

Global Learning Semesters

Course Syllabus

Course: ACER-301 Information Control & Decision Making

Department: Accounting and Banking

Host Institution: Intercollege, Nicosia, Cyprus



Course Summary		
Course Code	Course Title	Recommended Credit Hours
ACER-301	Information Control & Decision Making	6
Semester Offered	Contact Hours	Prerequisites
Please contact us	42-45	ACER-121, ACER-122, ACER-221
Department	Level of Course	Language of Instruction
Accounting and Banking	Upper Division	English

Prerequisites

ACER-121, ACER-122, ACER-221

Topic Areas

I. Management accounting framework

Management accounting operates in a changing environment in which management accounting techniques must be continuously appraised and reviewed. The management accounting framework must be reviewed in relation to the following areas:

- a. The evaluation of, and promotion of change in, management accounting techniques
 - budgetary planning and control
 - standard costing and variance analysis
 - decision-making including quantitative aids.
- b. Trends and developments in management accounting methods and techniques, business organisation and structure such as
 - transfer pricing and divisionalised organisations
 - performance measurement and divisionalised organisations
- c. Evaluating the impact of changes in business structure, functions and performance measures on the applicability and appropriateness of management accounting techniques and methods e.g.
 - relevance of standard costing and variance analysis
 - use of traditional absorption costing methods
- d. Identifying and evaluating existing and new methods and techniques measures for management planning and control provision e.g.
 - Just in Time (JIT) procedures
 - computer integrated manufacturing
 - world class manufacturing
 - Total Quality Management (TQM)

- activity-based budgeting

2. Design of management accounting systems

a. Developing/implementing an appropriate system including

- identification of cost units, establishing cost/profit/responsibility centers
- determining methods for recording relevant information
- sources of information and recording/processing
- computer based information storage and processing
- analysis of output information and its dissemination to relevant individuals/ departments

b. Consideration and application of information requirements in relation to

- the costing/pricing of products and services
- preparing plans
- monitoring and controlling performance
- decision-making

c. Negotiating/agreeing information requirements taking into account

- influence of size and type of entity
- nature of activities and output of each entity
- long-or short-term nature of decisions
- management structure and style
- conditions of uncertainty and risk
- qualitative/quantitative nature
- frequency, timing, format, degree of accuracy

3. Information for planning and control

a. Budgeting and budgetary control

b. Standard costing

- use of planning and operational variances
- trend, materiality and controllability of variances
- uncertainty and variance analysis
- identification of relevance, strengths and weaknesses of standard costing and variance analysis

c. Performance measurement

- measurement of activity, productivity, profitability, quality, service
- relationship of measure to type of entity e.g. manufacturing or service, profit or non-profit making, centralised or decentralised
- range of measures: monetary and non-monetary: use of percentages, ratios, indices
- use of indices to allow for price and performance changes through time
- identification of areas of concern from the information produced
- relationship between business performance and managerial performance
- assessing management performance by reference to comparable internal and external information
- performance measurement and developments in management accounting e.g. activity-based budgeting, TQM

4. Information for decision-making

a. Pricing of goods and services

- target and minimum pricing
- price/demand relationships
- pricing of special orders and short life products
- transfer pricing between divisions in a group

b. Identification and application of

- relevant costs (such as fixed/variable, direct/indirect, avoidable/unavoidable, opportunity/sunk)
- appropriate techniques (CVP analysis, use of limiting factors, recognition of risk and uncertainty)

c. Selection of relevant information for decision-making

- application and interpretation of quantitative techniques in decision-making (decision criteria; expected value and expected profit, maximum; decision trees, rollback analysis; expected value of perfect and imperfect information; linear programming: graphical and computer solution analysis, assumptions and limitations, shadow prices, opportunity costs, sensitivity analysis
- use of indexing of costs and revenues
- use of discounted cash flow techniques in longer term decision-making situations

d. Use in a range of decision-making situations: adoption of new products, product mix choice, discontinuance of products, make or buy, sell or future process, shutdown or temporary closure

Readings and Resources

Required Textbook

- C. Drury: Management and Cost Accounting, Chapman and Hall
- C. Emmanuel, D. Otley, K. Merchant: Accounting for Management Control, Chapman and Hall
- AT-ACCA Textbook, Info for Control.