

DEREE COLLEGE SYLLABUS FOR:

AF 4217 FINANCIAL PLANNING - LEVEL 6

*(Title of course is under consideration to be revised as **Financial Planning and Performance Management**)*
Optional

UK CREDITS: 15

(Updated Spring 2010)

PREREQUISITES: AF 2006 Financial Accounting
AF 3116 Managerial Accounting

CATALOG

DESCRIPTION: Fundamental and advanced concepts of profit planning and control and their relationship to the primary management functions. Application of concepts and techniques to a comprehensive budget program and variance analysis.

RATIONALE: Students preparing themselves to work in high-level positions in the private sector must become familiar with budgeting concepts in order to play an active role in the planning and control functions of a company. They must be able to convert the general policies and objectives of a firm into useful financial data and to follow up the attainment of established goals. Budgeting is recommended to students with an interest in financial planning or operating planning. Every manager or supervisor must be budget oriented.

LEARNING OUTCOMES: As a result of taking this course, the student should be able to:

1. Use management accounting techniques to make and support decision-making in cost-volume-profit analysis.
2. Prepare and evaluate operating budgets and financial budgets from a given set of case data.
3. Construct flexible budgets to be used as planning and performance tools.
4. Define budgeting and standard costing, calculate and analyze variances.
5. Assess divisional performance from a financial viewpoint, as well as prepare reports for allocated service department costs.

**METHOD OF
TEACHING AND
LEARNING:**

In congruence with the learning and teaching strategy of the college, the following tools are used:

- Class lectures, interactive learning (class discussions, group work) and practical problems solved in class.
- Exercises and primary source documents are assigned as homework, the solutions of which are either reviewed in class or corrected and handed back to student.
- Office hours: students are encouraged to make full use of the office hours of their instructor, where they can ask questions, see their exam paper, and/or go over lecture material.
- Use of blackboard site, where instructors post lecture notes, assignment instructions, timely announcements, as well as additional resources.
- Projects: Case studies on various applications (e.g. overhead allocation-capital budgeting-material inventory planning) will be handed out in order to complement coursework. .

ASSESSMENT: The student's grade will be based on the following:

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|--|----|---|
| Exercises/ Cases - formative | 0 | Exercises/problems/ hand-out of cases |
| In-class 1-hour midterm examination - summative | 40 | Problems & Discussion Questions combination |
| Final examination (2-hour, comprehensive) - summative | 60 | Problems & Discussion Questions combination |

The formative coursework enables the student to achieve an appropriate balance between the theoretical (conceptual) and applied aspects of the subject, and prepare for the examinations.

The midterm examination tests learning outcomes 1, and 2.

The final examination tests learning outcomes 2, 3, 4 and 5.

INDICATIVE READING: REQUIRED READING MATERIAL:

- Louderback III, J. G. and J. S. Holmen. Managerial Accounting. Southwestern College Publishers, Mason, Ohio, latest edition. ISBN: 0-324-11863-5
- Welsh, G.A. Budgeting: Profit Planning and Control. Englewood Cliffs, N.J.: Prentice-Hall Inc., latest edition
- Drury, C. Management and Cost Accounting. Thomson Learning, latest edition.

Relevant Academic and Professional Journals Include:

- Journal of Management Accounting Research
- Management Accounting
- Management Accounting Quarterly

Indicative Articles:

- Libby, T. and Lindsay, M.R. (2010) Beyond budgeting or budgeting reconsidered? A survey on North-American budgeting practice. *Management Accounting Research*, 21, 56-75.
- Hansen, C.H. and Van der Stebe, W.A. (2004) Multiple facets of budgeting: an exploratory analysis. *Management Accounting Research*, 15, 415-439.
- Hope, J. and Fraser, R. (2003) Who needs budgets? *Harvard Business Review* 81(2), 108-115

SOFTWARE

REQUIREMENTS: Word and Excel

WWW RESOURCES:

www.imanet.org
<http://louderback.swcollege.com>
www.strategicfinancemag.com
www.cimaglobal.com

- INDICATIVE CONTENT:**
1. Introduction
 - 1.1. Planning process
 - 1.2. Financial analysis
 2. Budgeting Preparation
 - 2.1. Business targets – Goals
 - 2.2. Budgeting procedures
 - 2.3. Operating budgets
 - 2.4. Financial budgets
 - 2.5. Master budget
 3. Budgeted Financial Statements
 - 3.1. Projected balance sheet
 - 3.2. Projected income statement
 - 3.3. Cash flow budget
 4. Flexible Budgets
 - 4.1. Cost analysis and planning
 - 4.2. Set-up flexible budget
 - 4.3. Cost control
 5. Standard Costs
 - 5.1. Set-up STD costs
 - 5.2. Materials cost standards
 - 5.3. Factory overhead standards
 6. Variances: Measure Analysis
 - 6.1. Production cost variance
 7. Control of Decentralized Organizations
 - 7.1. Cost centers
 - 7.2. Profit centers
 - 7.3. Investment centers
 - 7.4. Performance measurement
 - 7.5. Performance reporting
 8. Behavioral Aspect
 - 8.1. Control and human behavior
 - 8.2. Participative budget
 - 8.3. Budgetary slack