

Subject Code	AF5103
Subject Title	Contemporary Issues in Managerial Accounting
Credit Value	3
Level	5
Normal Duration	One Semester
Pre-requisite / Co-requisite/ Exclusion	Some prior exposures to an introductory managerial accounting will be helpful.
Role and Purposes	This subject contributes to the achievement of the MSc in Accountancy Programme Outcomes by enabling students to use the conceptual frameworks needed to evaluate contemporary issues in managerial accounting. It also helps students to understand fundamental econometrics methods applied to accounting research work and to <u>apply appropriate conceptual frameworks in more specialized areas of managerial accounting (Programme Outcome 3).</u>
Subject Learning Outcomes	Upon completion of the subject, students will be able to: <ul style="list-style-type: none"> a. <u>appreciate</u> the development of the current research in the discipline of management accounting and the practical implications of the research findings; b. <u>analyse cost information</u> to support managerial decisions, taking into consideration of moral, ethical and behavioral dimensions of management practices; c. <u>apply the concepts</u> for tactical and strategic managerial decisions and determine what information is relevant to those decisions; and d. <u>compare the traditional tools and contemporary methods</u> of management control and the use and analysis of managerial accounting information to support control.
Subject Synopsis/ Indicative Syllabus	<p>Agency Theory for Managerial Accounting Fundamentals of the principal-agent model in a decentralized organization setting. Information asymmetry and truthful reporting. Determinants and consequences of adoption decision of managerial accounting systems.</p> <p>Performance Measurement Link among business strategies, organizational structure, managerial incentives and managerial performance. Limitations of financial</p>

	<p>performance measures. Nonfinancial performance measures and balanced scorecards. Subjectivity and objectivity in performance evaluation. Relative performance evaluation.</p> <p>Performance Evaluation and Compensation</p> <p>Incentive compensation contract. Design of compensation scheme. Pay-for-performance. Link between incentive change and self-selection. Link between incentive plans and productivity improvement.</p> <p>Budgeting and Target Setting</p> <p>Short-term planning and budgeting. Optimising the use of short-term resources. The role of cost information in allocating short-term resources. Ratcheting effect of target setting. Behavior consequence of ratcheting effects.</p> <p>Executive Compensation</p> <p>Increase disparity between executive and average employee compensation. Explanation of excessive pay to executives. CEO power vs. efficient contracting views. External compensation consulting. Say--on-pay and executive compensation.</p> <p>Operating leverage, Cost Stickiness and Firm Performance</p> <p>Cost stickiness. Agency problem or efficient downsizing. Employee protection, operating leverage and cost stickiness. Impact on firm performance.</p> <p>Inventory Management</p> <p>Inventory holding costs, stockout costs and reorder costs. Minimization of total inventory costs; Economic Ordering Quantity; Just-in-time system.</p>
<p>Teaching/Learning Methodology</p>	<p>In the first part of each class, the instructor will introduce perspectives, concepts, and techniques which students will be required to discuss research papers and case studies. Students will be required to participate in discussion, and undertake a fair portion of guided reading and case analyses with presentation in some classes on an individual or group basis.</p>

Assessment Methods in Alignment with Intended Learning Outcomes	Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)					
			a	b	c	d		
	Group presentation	20%	√	√	√	√		
	Individual report	20%	√	√	√	√		
	Attendance and Participation	10%	√	√	√	√		
	Final examination	50%	√	√	√	√		
	Total	100%						
<p>Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:</p> <p>Assessment components include group-based presentation of research paper and case studies as well as individual-based report and written examination. The components of the assessments will help students <u>to acquire updated academic knowledge of issues in managerial accounting</u> (Programme Outcome 1), <u>to build up their analytical abilities and critical thinking for problem solving</u> (Programme Outcome 2), and <u>to apply updated knowledge and appropriate methods or tools for decision-making, planning and control in real-world settings</u> (Programme Outcome 3).</p> <p>Note: To pass this subject, students are required to obtain Grade D or above in BOTH the Continuous Assessment and Examination components. In addition, the specific requirements on individual assessment components discussed above could be adjusted based on the pedagogical needs of subject lecturers.</p>								
Student Study Effort Expected	Class contact:							
	▪ Lectures / Seminars		39 Hrs.					
	Other student study effort:							
	▪ Self-study		63 Hrs.					
	▪ Group discussion and interaction		15 Hrs.					
	Total student study effort		117 Hrs.					

