity based costing 1.7 Compare and contrast absorption vs marginal costing 2.1 Describe function of budgets 2.2 Analyse budgeting styles 2.3 Describe budgeting process 2.4 Explain standard costing steps 2.5 Describe variance analysis 2.6 Outline sales variances 2.7 Outline cost variances 3.1 Describe material mix and yield variances 3.2 Calculate total usage, mix and yield variances 3.3 Describe planning and operational variances 3.4 Be able to analyse variances along planning and operational lines 4.1 Describe factors affecting pricing policy 4.2 Analyse price elasticity of demand determinants 4.3 Critically evaluate elastic and inelastic demand 4.4 Implement price elasticity of demand

	formula
	4.5 Describe the profit maximisation model
	4.6 Analyse price strategies alternatives
5. Understand making decisions under conditions of risk and uncertainty	5.1 Define risk
	5.2 Define probability
	5.3 Explain probabilistic model
	5.4 Calculate expected value
	5.5 Analyse general principles of risk attitudes
	5.6 Describe uses of decision trees
	5.7 Be able to draw decision trees
	5.8 Explore uncertainty in investment appraisal
6. Understand relevant and non-relevant costs decision making in an effective control system	6.1 Explain relevant costs
	6.2 Explain non-relevant costs
	6.3 Analyse limiting factors in decision making
	6.4 Describe single limiting factors
	6.5 Determine profit maximising production plan
7. Understand quantitative analysis in budget forecasting techniques and fixed/variable elements.	7.1 Outline assumptions and examples of cost functions
	7.2 Define cost driver function, estimation, predictions, cost object, time span, regression analysis and relevant range
	7.3 Analyse cost estimation approaches
	7.4 Describe the engineering approach
	7.5 Describe the account analysis approach
	7.6 Outline cost function estimation steps
	7.7 Analyse the high-low method
	7.8 Outline scatter charts and the line of best fit
	7.9 Analyse regression analysis method
8. Understand target costing, lifecycle costing and balanced scorecard techniques	8.1 Explain traditional management accounting control techniques
	8.2 Explain target costing
	8.3 Explain lifecycle costing
	8.4 Outline good performance measures
	8.5 Describe balanced scorecard principles and practices
9. Understand the objectives of the theory of constraints and throughput accounting	9.1 Define throughput accounting
	9.2 Explain theory of constraints
	9.3 Define bottleneck
	9.4 Calculate throughput contribution
	9.5 Analyse throughput accounting ratios
	9.6 Describe throughput accounting limitations
10. Understand divisional performance measurement and transfer pricing transaction methods	10.1 Explain divisions
	10.2 Analyse product basis risks
	10.3 Explore geographic basis risks
	10.4 Outline structure for large organisations
	10.5 Analyse decentralisation decision making advantages and disadvantages
	10.6 Analyse group headquarters degree of

	control advantages and disadvantages
10.7	Describe transfer price and calculation of transfer prices
10.8	Explore transfer price alternatives
Methods of Evaluation: A 3-hour written examination paper with five essay questions, each carrying 20 marks. Candidates are required to answer all questions. Candidates also undertake project/coursework in Advanced Management Accounting with a weighting of 100%.	

Recommended Learning Resources: Advanced Management Accounting

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