



ACC 32133: Strategic Management Accounting

Level: 3000

Number of Credits : 03

Course Description

This course discusses the role of management accounting in developing and monitoring business strategies. It focuses on the analysis and interpretation of management accounting information while providing a framework for applying management accounting concepts and techniques, in making strategic decisions towards achieving organizational goals.

Learning Outcomes

Upon successful completion of the course unit, the student will be able to;

- Describe the relationship between management accounting and strategic management accounting
- Explain the role of strategic management accounting in decision making.
- Apply management accounting concepts and techniques for strategic decision making
- Evaluate and design management control systems

Teaching/ leaning methods

Lectures, seminars and workshops

Evaluation Methods

In-course Assessments	: 30%
End Semester Examination	: 70%

Course Contents

- 1 Overview of strategic management accounting
Introduction to strategic management accounting; contribution to the development of strategic management accounting; management accounting vs. strategic management accounting
- 2 Standard costing and variance analysis
Establishing standards, variance analysis, standard variable costing vs. standard absorption costing system; recording standard costs and variances; reconciliation of budgeted and actual profit; ex-post variance analysis; the investigation of variances; criticisms of standard costing; the future role of standard costing
- 3 Decision making under condition of risk and uncertainty
Decision making under risk and uncertainty; decision tree analysis
- 4 Divisional financial performance measures
Decentralization; types of responsibility centers; managerial performance vs. economic performance of a division; measuring divisional and managerial performances
- 5 Transfer Pricing
Purposes and alternative methods of transfer pricing; Pricing decisions and profitability analysis; Transfer pricing conflicts and suggestions for resolving them

- 6 Management Control Systems
Concepts and types of control; responsibility centers and controllability principle; management accounting control systems; contingency theory approach to management accounting information systems
- 7 Cost management and strategic decisions:
Traditional vs. strategic cost management; functional based and activity based cost management systems; cost management tactics

Recommended Readings

- 1 Drury, C. (2017). Management and Cost Accounting (10th Edition), United Kingdom, Cengage Learning EMEA.
- 2 Mohana P.Rao, Bhibuti B.Pradhan (editors) (2000), Strategic Management Accounting, Deep and Deep Publications Pvt. Ltd., New Delhi.
- 3 Journals: Journal of Management Accounting Research; Accounting, Organization and Society; Critical Perspectives on Accounting: Harvard Business Review