

## ADVANCE LEVEL I (AL-I)

### Course Title

### Strategic Cost and Management Accounting (SCM)

Knowledge Pillar	Level	Course Title	Course Code	Total Marks
Cost & Management Accounting [CMA]	Advanced level I	Strategic Cost and Management Accounting (SCM)	CM341	100

### *Syllabus Structure*

The syllabus comprises the following main topics with the relative study weightings:

Segment	Segment Title	Weight
A	Strategic management accounting (SMAC) systems	25%
B	Strategic capital budgeting	25%
C	Performance measurement and evaluation	20%
D	Strategic pricing	15%
E	Contemporary issues in SMAC	15%

### *Course Description*

This course is designed to furnish knowledge on the strategic aspects of management accounting practices. The course starts with explaining the strategy, strategic management and criteria for isolating strategic management accounting (SMAC) techniques from traditional management accounting techniques. Focus is then given to elucidate the application of different strategic-oriented management accounting techniques. Eventually, the learners of the course will understand the application of SMAC tools in supporting strategic decision-making process. This course also introduces the role of management accountant in the face of Fourth Industrial Evolution and changed business models. Learners of this course will be exposed to various practical exercises and cases to make them capable to generate and supply management accounting information crucial to make strategic decision.

### *Course Objectives*

The main objective of this course is to enable learners to produce and supply cost management information to support strategic decision making under varying degrees of risk and uncertainty. This course ensures the identification and application of externally focused and long-term oriented innovative cost management tools to transform the role of management accountant from bean counter to capable business partners. The course aims to provide a comprehensive knowledge on a package of strategic-oriented management accounting tools that can be used to demonstrate the ways of achieving competitive advantages in the changed business environment. Successful completion of this course will provide learners confidence, foundation and skills required to grasp knowledge of the information needs of strategic decision-making process.

## Course Learning Outcomes

On successful completion of this course, the aspiring professional accountants will be able to:

1. understand the fundamental difference between traditional management accounting and strategic management accounting;
2. apply the SMAC tools that supports strategic decision process;
3. illustrate the application of competitor and customer accounting to identify key sources of competitive advantages;
4. demonstrate how performance measurement system can be aligned with business strategy pursued;
5. recognize and address the key issues associated with international and strategic capital budgeting for private and public sectors;
6. understand the role of management accountant in the face of IR 4.0 and in emerging business models; and
7. build argument for changes in MAS necessitated for sustainability and by the dynamic business environment.

## DETAILED CONTENTS

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
A. Strategic management accounting (SMA) systems (25 Marks)	A1. Strategy, strategic cost management and SMA	R, U	<ul style="list-style-type: none"> <li>• Define strategy;</li> <li>• Strategic management (SM) perspectives;</li> <li>• Management accounting (MAC), management accounting system (MAS) and Management control systems (MCS);</li> <li>• The dynamic nature of MCS;</li> <li>• Concept of SCM;</li> <li>• Key themes in SCM: value chain analysis, cost driver analysis and competitive advantage analysis;</li> <li>• Articulation of strategic context;</li> <li>• Application of SCM framework;</li> <li>• Emergence of SMA;</li> <li>• SMAC vs. traditional management accounting (MAC) techniques;</li> <li>• Overview of SMA techniques.</li> </ul>	<p>Upon successful completion, students shall be able to:</p> <ol style="list-style-type: none"> <li>1. discuss how organizational strategy is directional towards SM process;</li> <li>2. identify the criteria used to isolate SMA from traditional MAC tools.</li> </ol>	20%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
	A2. Competitor accounting	U, AN, E	<ul style="list-style-type: none"> <li>• Fundamentals of competitor accounting;</li> <li>• Competitor cost assessment (CCA);</li> <li>• Fundamentals of CCA;</li> <li>• Sources of competitors' cost information;</li> <li>• Analysis of competitors' cost structure;</li> <li>• Competitive position monitoring;</li> <li>• Competitor performance appraisal based on published financial statements;</li> <li>• CORE analysis to identify the key sources of competitive advantage.</li> </ul>	3. explain the core features of competitor accounting; 4. analyze and evaluate organization's competitive position.	25%
	A3. Customer accounting	U, AP, AN	<ul style="list-style-type: none"> <li>• Customer accounting fundamentals;</li> <li>• Customer profitability analysis (CPA);</li> <li>• Valuation of customers as assets.</li> </ul>	5. conduct customer profitability analysis; 6. illustrate how customers can be valued as assets.	20%
	A4. Value chain costing (VCC)	AP,C, D	<ul style="list-style-type: none"> <li>• Fundamentals of VCC;</li> <li>• Phases in value chain;</li> <li>• Application of VCC indifferent industries;</li> <li>• Challenges of implementing VCC across industries;</li> <li>• Corresponding BCAS.</li> </ul>	7. identify the underlying features of VCC; 8. illustrate accomplishment of competitive advantage using VCC.	20%
	A5. Attribute costing	U, AP, AN	<ul style="list-style-type: none"> <li>• Identification of product attributes;</li> <li>• Concepts of sustainable product attributes portfolio;</li> <li>• Application of attribute costing as a tool to; respond to competition</li> <li>• Strategic implications of attribute costing The implications of attribute costing for SMA.</li> </ul>	9. recognize product attributes valued by customers; 10. illustrate attribute analysis for firm's strategic choices.	15%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
B. Strategic capital budgeting (25 Marks)	B1. Capital budgeting techniques	R, AP, AN, E, D	<ul style="list-style-type: none"> <li>• Capital budgeting process;</li> <li>• Estimating project cash flows under different conditions;</li> <li>• Project evaluation and selection;</li> <li>• Capital rationing;</li> <li>• Sensitivity analysis;</li> <li>• Project monitoring and control;</li> <li>• Generating investment project proposal.</li> </ul>	11. evaluate project's financial feasibility; 12. prepare an investment project proposal.	20%
	B2. Investment appraisal further techniques	U, AP, AN, E, D	<ul style="list-style-type: none"> <li>• Use of multiple discount factors;</li> <li>• Modified Internal rate of return (MIRR);</li> <li>• Adjusted Present Value method;</li> <li>• Uncertain cash flows;</li> <li>• Capital rationing over multiple periods.</li> </ul>	13. compute real and nominal discount factors; 14. evaluate an investment project using MIRR; 15. illustrate the capital rationing process.	20%
	B3. International investment appraisal	R, AP, C, E, D	<ul style="list-style-type: none"> <li>• Issues relating to international finance;</li> <li>• Forecasting cash flows from international projects;</li> <li>• International project appraisal;</li> <li>• Additional complexities in foreign investment appraisal;</li> <li>• Financing overseas projects.</li> </ul>	16. recognize risks associated with international expansion; 17. illustrate how to evaluate an international investment project.	20%
	B4. Implementation and control procedures	U, AP	<ul style="list-style-type: none"> <li>• Fundamentals of investment cycle;</li> <li>• Project implementation;</li> <li>• Project monitoring and control;</li> <li>• Post audit of investment project.</li> </ul>	18. illustrate the steps involved in the investment cycle; 19. demonstrate post-audit of an investment project.	10%
	B5. Risk and uncertainty in long term	U, AP, AN, E, D	<ul style="list-style-type: none"> <li>• Nature of risk and uncertainty associated with decision making;</li> </ul>	20. evaluate projects considering risks and uncertainties'	20%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
C. Performance measurement and evaluation (20 Marks)	decisions		<ul style="list-style-type: none"> <li>• Risk-adjusted discount rate;</li> <li>• Risk-based decision-making techniques;</li> <li>• Decision trees.</li> </ul>	21. illustrate 'what if' analysis under different level of operations.	
	B6. Strategic issues in capital budgeting	U, C	<ul style="list-style-type: none"> <li>• Alignment of capital budgeting decision to strategy pursued;</li> <li>• Further issues in the alignment process.</li> </ul>	22. align investment decisions with strategy.	10%
	C1. Integrated performance measurement (IPM) and Balanced Scorecard (BSC)	U, AP, E, C	<ul style="list-style-type: none"> <li>• Fundamentals of IPM and BSC;</li> <li>• Perspectives of BSC;</li> <li>• BSC and strategy;</li> <li>• BSC and performance;</li> <li>• Key performance indicators;</li> <li>• BSC in non-profit and public sector organizations;</li> <li>• Sustainable BSC.</li> </ul>	23. contrast traditional performance measurement with IPM; 24. demonstrate the transformation of BSC from performance measurement to strategic management; 25. illustrate how BSC affect performance.	45%
	C2. Responsibility accounting in MNC	R, U, AP	<ul style="list-style-type: none"> <li>• Nature of Responsibility accounting in MNC;</li> <li>• International transfer pricing issues;</li> <li>• OECD guidelines in setting up transfer price;</li> <li>• Optimal transfer price;</li> <li>• Negotiated transfer price;</li> <li>• National Board of Revenue (NBR) guidelines in setting up transfer price.</li> </ul>	26. illustrate the procedure of setting transfer price in MNC; 27. recognize the impact of tax rules on transfer prices.	30%
	C3. Benchmarking	U, E	<ul style="list-style-type: none"> <li>• Benchmarking;</li> <li>• Internal benchmarking;</li> <li>• External benchmarking;</li> <li>• Strategic issues in benchmarking;</li> </ul>	28. evaluate the implications of benchmarking on entity's position.	25%
D. Strategic pricing (15 Marks)	D1. Pricing products and services	AN, C	<ul style="list-style-type: none"> <li>• Key issues in pricing decisions;</li> <li>• Traditional approach to pricing;</li> <li>• Pricing strategies for new products.</li> </ul>	29. generate price for products/services identifying relevant key factors;	30%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
E. Contemporary issues in SMAC (15 Marks)	D2. Strategic issues in pricing decision	R, AN, E, C	<ul style="list-style-type: none"> <li>Drawbacks of traditional pricing;</li> <li>Pricing as a tool of strategic positioning;</li> <li>Setting prices strategically;</li> <li>SMA as the basis for pricing.</li> </ul>	30. identify the pitfalls of traditional pricing; 31. illustrate the procedure of setting price strategically.	70%
	E1. Corporate sustainability and SMA system	U, AP, C	<ul style="list-style-type: none"> <li>Concepts of corporate sustainability</li> <li>Triple bottle line framework</li> <li>Sustainability as a tool for competitive advantage</li> <li>Dimensions of sustainability</li> <li>Sustainability in the value chain</li> <li>SMA and corporate sustainability</li> <li>Role of management accountant as a business partner</li> <li>SMA in the new business model</li> </ul>	32. integrate sustainability into corporate management 33. explain the role of SMA in achieving sustainability	20%
	E2. Environmental cost accounting (ECA)	R, AN, E, C	<ul style="list-style-type: none"> <li>Concepts of environmental cost accounting</li> <li>Purpose of ECA Controlling</li> <li>Structure of ECA</li> <li>Factors contingent to the application of ECA</li> <li>Environmental cost audit</li> </ul>	34. explain the underlying features of ECA system 35. outline the process of an ECA system	20%
	E3. Strategic issues in Public sector management accounting	U, AP, C	<ul style="list-style-type: none"> <li>Nature of public sector management accounting (MAC)</li> <li>Strategic issues in State-owned enterprises' MAC system</li> <li>Public private partnership (PPP) investment appraisal</li> </ul>	36. recognize the core features of public sector mac system 37. illustrate the procedure of PPP investment appraisal	30%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
	E4. SMA in the Fourth Industrial Revolution (IR 4.0) and climate change	U, AP	<ul style="list-style-type: none"> <li>Business environment in IR 4.0;</li> <li>SMA in the face of IR 4.0;</li> <li>SMA in addressing climate change.</li> </ul>	38. illustrate the applicability of SMA in the AI, block chain, cloud computing and big data environment.	30%

Here, R = Remembering; U = Understanding; AP = Applying; AN = Analyzing; E = Evaluating; C = Creating; D = Decision making; are the seven levels of learning developed based on the Bloom's Taxonomy.

## Recommended Books and Learning Materials

### Primary Textbook

- ICMAB. (2021). ICMAB Learning Manual for Strategic Cost and Management Accounting.

### Recommended Textbook (Latest Edition)

- Hoque, Z. (2006). *Strategic management accounting*. (2<sup>nd</sup> ed.) Pearson Education.

### Reference Books/Other Learning Materials (Latest Edition)

- Hilton, R. W., Maher, M. W. & Selto, F. H. (2004). *Cost management: Strategies for business decisions*. (3<sup>rd</sup> ed.) McGraw-Hill Irwin.
- Kaplan, R. S. & Atkinson, A. A. (2013). *Advanced management accounting: Pearson new international edition*. (3<sup>rd</sup> ed.). Pearson.
- Garrison, R. H., Noreen, E. W., & Brewer, P. C. (2021). *Managerial accounting*. (17<sup>th</sup> ed.). McGraw-Hill Irwin
- Li, W. S., (2018). *Strategic management accounting: A practical guidebook with case studies*. (1<sup>st</sup> ed.). Springer.

## SMA Course Mapping

PrOs	POs	POs	CLOs	CLOs	TLOs
PrO1	6	PO1	1, 6	CLO1	1, 2, 27
PrO2	2	PO2	2, 3, 5	CLO2	4, 6, 7, 14, 18, 19, 21, 24, 25, 26, 27, 28
PrO3	6	PO3	-	CLO3	3, 4, 5, 6, 7
PrO4	2	PO4	2	CLO4	20, 21, 22, 22, 23, 25
PrO5	1, 6	PO5	4	CLO5	8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 32
PrO6	1	PO6	3	CLO6	29, 30, 33, 31
PrO7	4, 5, 6,7	PO7	7	CLO7	6, 13, 14, 24, 29, 30

Here, PrOs = Program Objectives; POs = Pillar Objectives; CLOs = Course Learning Outcomes; TLOs = Topic Learning Outcomes.