

Subject Description Form

Subject Code	AF3112
Subject Title	Management Accounting 2
Credit Value	3
Level	3
Normal Duration	1-semester
Pre-requisite / Co-requisite/ Exclusion	Pre-requisite: Management Accounting 1 (AF2110)
Role and Purposes	This subject contributes to the achievement of the BBA (Hons) Programme Outcomes by enabling students to analyze business situations and problems by applying conceptual frameworks drawn from accounting, finance, economics, and quantitative methods (Outcome 7). It will enable students to develop creative thinking (Outcome 3) and analytical skills (Outcome 6), and ethical awareness (Outcome 4) in the management accounting context. This subject will also prepare students to communicate verbally and in writing in English at a level of effectiveness sufficient for a business presentation (Outcome 1). This subject will contribute to build students' professionally-specific skills and knowledge to 1) enable them to make an immediate contribution to the organization they are first employed and 2) base the process of continuous professional development (Outcome 11).
Subject Learning Outcomes	Upon completion of the subject, students will be able to: <ul style="list-style-type: none"> a. Apply and critically compare the cost classification, accumulation, and allocation approaches and techniques. b. Evaluate the considerations and issues in cost and management accounting system design. c. Identify and prepare cost information for accounting purposes. d. Develop critical thinking, analytical skills and ethical awareness in the management accounting context.
Subject Synopsis/ Indicative Syllabus	<p>Process Costing Process costing systems – FIFO and Weighted Average Costing Approaches. Treatment of Transferred-In Goods. Operation Costing.</p> <p>Spoilage, Rework and Scrap Accounting for spoilage, rework and scrap under Job costing and process costing</p> <p>Joint-Product Costs and By-Product Costing General characteristics. Accounting for joint-product costs. Accounting for by-product. Effects of joint-product costs on cost control, decision making, and product strategy. Joint provision of services.</p>

	<p>Service Department Cost Allocation Reasons for service department cost allocation. Allocation bases. Methods of allocating service department costs.</p> <p>Activity Based Costing Understanding cost drivers. Distinctive features of activity based costing. Costing of a product under a refined costing system. Service department costing: an activity approach.</p> <p>Standard Costing and Variance Analysis Standard Costs – Management by Exception. Setting standard costs. Flexible budgets. Variance analysis. Variable overhead variances. Fixed overhead variances. Variance investigation and evaluation of controls based on standard costs.</p> <p>Transfer Pricing Impact on performance measures. The transfer pricing problems. Optimal transfer pricing. Alternative transfer-pricing methods. Cost and benefits of transfer pricing.</p> <p>Capital Budgeting Decisions Capital budgeting – planning investments. Discounted cash-flows. Net-present-value method. Required rate of return. Payback method. Preference decisions- ranking of investment projects. Other approaches to capital budgeting decisions. Tax implication on capital budgeting. Post-audit of investment projects. What if and sensitivity analysis.</p> <p>Innovative Inventory and Production Management Techniques Buying or producing and carrying inventory. Economic ordering quantity. Understanding and managing production activities and costs: just-in-time systems, flexible manufacturing systems and computer integrated manufacturing. Theory of constraints.</p> <p>Productivity Measurement and Control Technical and allocative efficiency. Partial and total productivity measures. Activity and process productivity analysis.</p>																																																						
<p>Teaching/Learning Methodology</p>	<p>A three-hour weekly seminar will be structured to guide and promote students' understanding of relevant concepts and management accounting practices. In addition, weekly assignments, case analysis for discussion and team-presentation will be conducted based on a student-centered approach.</p>																																																						
<p>Assessment Methods in Alignment with Intended Learning Outcomes</p>	<table border="1"> <thead> <tr> <th rowspan="2">Specific assessment methods/tasks</th> <th rowspan="2">% weighting</th> <th colspan="6">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th>a</th> <th>b</th> <th>c</th> <th>d</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>1. Case Analysis and Presentation (Group)</td> <td>20%</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>2. Participation</td> <td>5%</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>3. Mid-term Test</td> <td>25%</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>4. Final Examination</td> <td>50%</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>100 %</td> <td colspan="6"></td> </tr> </tbody> </table>	Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c	d			1. Case Analysis and Presentation (Group)	20%	✓	✓	✓	✓			2. Participation	5%	✓	✓	✓	✓			3. Mid-term Test	25%	✓	✓	✓	✓			4. Final Examination	50%	✓	✓	✓	✓			Total	100 %						
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	<p>To pass this subject, students are required to obtain Grade D or above in both the Continuous Assessment and Examination components.</p> <p>Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:</p> <p>Taken as a whole, the coverage of assessment components for subject learning outcomes is appropriate. Through case analyses, students are expected 1) to apply new concepts and analytic methods into real-world cases, and 2) to figure out problems under the framework, and 3) to propose how to resolve observed problems. Through both Mid-term test and final examination, students' specific skills, content-specific knowledge and ethical awareness will be evaluated for professional development.</p>	
Student Study Effort Required	Class contact:	
	<ul style="list-style-type: none"> ▪ Seminars 	39 Hrs.
	Other student study effort:	
	<ul style="list-style-type: none"> ▪ Individual study 	36 Hrs.
	<ul style="list-style-type: none"> ▪ Group discussion 	8 Hrs.
	<ul style="list-style-type: none"> ▪ Assignments 	28 Hrs.
	Total student study effort	111 Hrs.
Reading List and References	<p><i>Textbook</i></p> <ul style="list-style-type: none"> • Horngren, Datar, Foster, Rajan, and Ittner, <i>Cost Accounting: A Managerial Emphasis</i>, 14th Edition (International), Prentice Hall, Latest Edition <p><i>References</i></p> <ul style="list-style-type: none"> • Blocher, Stout and Cokins, <i>Cost Management A Strategic Emphasis</i>, 6th Edition (International), McGraw Hill, 2013. • Drury, <i>Management and Cost Accounting</i>. 8th Edition, South-Western Cengage Learning, 2012. • Garrison, Noreen and Brewer, <i>Managerial Accounting</i>, 15th Edition (US edition), McGraw-Hill, 2015. 	