

University of the Punjab

Course outline

Associated Degree in Commerce (Specialization in Accounting & Finance)

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| Semester | 3 | | |
| Course Name | Management Accounting | | |
| Course Code | ADC 406 | | |
| Credit Hours | 3 | | |
| Prerequisites | <ul style="list-style-type: none"> • Cost accounting | | |
| Follow Up | <ul style="list-style-type: none"> • Performance management | | |
| Objectives to achieve | <p>To provide the students with an in-depth knowledge of Management Accounting to enable them to apply its methods and techniques for preparing and presenting information for management decision-making and control purposes. Formulation of strategic plan for achieving efficiency and effectiveness in business operation is also the focus of this course. On completion of this course, the students will be able to:</p> <ul style="list-style-type: none"> • Discuss the role of management accounting and quantitative analysis within the organization. • Apply management accounting techniques in Planning, control and decision making situations. • Illustrate and evaluate absorption and marginal costing methods for decision making and use them in various decision-making situations. • Identify, discuss and implement a range of product pricing methods applicable in particular operating situations. • Prepare and evaluate plans, budgets and forecasts. | | |
| Teaching Strategies | <p>e.g.</p> <ol style="list-style-type: none"> Lectures Group discussions Class-room presentations and Quizzes Audio-video based E-learning | | |
| Assessment Criteria | Mid-term (Assessment by respective College) | | Final Examination (Assessment by University of the Punjab) |
| | 40 % | | 60 % |
| | Quizzes, Assignment and Presentations, Attendance, Class Participation. | Written Paper | Written Paper |

Corse Outline- Management Accounting

| Week | Contents | Learning Outcomes |
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| 1 | <ul style="list-style-type: none"> ➤ Introduction of Management Accounting ➤ Revision of Types of Cost | <ul style="list-style-type: none"> • Difference between Financial Accounting and Cost Accounting • Difference between cost and management accounting • Elements of cost • Classification and behaviour of various types of cost • Describe Variable, Fixed, Mixed, Step up, incremental Fixed, historic direct, indirect and other types of costs with examples |
| 2 | <ul style="list-style-type: none"> ➤ Standard Costing | <ul style="list-style-type: none"> • Explain the concept of standard costing its importance. • Identify and calculate standard costs • Prepare and interpret Flexed Budget • Merits and Demerits of standard costing |
| 3 | <ul style="list-style-type: none"> ➤ Gross Profit Analysis | <ul style="list-style-type: none"> • Factors affecting Gross Profit • Various variances related to Gross Profit • Ways of improving gross profit |
| 4 | <ul style="list-style-type: none"> ➤ Marginal and Absorption Costing | <ul style="list-style-type: none"> • Meaning and introduction of marginal and absorption costing • Calculation of costs using marginal and absorption costing methods |
| 5-6 | <ul style="list-style-type: none"> ➤ Cost Volume Profit (CVP) Analysis | <ul style="list-style-type: none"> • Explain the concept, need and importance of CVP analysis • Calculate and interpret the following: <ul style="list-style-type: none"> ○ Breakeven Units ○ C/S ratio ○ Breakeven Revenue ○ Target Profit ○ Margin of safety units |

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| | | <ul style="list-style-type: none"> ○ Margin of safety revenue • Prepare and Interpret Breakeven chart • Prepare and Interpret Profit-Volume chart |
| 7 | ➤ Activity Based Costing | <ul style="list-style-type: none"> • Introduction, need, importance and drawbacks of activity based costing • Describe various types of cost drivers • Calculate per unit/driver cost using ABC costing |
| 8 | ➤ Job order and Batch costing | <ul style="list-style-type: none"> • Describe the meaning and need for job order and batch costing • Explain the merits and demerits of job order and batch costing • Calculate costs of Jobs and batches and interpret them • |
| 9 | ➤ Joint and by-product costing | <ul style="list-style-type: none"> • Explain the concept of by-products and joint products and distinguish them from each other • Calculate by-product costs by using additional revenue method, deduction from CGS method, reversal cost method, marketing cost method and replacement cost method • Calculate and allocate joint product costs by using Physical measures method, split-off method, net realization method and constant gross profit method |
| 10 | ➤ Budgeting | <ul style="list-style-type: none"> • Define the term budget and highlight the need and importance of making budgets • Explain different types of budgets including zero, incremental, rollover, top-down and bottom up approaches etc. • Explain the assumptions and limitations while choosing a budget type |

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| | | <ul style="list-style-type: none"> • Advantages and Disadvantages of each type of budget |
| 11 | ➤ Preparing Budgets | <ul style="list-style-type: none"> • Learn to prepare and interpret the following budgets: <ul style="list-style-type: none"> ○ Zero ○ Activity ○ Rolling • Changing of budget type during and after a budget period • Using High-low method for calculating budgeted costs • Use learning effect for calculating budgets |
| 12-13 | ➤ Variance Analysis | <ul style="list-style-type: none"> • Explain the meaning and reasons for budgetary variances • Calculate and interpret the following variances: <ul style="list-style-type: none"> ○ Material mix and Yield ○ Sales mix and quantity ○ Planning and operational • Explain the relationships, if any between the variances • Explain the causes of each of the above mentioned variances and identify the ways in which they can be reduced • Learn to revise budgets • Discuss the problems faced during variance analysis |
| 14-15 | ➤ Relevant Costing ➤ Shutdown decision | <ul style="list-style-type: none"> • Define the concept of Relevant cost and also describe its features • Examples of various relevant and irrelevant cost including the concept of Opportunity cost • Calculate relevant costs for various scenarios |

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| | <p>➤ Make or Buy Decision</p> | <ul style="list-style-type: none"> • Identify and calculate relevant costs used in analysing a shutdown decision • Explain the concept of outsourcing • Identify and calculate the relevant costs while deciding in a make or buy decision • Calculate manufacturing and outsourcing costs using relevant costing • Decide between outsourcing or manufacturing using quantitative as well as qualitative information |
| 16 | ➤ Revision | |
| Primary Recommended Book | <ol style="list-style-type: none"> 1. Matz., A.Usry, M.F. Cost Accounting. South-Western Publishing Company. 2. Colin Drury, Management and Cost accounting 3. F2 and F5, ACCA by Kaplan | |
| Additional Books | <ol style="list-style-type: none"> 1. Blocker & Weltner. Cost Accounting 2. Bruce,J.D., Dowd J, Duneau. G. Cost Accounting Problems and Exercises, McGraw-Hill, New York. 3. Ray. H. Garrison, Management accounting | |