ACC423 Management Accounting II (3 Units)

Department of Accounting

Covenant University
1. ACC423
1.1. ACC423 Management Accounting II (3 Units)

This course is a continuation of ACC322 & ACC412 and focuses on the techniques for designing, developing and presenting accounting information needed for various types of management decision. Topics include: budgeting- forecasting, nature and principal use of budgets. Types of budgets; fixed and flexible budgets and budgetary process. Preparation of business budget and other use for control including master and functional budgets, the use of sensitivity analysis. Preparation of cash and working capital budgets. Alternative approaches to budgeting; zero based budgeting, program performance budgeting system (PPBB), activity based budgeting. The application of capital budgeting technique to different situations (e.g. make or buy, lease or own etc). More discussion on the behavioural aspects of accounting; and more difficult problems in standard and marginal costing. General principles for designing management reports are also discussed. Budgetary control; control theory in accounting. (Feedback loops opened and closed systems). Definition and objectives of budgetary control. Responsibility accounting; controllable and uncontrollable outcomes; analysis and budget variances. Behavioural aspect of budgeting, problems of budgeting. Standard costing; - relationship of standard costing with budgeting, methods of setting standards for materials, labour and overheads, basic and advance variances including mix and field variances. Sales (price and quantity), material mixed and field variances, planning and operational variances. Behavioural aspects of standard costing. Application of quantitative methods to various aspects of management accounting - regression analysis, economic order quantity model, and linear programming techniques. Decentralization and performance measurement. Transfer pricing in divisionalized companies. Presentation of management information.