

Course Title	Performance Management II				
Course Code	AEF305				
Course Type	Compulsory				
Level	Bachelor (1 <sup>st</sup> Cycle)				
Year / Semester	3 <sup>rd</sup> Year / 5 <sup>th</sup> Semester				
Teacher's Name	TBA				
ECTS	6	Lectures / week	3 Hours / 14 weeks	Laboratories / week	None
Course Purpose and Objectives	This module examines the techniques used by the management accountant in the processes of planning and control within the organisation and the techniques used to evaluate the performance of products /divisions /organisation as a whole.				
Learning Outcomes	<p>Upon successful completion of this course students should be able to:</p> <ul style="list-style-type: none"> <li>• Apply budgeting techniques and evaluate alternative methods of budgeting, planning and control</li> <li>• Use standard costing systems to measure and control business performance and to identify remedial action</li> <li>• Critically evaluate the role of management accounting in organisations and the issues involved in strategic management accounting.</li> <li>• Explain different performance measurement approaches used in management accounting and discuss the merits and problems of the differing approaches.</li> </ul>				
Prerequisites	AEF230	Co-requisites	None		
Course Content	<p>1. Budgetary Systems</p> <p>Explain how budgetary systems fit within the performance hierarchy. Select and explain appropriate budget systems for an organisation. Describe the information used in budget systems and the source of information needed. Explain the difficulties of changing a budgetary system. Explain how budget can deal with uncertainty in the environment</p> <p>2. Types of Budget</p> <p>Indicate the usefulness and problems with different budget types Explain the difficulties of changing the type of budget used</p> <p>3. Quantitative analysis in budgeting</p>				

Analyse fixed and variable cost elements from total cost data using high/low and regression methods. Explain the use of forecasting techniques, including time series, simple average growth models and estimates based on judgement and experience. Predict a future value from provided time series analysis data using both additive and proportional data. Estimate the learning effect and apply the learning curve to a budgetary problem, including calculations on steady states. Discuss the reservations with the learning curve. Apply expected values and explain the problems and benefits. Explain the benefits and dangers inherent in using spreadsheets in budgeting.

#### 4. Behavioral aspects of budgeting

Identify the factors which influence behaviour. Discuss the issues surrounding setting the difficulty level for a budget. Explain the benefits and difficulties of the participation of employees in the negotiation of targets.

#### 5. Budgets and Standard Costing

Explain the use of standard costs. Outline the methods used to derive standard costs and discuss the different types of cost possible. Explain the importance of flexing budgets in performance management. Prepare budgets and standards that allow for waste and idle time. Explain and apply the principle of controllability in the performance management system. Prepare a flexed budget and comment on its usefulness

#### 6. Basic variances and operating statements

Calculate, identify the cause of and interpret basic variances:

- a. Sales price and volume
- b. Materials total, price and usage
- c. Labour total, rate and efficiency
- d. Variable overhead total, expenditure and efficiency
- e. Fixed overhead total, expenditure and, where appropriate, volume, capacity and efficiency.

Explain the effect on labour variances where the learning curve has been used in the budget process. Produce full operating statements in both a marginal cost and full absorption costing environment, reconciling actual profit to budgeted profit. Calculate the effect of idle time and waste on variances including where idle time has been budgeted for. Explain the possible causes of idle time and waste and suggest methods of control. Calculate, using a simple situation, ABC-

based variances. Explain the different methods available for deciding whether or not to investigate a variance cause.

#### 7. Material mix and yield variances

Calculate, identify the cause of, and explain mix and yield variances. Explain the wider issues involving in changing mix, eg cost, quality and performance measurement issues. Identify and explain the interrelationship between price, mix and yield. Suggest and justify alternative methods of controlling production processes

#### 8. Performance measurement

Describe, calculate and interpret financial performance indicators (FPIs) for profitability, liquidity and risk in both manufacturing and service businesses. Suggest methods to improve these measures. Describe, calculate and interpret non-financial performance indicators (NFPIs) and suggest method to improve the performance indicated. Explain the causes and problems created by short-termism and financial manipulation of results and suggest methods to encourage a long term view. Explain and interpret the Balanced Scorecard, and the Building Block model proposed by Fitzgerald and Moon. Discuss the difficulties of target setting in qualitative areas.

#### 9. Divisional performance measures

Explain the basis for setting a transfer price using variable cost, full cost and the principles behind allowing for intermediate markets. Explain how transfer prices can distort the performance assessment of divisions and decisions made. Explain the meaning of, and calculate, Return on Investment (ROI) and Residual Income (RI), and discuss their shortcomings. compare divisional performance and recognise the problems of doing so.

#### 10. Performance analysis in not for profit organisations and the public sector

Comment on the problems of having non-quantifiable objectives in performance management. Explain how performance could be measured in this sector. Comment on the problems of having multiple objectives in this sector. Outline Value for Money (VFM) as a public sector objective

#### 11. External considerations and behavioral aspects

Explain the need to allow for external considerations in performance management, including stakeholders, market conditions and allowance for competitors. Suggest ways in which external considerations could be allowed for in performance management.

	Interpret performance in the light of external considerations. Identify and explain the behaviour aspects of performance management.		
Teaching Methodology	Face to face		
Bibliography	<p>BPP Notes for F5-ACCA, Latest Edition.</p> <p>Robert S Kaplan – “Advanced Management Accounting” – published by Prentice Hall (latest edition)</p> <p>Colin Drury – Management and Cost Accounting” - published by Thomson Learning- latest edition</p> <p>Atrill, P &amp; McLaney, E. (latest edition) Management Accounting for Decision Makers Financial Times, Prentice Hall.</p> <p>Drury, C. (latest edition) Cost and Management Accounting, Thomson.</p> <p>Hunt, C., Fowler, C. and Drennan, L. Management Accounting: Strategic Decision Making, Performance and Risk. Pearson Education. Latest Edition.</p> <p>Merchant, K., and Van der Stede, W. Management Control Systems: Performance Measurement, Evaluation and Incentives, Financial Times (Prentice Hall). Latest Edition.</p> <p>Datar, Srikant M., and Madhav Rajan. <a href="#">Horngren's Cost Accounting: A Managerial Emphasis</a>. Pearson Education. Latest Edition.</p> <p>Langfield-Smith, K., Thorne, H., Smith, D. and Hilton, R.W. <i>Management Accounting: Information for Creating and Managing Value</i>, McGraw Hill Education. Latest Edition.</p> <p><b>Relevant teaching material from the following organizations:</b></p> <p>ACCA - <a href="http://www.accaglobal.com/students">http://www.accaglobal.com/students</a></p> <p>BPP - <a href="http://www.bpp.com/acca/papers/f5/">http://www.bpp.com/acca/papers/f5/</a></p> <p><a href="http://financial.kaplan.co.uk/TrainingandQuals/Accountancy/ACCA/Pages/default.aspx">http://financial.kaplan.co.uk/TrainingandQuals/Accountancy/ACCA/Pages/default.aspx</a></p>		
Assessment	Examinations	80%	
	Class Participation and Attendance	10%	
	Assignments	10%	
		100%	
Language	English		