



The
Insurance Institute
Of Ireland

PROMOTING PROFESSIONALISM SINCE 1885

MDM – INFORMATION FOR MANAGEMENT DECISION MAKING

SYLLABUS 2008

Introduction:

This module introduces candidates to the techniques of management accounting and gives them an appreciation of the information required by management to make informed decisions. The primary objective of this module is to equip candidates with the financial techniques used by businesses to make decisions. It introduces the cost concepts – nature of costs and purpose of cost accumulation, cost allocation and cost management techniques. The candidates are introduced to Cost Volume-Profit analysis and shown how to use the model in arriving at decisions. The module will also address the issue of budgetary planning and control, showing how subsidiary budgets can be used to build over all budgets to control and plan across the business. Finally the module will deal with techniques used by business for investment appraisal.

Indicative Learning Outcomes:

On completion of this module students should be able to:

- Demonstrate an understanding of the nature purpose and origins of management and cost accounting
- Classify costs and describe the nature and purpose of cost accumulation
- Identify production and non-production costs and period versus product costs
- Describe how costs are accumulated for product costing and pricing
- Explain the role of costs in pricing decisions
- Demonstrate how the Cost Volume- Profit Analysis model works
- Calculate break-even points, margins of safety and contribution margins
- Question the usefulness of the model
- Explain the use of budgets in planning and control
- Demonstrate the budgetary process – indicating how subsidiary budgets contribute to a master budget.
- Prepare budget from financial, production and sales information
- Demonstrate how budgets can be used to evaluate effectiveness and efficiency of a business process
- Apply investment appraisal techniques to identify, from alternative investments the one which best fulfils the firms objective of maximising profits
- Demonstrate an ability to explain and use the Pay back method

- Demonstrate an ability to explain and use the accounting rate of return method
- Demonstrate an ability to explain and use the Discounted Cash flow method, Time Value of money, Cost of Capital & Weighted Cost of Capital, Net Present Value (NPV) and Internal Rate of Return (IRR)

Syllabus Outline (this is a summary of the syllabus and not a full statement of content):

- Builds on An Introduction to Accounting Information (a prerequisite)
- Management Accounting
- Techniques for use in Decision Making
- Costs and their Management
- Cost / Value / Profit
- Budgeting, Planning & Control
- Investment Appraisal