

COURSE COMPACT

Course

Course Title/ Credit Units: Management Accounting (2 UNITS)

Course Status: COMPULSORY

Course Duration: 2 Hours per week for 15 weeks (30 Hours)

Lecturer's Data:

Name: Dr. Mrs. Alao, Esther Monisola

Qualifications Obtained: PhD

Department: BUSINESS STUDIES

Faculty: Business and Social Sciences (CBS)

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Office Location: Room 117, First Floor, 2nd College Building

Consultation Hours: Tuesdays & Thursdays, 2 – 4 p.m.

Course Content:

In continuation of ACC 222, the following topics are to increase students' understanding through the following topics: Cost concepts in decision accounting using sunk cost, marginal or direct cost, opportunity cost, incremental or differential cost. Short term decisions such as dropping a segment, make or buy decision, replacement of equipment; optimal product mix.

Concept of Profit, Cost-volume profit analysis, Pricing policy decision, Decision making under uncertainty, Definition & Measurement of risk.

Long-term decision – capital budget; objectives of capital budgeting, methods of appraising investments (both traditional and modern methods such as payback period, return on capital employed etc.)

Course Description

BUS 326 teaches the concept of costs as will be encountered in various business and finance decisions; making decisions in terms of choice in finance limitations and pricing decisions with a view to enhancing profit performance in businesses. Using the capital budgeting technique, investment decisions will be illustrated using both traditional and modern methods of investment appraisal.

Course Justification.

The course takes students into a deeper knowledge of Management Accounting on cost concepts, methods and application in decision making. As business managers, the knowledge acquired will enable a thorough analysis of risks related to the decision being made on investments, pricing decisions and availing the business a rewarding product-mix in the face of scarce resources. Equally, due to the presence of risk and uncertainties in everyday activities, it is important that students understand methods of pre-empting risks in business decisions.

Course Objectives / Goals

On the completion of this course:

- i. Students will be able to appreciate and understand the importance of making decisions that involve cost concepts.
- ii. Students will benefit from and apply the knowledge of the application of pricing methods..
- iii. Students will be able to apply and advice management on investment decisions as it subsists in management accounting processes.
- iv. The knowledge acquired will enhance their performance as they enter the business world where they are involved in decision making.
- v. Students' knowledge and understanding of management accounting techniques and practices in business organizations will be examined after the course.

Course Requirement

Students are required to have gone through ACC 222 which deals with costing. The previous knowledge will enable students to have a solid basis for this course.

Structure of Programme / Method of Grading

Structure of programme based on course outline and Landmark University grading method

Continuous Assessment (CA) – Test	-----	10%
Assignment	-----	10%
Students' Presentations	-----	10 %
Examination (EX)	-----	70%
Total	-----	100%

Lecture Delivery Strategies:

After the lecturer's presentations, students are to participate in interactive sections to allow further understanding of the course. There will be tutorial classes in which students practically attempt various problems on the course content. Use of Audio Visuals/projector where required will be helpful as well.

Lecture Content

Weeks 1-3 Cost concepts in business decisions, segment decisions-- make or buy decisions, optimal product –mix and equipment replacement.

Objectives: (i). Students will be able to appreciate and understand the importance of making decisions that involve cost concepts.

(ii) Students will be able to apply the knowledge of concepts for the purpose of decision making.

Description; Concept of costs as will be encountered in various business and finance decisions; making decisions in terms of choice in finance limitations.

Questions

1. Identify with relevant examples, FIVE concepts in management accounting.
2. Give FIVE users of management accounting information.
3. State the major differences that distinguish management accounting from financial accounting.

Weeks 4-6 Concept of Profit. Cost-volume profit analysis—decision making under uncertainty. Short term decisions such as Pricing policy decisions.

Objectives: (i). Students will benefit from and apply the knowledge of the application of pricing methods..

(ii). Students will be able to choose the best of the pricing methods that will be useful for attainment of organization goal.

Description: Pricing decisions with a view to enhancing profit performance in businesses

Questions:

- 1. What do you understand by the concept of profit?**
- 2. State the decision rules relevant to the concept.**

Weeks 7-8 Risk: Meaning & measurement using Sensitivity analysis, Probability/Expected Value.

Objective: (i). Identify various risks militating against attainment of organization objective.
(ii). Apply risk techniques to prevent unnecessary losses to the organization.

Description: Definition of risks, types and techniques of computing risks to business decisions

Questions

1. Define risk.
2. Enumerate the methods by which risk value is determined.

Weeks 9-11 Use of Pay-Back, Return on Investment, Net Present Value, Internal Rate of Return and Capital rationing, Methods for Capital Budgeting decisions.

Objectives: (i). Students will be able to apply and (ii) advice management on investment decisions as it subsists in management accounting processes.

Description: Calculate using given data, the values of NPV, IRR, Payback etc to guide management decision.

Questions

- 1. Compare the different methods used in decision making.[Advantages & Disadvantages]**

Weeks 12-13 Lease or Buy Decisions.

Objectives: (i). Identify various lease options (ii) Apply techniques of cost comparison to determine most beneficial lease option.

Description: Consider cost of leases focusing on interest charges.

Question

What do you understand by the term lease? How is it applied?

Weeks 14-15 Computation and Use of Cost of Capital, Average and Weighted Cost of

Capital.

Objectives: (i). Define the terms Cost of capital, average and weighted cost of capital.

(ii). Differentiate the terms and

(iii) Compute the relevant values for decision making purposes

Questions:

1. Differentiate the terms cost of capital, average cost of capital and weighted cost of capital, giving relevant examples.

Week 16 Revision and Examinations.

Ojective: To test and assess candidates' understanding of the semester's class studies.

Recommended Reading

1. **Management Accounting, A Simplified Approach by James Majebi Oguns. Giraffe Books Ltd.**
2. **Management and Cost Accounting by Colin Drury. 7th Ed., Bookpower Publishers.**
3. **Management Accounting in Focus by Babatunde R. Yusuf. Rakson Publishers.**