

## Appendix 1

### Covering letter for the questionnaire

15 July 2003

Dear Sir/Madam

I am conducting research on the relevance of the current education programmes of management accountants. Your input is essential to ensure that practitioner views are fully represented in this University of Pretoria doctoral study. *Your input is vital and it will be appreciated if I can get your response. You are welcome to give the questionnaire to any of your colleagues who can complete it for me.*

It will take approximately ten minutes of your time to complete the questionnaire. Your answers will be treated confidentially and will only be used in summarised form (with the answers of other respondents) to enable the formulation of recommendations to improve the education programmes.

The questionnaire can be returned to me in any of the following ways:

Fax: 054 3324580

Post: Box 1915, Upington, 8800

If you have any enquiries, do not hesitate to e-mail me at [lizajacobs@mweb.co.za](mailto:lizajacobs@mweb.co.za) or phone me at 084 585 8691.

Thank you for your time and contribution to the field of management accounting.

Liza Jacobs

## Appendix 2

### Questionnaire

Questionnaire

Mark your answer in the appropriate block with an "X" or write your answer in the space provided.

1 What is your age?

..... years

2 What is your gender?

1	Male
2	Female

3 What is your highest academic qualification (degree, diploma or certificate)?

.....

4 At what institution (university, technicon, college, etc.) did you acquire this qualification?

.....

5 Do you have any professional qualification(s)?

1	Yes
2	No

6 If you answered yes to question 5, please give the applicable professional qualifications (e.g. CA, CMA, CFA, etc.).

.....

7 What is your current job description?

.....

8 How long have you been in this particular job?

1	Less than a year
2	One year
3	Two years
4	Three years
5	Longer than three years

9 In what industry are you working?

.....

10 Indicate your view of the degree of competence of your peers at the same or other companies in the following skills. A scale of 1 to 4 is used, where 1 represents "totally incompetent" and 4 represents "very competent". Tick column 5 if the skill is not applicable in your work environment.

	Totally incompetent	Incompetent	Fairly competent	Very competent	Not applicable
	1	2	3	4	5
1 Communication skills					
2 Leadership skills					
3 Strategic and critical thinking					
4 Integration of non-financial and financial information					
5 General business knowledge					
6 Analytical skills					
7 Ethics					
8 Control and performance evaluation					
9 Information technology competence					
10 Design and maintenance of management information and systems					
11 Teamwork abilities					
12 Initiative and self motivation					
13 Adaptability (change management)					
14 Stress management					
15 Presentational skills					

11 Are there any other skills or competencies that you feel are important? Please use the space below to give your input.

.....  
 .....

12 Indicate how often you use the following techniques. A scale of 1 to 4 is used where 1 represents "never" and 4 represents "very often".

		Never	Once or twice a year	More than twice a year	Very often
		1	2	3	4
1	Budgeting				
2	Costing systems				
1	Product costing				
2	Life cycle costing				
3	Target costing				
4	Quality costing				
3	Formula-based analysis				
1	Cost-volume-profit analysis				
2	Regression analysis				
3	Learning curves				
4	Value chain analysis				
4	Asset management				
5	Working capital management				
6	Strategic cost management				
7	Knowledge management				
8	Variance analysis				
9	Value-added accounting				
10	Activity-based costing				
11	Total quality management				
12	Balanced scorecard				
13	Standard costing				
14	Economic value added				
15	Free cash flows				

13 Please list any techniques you are currently using in your work environment and that were not given in question 12.

.....

.....

.....

14 Indicate the importance of the given change drivers(\*) in a management accounting work environment. A scale of 1 to 3 is used where 1 is "not important" and 3 is "very important". Choose column 3 if you are of opinion that the change driver should be included in the syllabi of management accounting students.

\* Change drivers are considered the factors driving the key tasks of a management accountant.

		Not important	Important	Very important
		1	2	3
1	Information technology			
2	Organisational restructuring			
3	New accounting software			
4	Customer-orientated initiatives			
5	New management styles			
6	E-commerce			
7	External reporting requirements			
8	Globalisation			
9	Core competency aims			
10	Takeovers and mergers			
11	Quality-orientated initiatives			
12	New accounting techniques			
13	External consultants' advice			
14	Production technologies			
15	Performance and bonus schemes			
16	Corporate Governance guidelines			
17	Brand and customer profitability			

15 List any other important change drivers that you think are applicable in your work environment.

.....  
 .....  
 .....

16 Do you think personal judgment is more important than quantitative methods when performing tasks that involve evaluations and estimations (eg. investment in new projects)?

1	Yes, very often and no knowledge of quantitative methods is required	
2	Yes, but quantitative methods are the underlying principle	
3	No, quantitative methods are important in most of the decisions	
4	No, quantitative methods are important in all of the decisions	

17 If you answered yes to question 16, what is the main reason:

1	Time in which the decision should be made	
2	Lack of understanding of theory by practitioners	
3	Theory fails to address the reality faced by practitioners	
4	Insufficient information available	
5	Other reasons	

18 How appropriate do you think your management accounting education is in your work environment?

1	Not appropriate at all
2	Appropriate in some areas
3	Appropriate in many areas
4	Very appropriate

19 If you selected option 1 or 2 in question 18, please give your opinion as to how educators can improve the management accounting education to add more value in your work environment.

.....  
 .....  
 .....

20 Do you think, given the current business environment, that a management accountant can add value to an organisation?

1	Yes
2	No

21 If you answered yes to question 20, give the most important areas where you think a management accountant could add value to an organisation.

.....  
 .....  
 .....

22 If you were to employ an employee in a typical management accounting environment, would you employ a ...

1	Chartered Accountant
2	Chartered Management Accountant
3	B.Comm (Management Accounting) graduate
4	B.Comm graduate
5	Non graduate, but with applicable experience

23 Please give additional comments regarding management accounting education in South Africa below.

.....  
 .....  
 .....

## **Appendix 3**

### **Management Accounting – Business Strategy**

#### **Syllabus overview**

The syllabus emphasises both the importance of the organisation's environment and the role of the Chartered Management Accountant in setting and evaluating strategic options. Differing approaches to strategy are presented as a response to the need to fulfil objectives.

The Chartered Management Accountant can play a major role in enhancing understanding of the relative importance of competitive forces and influences. Once this framework is established, the relative position of the organisation within this setting can be attempted. Then follows the assessment of possible actions to enhance performance within this context, some steps having an external focus (for example, branding and supply chain partnerships), others an internal focus. The question of where the organisation's boundaries should be set is also considered.

The Chartered Management Accountant is a key player in the implementation of strategic plans.

Different approaches to performance measurement are considered, and the inherent problems in measuring a complex organisation are raised.

#### **Aims**

This syllabus aims to test the student's ability to:

- evaluate different approaches to strategy formulation;
- evaluate the environmental influences on the organisation and evaluate its position;
- evaluate the role of management accounting techniques in a changing business environment;
- evaluate strategic options and make appropriate recommendations;
- evaluate performance measurement systems for an organisation.

#### **Assessment**

There will be a written paper of three hours. There will be two sections: Section A will have a compulsory question based upon a scenario up to a maximum of 50 marks; Section B will contain a choice of questions, normally two from four.

### **Learning outcomes and syllabus content**

#### **12(i) Setting objectives – 10%**

##### **Learning outcomes**

On completion of their studies students should be able to:

- identify the importance of objectives and objective-setting;
- evaluate and contrast differing corporate frameworks and objectives;
- evaluate an organisation's mission, goals and aims and recommend appropriate changes;
- evaluate different approaches to strategy formulation and recommend the most appropriate approach.

### **Syllabus content**

- The importance of developing achievable objectives for the organisation.
- Competing objectives for the organisation: profit motive, short-term and long-term, sustainable growth, stakeholders and social responsibility. The objectives of not-for-profit organisations are also considered.
- Formulating the organisation's mission, goals, aims and critical success factors.
- The rational model of strategy formulation.
- Other less-formal approaches to strategy formulation, including incrementalism and emergent approaches.

### **12(ii) Appraising the environment – 25%**

#### **Learning outcomes**

On completion of their studies students should be able to:

- evaluate the competitive forces in the marketplace;
- evaluate the importance of international issues, including competition, management and regulation;
- explain the role and activities of pressure groups;
- evaluate the availability and quality of data for environmental analysis;
- analyse and evaluate the organisation's customer portfolio;
- prepare and evaluate competitor analysis;
- evaluate relationships with customers and suppliers and recommend appropriate changes or improvements.

#### **Syllabus content**

- The importance of relating the organisation to its environment when assessing its competitive position, and consideration of the level of uncertainty and risks that the organisation faces.
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- The importance of relating the organisation to its environment when assessing its competitive position, and consideration of the level of uncertainty and risks that the organisation faces.
- Classifying and assessing the changing national and international influences on the organisation, carefully using appropriate models and techniques (for example PEST). This would include such issues as EU regulation, WTO agreements and trade cycles.
- The influence of industry forces in the marketplace (for example, Porter's five-forces model).
- International factors affecting the marketplace: country advantages and global factors.
- The role and activities of interest groups and pressure groups (for example, self-interest groups, such as industry associations, as well as environmental and ethical pressure groups). This topic is concerned with the recognition of additional stakeholders.
- The availability and quality of data and information for environmental analysis. This includes the need for Internet and database interrogation.
- The customer portfolio: customer analysis and behaviour, including the marketing audit and customer profitability analysis, as well as customer retention and loyalty. The concept of relationship marketing.
- The importance of relationships with customers and suppliers, adversarial relationships or partnerships in the supply chain.
- The implications of the above for the Chartered Management Accountant and the management accounting information system.

### **12(iii) Position appraisal and analysis – 25%**

#### **Learning outcomes**

On completion of their studies students should be able to:

- evaluate the strengths, weaknesses, opportunities and threats of an organisation;
- evaluate and produce a comprehensive review of performance, resources and capabilities;
- evaluate the product portfolio of the organisation and advise an appropriate action;
- produce a benchmarking exercise and evaluate the outcomes;
- identify and evaluate an organisation's value chain and the accounting implications thereof;
- evaluate the impact of the external environment on and the strategic objectives of an organisation;
- identify the position of organisational boundaries.

#### **Syllabus content**

- The current state of the organisation and its advantages and disadvantages (for example, SWOT analysis).
- Auditing an organisation's resources: considering intangible resources, products, services, people, structure, finance, stakeholder relations and systems.
- The product portfolio, product life cycle and BCG analysis.
- Benchmarking performance with bestpractice organisations.
- Value chain analysis and the implications for the organisation and the accounting system.

### **12(iv) Evaluating strategic options – 25%**

#### **Learning outcomes**

On completion of their studies students should be able to:

- identify and evaluate an organisation's planning gap;
- evaluate and recommend growth and divestment strategies;
- evaluate and recommend response strategies to competitors' actions;
- prepare and evaluate strategic scenario plans;
- evaluate and recommend appropriate changes in organisational structure;
- identify and evaluate approaches to the design and operation of the management accountingsystems;
- apply investment techniques to marketing and strategy decisions.

#### **Syllabus content**

- The importance of the planning gap and the use of scenario planning.
- Competitor analysis, including generic competitive strategies, product-market strategies (Ansoff) and competitor response profiles.
- Branding and brand-switching strategies.
- Advantages and disadvantages of different methods of growth, including international acquisitions. The evaluation of growth strategies.
- Divestment strategies and demergers and the evaluation of such actions.
- The development and evaluation of response strategies to the actions of competitive forces (for example, competitor price changes).
- The implications for the internal organisation of the entity of the environment and corporate objectives.
- Alternative forms of organisation (core and non-core activities) and the effects of changes in technology (for example, homeworking) and the labour market (flexible employment relationships).
- The application of business process re-engineering and the need for customer

- responsiveness.
- The role of management accounting and information systems in supporting management and the appropriateness of management accounting techniques for alternative organisational structures and philosophies.
  - The concept and design of a strategic management accounting information system to assist strategy formulation, implementation and control.
  - The use of investment appraisal techniques in marketing and strategy selection: for example, volume-enhancing marketing spends and decay-reducing marketing spends.
  - The basics of transaction cost analysis and the implications for the location of assets, knowledge, people and activities inside or outside the organisation.
  - Contracting and outsourcing decisions and their financial effects.
  - The potential problems and advantages in contracting out the finance function as a whole or of some elements of the function.
  - The implications of the above for the Chartered Management Accountant and the management accounting information system.

## **12(v) Implementing and controlling plans – 15%**

### **Learning outcomes**

On completion of their studies students should be able to:

- evaluate and recommend appropriate control measures;
- evaluate and produce multidimensional models of performance measurement;
- discuss the effect of regulation on performance;
- evaluate the use of shareholder value analysis;
- identify problems in performance measurement and recommend solutions;
- evaluate performance from different time and stakeholder perspectives.

### **Syllabus content**

- The problem of assessing strategic performance; the use of profit and cash measures, and the concept of appropriate measures for an industry contingent on environmental factors.
- Non-financial measures and their interaction with financial measures. Consider the need for ethical and environmental measures.
- Multidimensional models of performance: including the balanced scorecard, the results and determinants framework (six-dimensional performance matrix) and the performance pyramid.
- The effect of regulation, both voluntary and legal, on corporate performance.
- The achieving of success for the shareholder; shareholder value analysis and value drivers. The strategic use of shareholder value analysis in resource allocation and rebalancing the portfolio.
- Strategic business unit performance: transfer pricing, reward systems and agency theory.
- The appraisal and comparison of international subsidiaries.
- Short- versus long-term achievement: research and development, changing technology, outsourcing and capital investment.

## **Management Accounting Case Study**

### **Aim**

The Case Study aims to test the student's ability to:

- apply strategic management accounting techniques to make and support decisions within a simulated business context.

### **Rationale**

This paper represents a new approach to assessment for CIMA. Previously, papers at the Final Stage have used scenarios and mini case studies, but still within the context of a specific syllabus for that subject. The syllabus content for this paper will be that for the other Final level papers, and will draw upon material already covered in the previous levels. The aim of the case study is to integrate the material covered to date, particularly the Final level papers.

The emphasis will be on testing the higher level skills of synthesis, analysis and evaluation, and recognises that the Chartered Management Accountant's skill in presenting and communicating information to users is of prime importance. The other three papers at the final level each have a specific syllabus content and will normally deal with that content within a specific context. The Case Study will require the student to deal with material in less structured situations and to integrate a variety of tools in arriving at a recommended solution. It is obvious that it is unlikely that there will be a single right answer to a complex business problem, and students will be expected to recognise the possible alternatives in dealing with a problem. The processes that students undertake in arriving at potential solutions are viewed as being more important than the recommendations.

### **Learning outcomes**

Students will be required to go through these stages to prepare for, and to answer, the case:

#### **Preparatory to the exam**

- analyse and identify the current position of an organisation.
- analyse and identify the relevant problems facing an organisation.

#### **Case Exam**

- appraise possible feasible courses of action available;
- evaluate and then choose specific proposals;
- identify and evaluate priorities related to the proposals;
- prepare and present information in a format suitable for presentation to senior management.

## **Assessment**

There will be a three-hour written paper with a limited number of questions. They will normally be answered using the form of a report, presentation or letter/memo to a variety of users. The questions will be based upon a case study issued in advance of the exam. There will be sufficient time before the exam to allow the student to undertake preparatory analysis. Further information regarding the case will be added as part of the exam paper. As a guide to the volume of material within the case, it is likely to be up to fifteen sides of A4 issued in advance of the exam and up to five sides of A4 contained within the exam paper. It should be noted again that questions will test the processes undertaken by students in dealing with the problems identified in the exam and their ability to present and communicate information. It is unlikely that preparing very detailed notes, including cramming knowledge, before the exam will be of benefit. Students should use the preparation time to become familiar with the case.

## **Management Accounting – Financial Strategy**

### **Syllabus review**

Following a review of this syllabus CIMA has introduced some changes which will be assessed for the first time in **May 2004**.

### **Syllabus overview**

This syllabus explores financial management from domestic and international perspectives. It builds on material covered in the Finance and Management Accounting Decision Making papers at Intermediate level.

The risk management section of the paper introduces entirely new material not seen in previous papers. The other three sections of the syllabus represent developments of material introduced in earlier papers, including knowledge of ratio analysis, WACC and other financial management techniques and knowledge. The ability to identify and analyse appropriate performance measures and ratios underpins this syllabus.

### **Aims**

This syllabus aims to test the student's ability to:

- evaluate and interpret the financial implications of strategies;
- calculate, evaluate and recommend the value of an organisation;
- interpret the risks facing an organisation and recommend risk-management strategies;
- evaluate advanced investment proposals.

### **Assessment**

There will be a written paper of three hours. Section A will contain a compulsory question worth 50 marks, based upon a scenario. Section B will contain a choice of questions, normally two from four.

All learning outcomes may be tested in each section.

Formulae will be given as required.

### **Learning outcomes and syllabus content**

#### **13(i) The formulation and achievement of financial objectives and strategy - 25%**

##### **Learning outcomes**

On completion of their studies students should be able to:

- identify appropriate actions for improving financial performance;
- evaluate the attainment of financial and non-financial objectives;
- analyse and interpret company accounts and available information of relevant stakeholders;
- identify and interpret the impact of internal and external constraints on financial strategy (for example funding, regulatory bodies, investor relations, strategy, and economic factors).

### Syllabus content

- Financial and non-financial objectives; planning, evaluating and controlling an organisation's objectives; evaluating the effect of actual or forecast changes in major economic forces on both the setting and achievement of objectives.
- The impact of financial obligations on achieving financial objectives (for example redeemable debt, earn out arrangements, potential liabilities, long term commitments including Public / Private partnerships, such as the Private Finance Initiative in the UK).
- The impact of regulation on developing strategy (for example, regulation by competition authorities, pricing and services agencies such as OFTEL, OFWAT and takeover regulation).  
Note: Detailed knowledge of the City Code for Takeovers and Mergers will not be tested.
- Domestic and international working capital management strategies. Note: Detailed testing of stock management models will not be set, since these were covered in the Finance paper.
- Forecast financial statements (profit and loss account, balance sheet and cash flow) based on expected changes in base data or previous forecasts (for example changes in inflation, volume, margins and probabilities and expected values). (Note: presentation of these statements need not be in published account format.) Detailed testing of cash management models will not be set, since these were covered in the IFIN syllabus.
- Policies for distribution of earnings: for example, dividends, share repurchase. Note: theory of dividend irrelevance will not be tested.

### 13(ii) Business valuations - 25%

#### Learning outcomes

On completion of their studies students should be able to:

- calculate values of organisations of different types, for example, service, capital-intensive;
- assess and evaluate the strengths and weaknesses of the various methods of valuing a business;
- identify and calculate the value of intangible assets in an organisation (including intellectual capital);
- identify and evaluate the financial and strategic implications of proposals for mergers, acquisitions, demergers and divestments;
- compare, contrast and recommend settlement methods and terms;
- evaluate post-merger value enhancement strategies and calculate post merger values of companies;
- evaluate exit strategies for major investors.

#### Syllabus content

- Various methods for valuing a business (for example asset basis; earnings bases, such as P/E multiples, earnings yield; cash flow valuation bases such as discounted cash flow, dividend yield, dividend growth model; and other valuation bases such as earn out arrangements or super profits methods). (Note: the bases for valuing assets include historic, replacement and realisable asset.)
- The efficient-market hypothesis (EMH) and its application to business valuations.

- Approaches of the various valuation bases to the issue of new equity, including the valuation of the company prior to flotation.
- Cost of capital as required in the valuation process.
- The impact of changing capital structures on the market value of a company will be tested using the formula  $V_g = V_u + TB$ . An understanding of the principles of Modigliani and Miller's theory of gearing with and without tax will be expected, but no proof of their theory will be examined (by which we mean arbitrage).
- The different forms of intellectual capital and the methods of valuation.
- The priorities of different stakeholders in the merger or company valuation process.
- The reasons for acquisitions (for example synergistic benefits, removing competition).
- Different payment methods (for example cash, shares, convertibles, earn-out arrangements).
- The integration process following a takeover, for example transferring management, merging systems and the impact of the merger on post-merger values.
- Post-merger value enhancement strategies.
- The function/role of management buyouts, providers of private equity and venture capitalists.
- Exit strategies for major investors, for example flotation of company (if currently unlisted), sale of shares on a stock exchange (if listed), private sale of shareholding to a third party.

### **13(iii) Risk management - 25%**

#### **Learning outcomes**

On completion of their studies students should be able to:

- identify the sources of risk facing a company;
- interpret the financial impact of the various risks facing an organisation and evaluate risk management strategies;
- demonstrate how and when to convert fixed to floating rate interest;
- calculate the impact of differential national inflation rates on forecasting exchange rates;
- explain exchange rate theory.

#### **Syllabus content**

- Management of risk : transaction, translation, economic, political/cultural and commercial risks, including fraud.
- The principle of diversifying risk (no numerical calculations required).
- Interest rate parity, purchasing power parity and the Fisher effect.
- Forward contracts and money market hedges. Numerical questions will be set including the need to be able to use cross-rates.
- Currency futures and options, including tick values. Numerical questions including tick values but ignoring basis risk will be set. The Black-Scholes option pricing model will not be tested numerically - however, an understanding of the variables, which will influence the value of an option, should be appreciated.
- Internal hedging techniques, for example netting and matching.
- Currency swaps. Calculations to illustrate a currency swap may be set
- Management of interest rate risk, including the use of forward rate agreements, futures and interest rate guarantees; interest options and the use of interest rate swaps. (Note: caps, collars and floors are included in interest rate options.)

Calculations may be required to illustrate all these interest rate management techniques.

### **13(iv) Advanced investment appraisal – 25%**

#### **Learning outcomes**

On completion of their studies students should be able to:

- evaluate investment proposals (domestic and international);
- recommend methods of funding investments;
- interpret the impact of changing exchange rates and inflation rates on the investment;
- calculate and interpret real options (abandonment, follow-on, deferment);
- calculate the tax shield of debt finance on an investment;
- identify and describe procedures for the control of international investments;
- recommend investment decisions when capital is rationed.

#### **Syllabus content**

- Net present value and internal rate of return calculated by either converting the foreign currency cash flows into sterling and discounting at an appropriate sterling discount rate, or discounting the cash flows in the host country's currency using an adjusted discount rate.
- Capital asset pricing model (CAPM). The ability to gear and ungear betas will be tested
- Candidates will not be asked to calculate a beta value from raw data using regression or other methods.
- Sources of long-term finance, including the benefits of finance drawn from the foreign environment, *for example* Euro currency and Eurodebt markets.
- Adjusted present value (APV). The two-step method of APV will be tested for debt introduced permanently and debt in place for the duration of the project.
- Risk adjustment using the certainty equivalent method when given a risk-free rate and certainty equivalent values.
- Capital investment real options, by which we mean the option to make follow-on investment, the option to abandon and the option to wait.
- The effect of taxation, including differential tax rates and double tax relief.
- The effect of restrictions on remittances.
- Post completion audit and other controls of investments in long term domestic and international capital projects; procedural controls and project management.
- Single-period capital rationing for divisible and non-divisible projects. Multi-period capital rationing will not be tested.

## **Management Accounting – Information Strategy**

### **Syllabus overview**

This syllabus is concerned with the strategic importance of information to organisations in the current and future business environment. It recognises that, although many organisations employ IT professionals, Chartered Management Accountants have a key role to play in the provision of information that adds significant value to the ever-increasing volume of data that is available.

### **Aims**

This syllabus aims to test the student's ability to:

- identify how information supports business strategy;
- evaluate the use of IS/IT to improve the competitiveness of an organisation;
- prepare a coherent plan to manage information;
- identify the ways in which IS/IT is changing the nature and structure of the working environment.

### **Assessment**

There will be a written paper of three hours. Section A will contain a compulsory question up to a maximum of 50 marks, based upon a scenario. Section B will contain a choice of questions, normally two from four.

### **Learning outcomes and syllabus content**

#### **14(i) Strategic information management – 25%**

##### **Learning outcomes**

On completion of their studies students should be able to:

- evaluate the use of information as a key resource in different organisational contexts;
- evaluate information and information systems;
- evaluate appropriate channels of communication available;
- evaluate and advise managers in the development of knowledge-management strategy;
- identify and evaluate the various support systems available for the management of knowledge;
- evaluate the impact of electronic commerce on the way business is conducted and recommend an appropriate strategy.

##### **Syllabus content**

- Typical information requirements of organisations operating in different sectors such as manufacturing, service and the public sector, as well as non-profit-making organisations such as charities.
- Chief reasons why information is important for organisations.
- Process of cost-benefit analysis and how to assess the value of information.
- Characteristics of information at all levels of the organisation.
- Use of qualitative information by organisations in planning, control and performance monitoring.
- Typical methods of data collection in various business sectors (for example, bar codes and scanners in retailing).
- Various IT systems that deliver information to different levels in the organisation (for

example transaction processing, decision support and executive information systems).

- Potential benefits and drawbacks of Internet use by organisations for activities such as data collection and dissemination of information (including the security issues to be borne in mind), as well as the concept of intranets and their use by organisations in information management.
- Concept of electronic commerce and the potential impact it has on the business strategy.
- Concept of knowledge management and why it is seen as a key element of an organisation's success.
- Use of databases and planning models in assisting the strategic planning process (for example external databases, economic models, forecasting and modelling packages/applications).

#### **14(ii) Strategic dimension – using IS/IT competitively – 35%**

##### **Learning outcomes**

On completion of their studies students should be able to:

- identify and evaluate appropriate IS/IT systems and recommend changes to meet the strategic information needs of an organisation;
- evaluate the use of IS/IT to gain competitive advantage, and recommend appropriate strategies;
- evaluate the importance of process innovation and re-engineering;
- evaluate the strategic benefits of IT and advise managers on the development of an IS/IT/IM strategy.

##### **Syllabus content**

- Why an organisation needs an IS/IT strategy which is complementary to the organisation strategy.
- How organisations can compete through better use of information as opposed to technology: for example, using a database to identify potential customers or market segments as opposed to creating a barrier to entry through investment in IT.
- The link between IS/IT and business strategies and how one supports the other while at the same time, potentially using IT as the key element of the competitive strategy.
- The way IT can impact upon an industry by utilising frameworks such as Porter's five forces and value chain, and how organisations can use IT to enhance competitive position.
- How CSFs link to performance indicators and corporate strategy and how they can be used to drive the information needs in the organisation.
- The strategic business use of the Internet and WWW in terms of marketing and sales activities, and utilising technology to provide enhanced value to customers and suppliers.
- Use the applications portfolio to improve IS/IT strategy (McFarlan).
- Data warehousing and data mining as tools for managing data and the likely benefits that can be gained from their use, together with the implications of data warehousing.
- The concept of business integration – links between strategy, people, technology and operations in determining the role of IS/IT.
- The role of IT in innovation and business process engineering.
- The strategic case for IT investment, particularly where benefits and value of information are difficult to quantify with any degree of reliability.

### **14(iii) Planning and implementation of IS/IT strategies – 25%**

#### **Learning outcomes**

On completion of their studies students should be able to:

- analyse the contents of IS, IT and IM strategies, and recommend improvements thereto;
- evaluate the organisation of the IS/IT function within a given organisation;
- recommend strategies for achieving the integration of technical and business staff;
- evaluate and recommend strategies for managing change in an IT context.

#### **Syllabus content**

- The purpose and content of IS, IT and IM strategies.
- How to develop a plan and implement the various strategies in a positive way.
- The potential ways of organising the IT function, involving the use of steering committees, support centres for advice and help-desk facilities, end-user participation.
- The argument for and against outsourcing.
- The criteria for selecting outsourcing/facilities management partners and for managing ongoing relationships, service-level agreements, discontinuation/change of supplier, handover considerations.

### **14(iv) The social and organisational impact of IS/IT – 15%**

#### **Learning outcomes**

On completion of their studies students should be able to:

- identify and recommend new working patterns to improve a given situation;
- identify and evaluate the impact of developments in telecommunications;
- recommend ways of achieving co-ordination of activities via IS/IT in a decentralised organisation;
- explain and interpret the concept of human information processors;
- evaluate the use of 'intelligent agents' software;
- identify and evaluate the cultural dimensions of IT acceptance.

#### **Syllabus content**

- The way IS/IT is changing the method of working and the increase in the knowledge content of many jobs.
- The organisational impact of technology, its implications for structure and working relationships, and how individuals may be faced with a role change.
- The human information processor and the implications of providing a user-friendly interface to gain maximum benefits while minimising the potential drawbacks, such as physical and emotional effects, providing the right volume of information, easy retrieval and storage facilities, and merging sources of information reaching individuals so that they become a manageable number.
- How intelligent agent software can be applied to monitor an individual's use of a system and learn what the user's day-to-day information needs are.
- The growing awareness of remote working and the implications for the individual and the organisation.
- The impact of IS/IT on the social aspect of the organisation and implications for organisational culture.
- The management of change and potential staff reactions, particularly in respect of actual or perceived role changes.

## Appendix 4

### SAICA Management accounting syllabus

#### MANAGERIAL ACCOUNTING

Managerial accounting utilises cost and other relevant data for the purposes of planning, control and decision making. As managerial accounting and planning and control are so closely interrelated that it is difficult to differentiate between the two areas, no attempt is made to distinguish between them in this syllabus. Costing is concerned with the process of ascertaining the cost of products or services for use in managerial and stewardship accounting.

There continues to be much criticism of the state of managerial accounting worldwide. One reason for this is that distortions are imposed by external financial requirements. The syllabus attempts to avoid these distortions by focusing on the information required by management decision-makers. The curriculum confines the environment to manufacturing, service and retail organisation. In particular, a greater emphasis on management of the business by recording, evaluating and interpreting costs, rather than the more narrow emphasis on control of costs is adopted. Attention must also be paid to the advances in manufacturing and information technology and the impact that these advances have on conventional approaches to the practice of management accounting.

#### Aims

- *Cost management:* To gain an understanding of costing concepts and their application in the design, implementation and operation of costing systems.
- *Planning and control:* To develop the ability to devise appropriate indicators of performance, to measure and evaluate management performance and provide information for management control.
- *Decision making:* To develop the ability to identify relevant information and provide information for decision making and system design.

#### Objectives

Candidates should be able to do the following:

- Design and evaluate costing systems appropriate for various types of organisations and processes;
- Calculate, record and report information necessary for effective cost management;
- Apply cost management techniques which achieve the strategic objectives of the business;
- Advise on the issues and principles of control centres; and
- Build and manipulate simple financial models and test assumptions.
- Provide appropriate information for decision making.

**Topics**

**Nature of costs**

- Costs classification
- Cost behaviour
- Cost-volume-profit analysis
- Cost estimation
  - \*\* High-low
  - \*\* Regression
- Cost objects
  - \*\* Product
  - \*\* Function
  - \*\* Process
  - \*\* Activity
  - \*\* Department
  - \*\* Service
  - \*\* Customer

***Costing and cost management: Material***

- Recording material costs (direct and related)
- Bases of inventory valuation
  - \*\* FIFO
  - \*\* Weighted average
  - \*\* Standard cost
  - \*\* Specific identification

***Costing and cost management : Labour***

- Recording labour costs
- Bases of assigning costs
- Time
- Piece
- Management of labour costs
- Learning and experience curves

***Costing and cost management: Overheads***

- Recording overhead costs
- Bases of assigning overheads to cost objects
  - \*\* Absorption vs variable costing
  - \*\* Traditional volume bases measures
  - \*\* Cost drivers and activity-bases costs

***Management accounting information systems***

- Types of costing systems
  - \*\* Job costing systems
  - \*\* Process costing systems
  - \*\* Joint and by-products
  - \*\* Scrap, waste and rejects

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**Topics**

***Decision-making***

- Criteria for relevant information
- Application to decisions
  - \*\* Pricing
    - \*\*\* Cost based
    - \*\*\* Target costing
  - \*\* Capacity utilisation
    - \*\*\* Special order
    - \*\*\* Make or buy
    - \*\*\* Product mix
    - \*\*\* Theory of constraints
    - \*\*\* Sell or process
  - \*\* Product line decisions
  - \*\* Adding/dropping parts of operation
- Short-term vs long-term implications

***Planning and control***

- Corporate strategy and long-term planning
- Budgeting
  - \*\* Responsibility centres
  - \*\* Master, capital, cash and subsidiary budget
  - \*\* Fixed and flexible budgeting
  - \*\* Zero-base budgeting
  - \*\* Activity-based budgeting
- Activity-based management
- Total quality management
- JIT
- ERP

***Standard costing***

- Design of standard costing systems
- Variance analysis
- Reporting on variance analysis
- Reconciliation of budget to actual
- Investigation of variances
- Pro-rating of variances and compliance with AC108

***Performance management***

- Performance measurement of managers and/or decentralised units
- Transfer pricing
- Non-financial performance measures
- Balanced scorecard
- Benchmarking

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