



APPLIES TO ACADEMIC YEAR 2014/2015

## MAN 1660/1661 Managerial Accounting Analysis

### Programme

#### Responsible for the course

assoc. prof. dr.Zina Gaidiene

#### Department

Department of Accounting - Auditing and Law

#### Term

According to study plan

#### ECTS Credits

30

#### Language of instruction

English

#### Introduction

The course is to provide the students with the practical methods and instruments for the evaluation of financial benefits and costs of various business decisions along with the strategic understanding the role of control in organization. The business situations are analyzed, including the following problems: profitability analysis and financial control of the enterprise and its divisions considering decisions for their development; the evaluation of the product pricing, development and process-improvement decisions, evaluation of different customer-service strategies, evaluation of capital investment projects, developing the financial and strategic criteria's for choosing the optimal alternatives; building performance measurement systems for the projects and organization as a whole.

#### Learning outcome

At the end of the course, students are expected:

##### *In terms of knowledge:*

To know and understand the major theories and frameworks in the field of cost accounting, management accounting, management control systems, risk management and corporate governance;

##### *In terms of skills :*

To be able to analyze the costs, benefits and risk of various business decisions by building financial budgeting models, and also to improve a design of performance measurement and control systems for a particular organization, with respect of its business and corporative strategy. The students should be able to apply the theoretical knowledge gained during the course in taking managerial decisions. Additionally they should be able to perform a scientific research in management accounting or other areas on their own or in a small team as well as to formulate the practical and scientific recommendations based on the research findings.

##### *In terms of attitudes/reflection:*

To acquire competencies at the highest levels of Bloom's taxonomy - from simple, concrete behavior through complex to more abstract behavior (special emphasis being placed on knowledge application: being able to choose, classify, use, interpret, calculate, relate and demonstrate; analysis: separate, recognize, test, differentiate and solve; synthesis: design, order, develop, create, summarize, combine and propose; evaluation: evaluate, justify, critique and appraise)

#### Prerequisites

Bachelor degree, corresponding to 180 credits from an accredited university, university college or similar educational institution.

The applicant must be at least 25 years of age.

At least four years of managerial work experience.

Motivation evidence to accomplish study requirements.

At least upper intermediate level of English.

#### Compulsory reading

#### Recommended reading

#### Course outline

1. Overview of Management Accounting and Control systems and their role in organizations; differentiation between the

management accounting and financial accounting, stressing the role of management accounting for the decision making and implementing processes

2. Cost analysis for the business decisions: relevant and irrelevant costs information for the decision purposes; including short-term and long-term pricing, outsourcing and process-improvement decisions, Activity Based Costing as accounting and cost management system

3. Business planning and financial modelling: budgeting system of the enterprise; estimating of revenues, costs and profit; estimating and managing the cash flow and current assets; capital budgeting; statistical methods for planning and risk management.

4. Financial control. Financial measures of performance: ratio analysis, Economic Value Added method; Strategic evaluation of investment projects; Responsibility centres in organization: accountability, controllability, transfer pricing.

5. Strategic aspects of management control systems: The role of control in corporate governance, balancing the needs of stake-holders; controlling the strategy implementation- Balanced Scorecard system; Leverage of control in organizations-behavioral issues and effectiveness of formal management control systems.

### **Computer-based tools**

Excel.

### **Learning process and workload**

The program is conducted through 16 course modules, a total of 128 lecturing hours. Project tutorials differ in each Master of Management program. It will consist of personal tutorials and tutorials given in class. Generally the students may expect consulting tutorials, not evaluating tutorials. The total number of hours of term paper tuition is estimated at one hour per student following an ordinary Master of Management programme.

### **Examination**

The students are evaluated through a term paper, counting 10 credits and an 5 hours individual written exam, counting 20 credits. Both evaluations must be passed to obtain a certificate for the programme. The term paper may be written individually or in groups of maximum three persons.

### **Examination code(s)**

MAN 16601 - Term paper; 10 credits; counts 100 % to pass the programme MAN 1660.

MAN 16611 - Written exam; 20 credits; counts 100 % to pass the programme MAN 1661.

Both evaluations must be passed to obtain a certificate for the programme.

### **Examination support materials**

All support materials allowed

### **Re-sit examination**

At the next regular exam.

### **Additional information**

#### **Compulsory literature (total 1621 pages)**

1. Atkinson A.A., Kaplan, R.S., Matsumura E.M., Young S.M., 2012, Management Accounting, 6 ed., Prentice Hall, 552 pp.
2. Atkinson A.A., Kaplan, R.S., Matsumura E.M., Young S.M., 2006, Management Accounting, 5 ed., Prentice Hall, 104 pp. (pp. 625-521)
3. Anthony R.N., Govindarajan V., 2006, Management Control Systems, 12th ed., McGraw-Hill/ Irwin, 784 pp.
4. Berk J., DeMarzo P., 2007, Corporate Finance, 2<sup>nd</sup> ed., Prentice Hall, ch. 16, 29, 71 pp.
5. Wearing R., 2005, Cases in Corporate Governance, Sage, ch. 2-3, 7, 36 pp.
6. Kaplan R.S., Norton D.P., "Mastering the Management System", *Harvard Business Review* 86.1 (2008): 62-80.
7. Nixon, B., Burns J., "The paradox of strategic management accounting." *Management Accounting Research* 23.4 (2012): 229-244.
8. Lambert C., Sponem S., "Roles, Authority and Involment of the Management Accounting Function:A Multiple Case-Study Perspective", *European Accounting Review* 21.3 (2012): 565-589.
9. Busco, C., et al. "When creativity meets control: A fashion industry case study." *Journal of Corporate Accounting & Finance* 23.6 (2012): 61-72.
10. Kaplan, R. S., Porter M.E., "How to solve the cost crisis in health care." *Harvard Business Review* 89.9 (2011): 46-52.

#### **Recommended literature (total 4813 pages)**

1. Kaplan R.S., Atkinson A.A. , 1998, Advanced Management Accounting, 3 ed, Prentice Hall, 798 pp.
2. Kaplan, R.S. and Cooper R., 1997. Cost & Effect: Using Integrated Cost Systems to Drive Profitability and Performance, Harvard Business School Press, 357 pp.
3. Shapiro A.C., 2005, Capital Budgeting and Investment Analysis, Prentice Hall, 264 pp.
4. Young, S.M., 2003, Readings in Management Accounting, 4th ed., Prentice Hall, 320 pp.
5. Benninga S., 2006, Principles of Finance with Excel, Oxford University Press, 928 pp.
6. Damodaran A., 2008, Strategic Risk Taking: A Framework for Risk Management, Wharton School Publishing, 408 pp.
7. Clarke T., 2004, Theories of Corporate Governance, Routledge, 320 pp.

8. Kaplan R.S., Norton D.P., 2004, Strategy Maps, Harvard Business School, 454 pp.
9. Apgar D., 2007, Rizikos Intelektas, Verslo Žinios, 212 pp.
10. Jorion Ph., Financial Risk Manager Handbook, 5th ed., Wiley Finance, 752 pp.