

# IB232-15 Issues in Management Accounting

**20/21**

**Department**

Warwick Business School

**Level**

Undergraduate Level 2

**Module leader**

Angela Lorenz

**Credit value**

15

**Module duration**

10 weeks

**Assessment**

Multiple

**Study location**

University of Warwick main campus, Coventry

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## Description

### Introductory description

N/A.

[Module web page](#)

### Module aims

1. The module will build on core concepts introduced in IB116 Foundations of Management Accounting and will further students' understanding of how accounting is used within organisations for the planning, control and evaluation of activity with a special focus on the manager's role.
2. The module will cover technical issues in cost management and performance measurement systems, and wider issues concerning the role of management accounting in shaping management structures and decisions in manufacturing and service contexts. The module is also relevant for profit, not-for-profit, public and private sector organisations. It will draw on recent research to explain how accounting systems are designed and function in different organisational and social contexts.
3. The module aims to develop both a technical and critical appreciation of management

accounting and an understanding of its strengths and limitations. A key emphasis will be on application, for example, the intelligent use of the information available to managers to aid their decisions and to evaluate the performance of business units and individuals within them.

## **Outline syllabus**

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

### **Long-term Decisions and Investment Appraisal**

Comparison of short- term and long-term decisions. The investment appraisal model and the need to identify relevant costs. Alternative appraisal techniques and their strengths and weaknesses. Practical considerations and the complications of Risk, Inflation and Taxation. Authorisation processes and the need for post completion audit.

### **Variances and Management Control**

Further aspects of Standard Costing and Variance Analysis. The strengths and weaknesses of standard marginal costing versus standard absorption costing. Modern variance analysis systems: reconciliation with JIT and continuous improvement philosophies and the need for activity based variance analysis.

### **Divisional Organisation and Performance Measurement**

- (a) Alternative structures and the strengths and weaknesses of divisionalisation. Divisional performance measurement and management, alternative financial measures and value based management systems and the link to shareholder value and external reporting.
- (b) The transfer pricing conundrum, theoretical optimal solutions, behavioural implications and practical solutions. Transfer prices and taxation.
- (c) The need for balanced performance measurement systems, introduction to alternative models, strategy mapping and the key challenges in PM system design

### **Management Accounting, Strategy and the Competitive Environment.**

The need for a more strategic and external facing approach to management accounting systems and an introduction to Strategic Management Accounting.

### **The Alternative Approaches in Cost Management.**

Contingency theory and the adaptations to management accounting systems needed to support alternative systems of operations management and marketing strategies.

### **Culture and Management Accounting**

The issues related to international differences in management accounting theory and practice – the influence of culture and context.

## **Learning outcomes**

By the end of the module, students should be able to:

- Understand the technical and conceptual issues of costing and management control systems and their effect on behaviour.

- Explain the alternative approaches to investment appraisal and its practical applications.
- Understand the need for a tailored cost management approaches for different contexts.
- Explain the theory of optimal transfer pricing, the behavioural implications of alternative transfer pricing systems and practical applications.
- Understand the need for a greater external focus in management accounting and the roles of strategic management accounting.
- Understand the problems of divisional performance measurement and management and the need for balanced performance measurement systems.
- Critically evaluate and interpret management accounting information and its relevance to management decisions.
- Understand the role played by culture and business environment in the application of management accounting systems.
- Develop and demonstrate analytical, and problem solving skills.
- Understand the relationship between theoretical work in management accounting and management accounting practice.
- Appreciate the cultural and organisational environment and its influences on management accounting theory and practice.

## **Indicative reading list**

### Required (Core) Text:

Drury, C., (2005), Management Accounting for Business (3rd Edition), Thomson Business Press, London.

### Other Useful Texts:

Atrill, P., and E. McLaney (2005), Management Accounting for Decision Makers. (4th Ed) FT Prentice Hall, London.

Hansen, D.R., and M. Mowen (2005), Management Accounting, Thomson South-Western, London.

Atkinson, A.A., R.D.Banker, R.S.Kaplan, and S.M.Young(2001), 'Management Accounting', Prentice Hall Inc, NJ.

Ezzamel, M., (1992) Business Unit and Divisional Performance Measurement. Academic Press in association with C.I.M.A.

Fitzgerald, L., Johnston, R., Brignall, T. J., Silvestro, R. and Voss, C. (1994). Performance Measurement in Service Industries. CIMA.

Fitzgerald, L and Moon, P., Performance Measurement in Service Industries: Making it Work. CIMA.

Relevant Journal Articles (e.g., Management Accounting Research (UK), Journal of Management Accounting Research (US); Journal of Cost Management (US); Accounting Organisations and Society; Critical Perspectives in Accounting; and Accounting Auditing and Accountability Journal).

## **Subject specific skills**

Demonstrate technical skills related to the preparation and presentation of management accounting information.

Apply management accounting concepts and practices to analyse business problems and make recommendations.

Demonstrate enhanced competency in the use of spreadsheets.  
Prepare and present professional reports to recommend courses of action.

## Transferable skills

Develop and demonstrate written communication skills.  
Develop application of electronic calculation techniques.  
Develop and demonstrate group work skills, oral communication and presentation skills.

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## Study

### Study time

Type	Required
Lectures	10 sessions of 2 hours (13%)
Seminars	9 sessions of 1 hour (6%)
Private study	47 hours (31%)
Assessment	74 hours (49%)
Total	150 hours

### Private study description

Directed reading; assessment & examination preparation; private study.

## Costs

No further costs have been identified for this module.

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## Assessment

You do not need to pass all assessment components to pass the module.

### Assessment group D5

	Weighting	Study time
Group Presentation (15 CATS) Tutor assessed student presentations.	15%	7 hours
Online Examination Exam	85%	60 hours

## Weighting

## Study time

~Platforms - AEP

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- Online examination: No Answerbook required

## Assessment group R

### Weighting

### Study time

Online Examination - Resit  
Exam

100%

~Platforms - AEP

## Feedback on assessment

Feedback via my.wbs.

[Past exam papers for IB232](#)

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## Availability

### Pre-requisites

To take this module, you must have passed:

- Any of
  - [IB116-15 Foundations of Management Accounting](#)
  - [IB133-15 Foundations of Accounting](#)
  - [IB146-15 Accounting for Business](#)

### Post-requisite modules

If you pass this module, you can take:

- IB373-15 Advanced Management Accounting

## Courses

This module is Optional for:

- UIBA-MN34 Law and Business Four Year (Qualifying Degree)
  - Year 3 of MN34 Law and Business Studies Four Year (Qualifying Degree)

- Year 4 of MN34 Law and Business Studies Four Year (Qualifying Degree)
- Year 4 of UECA-4 Undergraduate Economics 4 Year Variants
- Year 3 of UIBA-MN31 Undergraduate Law and Business Studies
- UIBA-MN32 Undergraduate Law and Business Studies
  - Year 3 of MN32 Law and Business Studies (Four-Year)
  - Year 4 of MN32 Law and Business Studies (Four-Year)
- UIBA-MN37 Undergraduate Law and Business Studies (Qualifying Degree) with Intercalated Year
  - Year 2 of MN37 Law and Business Studies (Qualifying Degree) with Intercalated Year
  - Year 5 of MN37 Law and Business Studies (Qualifying Degree) with Intercalated Year
- UIBA-MN35 Undergraduate Law and Business Studies with Intercalated Year (3+1)
  - Year 3 of MN35 Law and Business Studies with Intercalated Year (3+1)
  - Year 4 of MN35 Law and Business Studies with Intercalated Year (3+1)
- UIBA-MN36 Undergraduate Law and Business Studies with Intercalated Year (4+1)
  - Year 2 of MN36 Law and Business Studies with Intercalated Year (4+1)
  - Year 5 of MN36 Law and Business Studies with Intercalated Year (4+1)
- Year 4 of UECA-GL12 Undergraduate Mathematics and Economics (with Intercalated Year)