



University of Management and Technology

School of Business and Economics

Course Title: Cost Accounting
Course Code: AC-300 / AC230
Resource Person:
Department: Finance

SBE Vision

SBE envisions its success in the sustainable contribution that it will make to the industry, academia and research in public and private sector. SBE will lead by providing professionally competent and ethically conscious human resources engaged in the global and local context to foster socio-economic growth and sustainability for the society. SBE envisages having faculty with high research potential and a deep desire for cutting edge research including collaboration with national and international partners.

SBE Mission

Being a research-oriented and student-centric business school, we emphasize research publications in impact journals as well as state-of-the-art learning methodologies. We will prepare our students to become the future ethical business leaders and the guiding post for the society, while equipping them with the knowledge and skills required by world-class professionals. We will be the leading choice for organizations seeking highly talented human resource. SBE will foster internationalization with key stakeholders and actively work to exchange best practices with business schools across Pakistan through collaborations, workshops, conferences and other means.

Program Objectives

Critical Thinking and Decision Making; Effective Communication Skills; Ethics and Sustainability; Core Business Knowledge and Competence; Effective Teamwork and Leadership Skills; Global Perspective (Internationalization).

Course Objectives

Cost Accounting is the “Process of identifying, measuring, accumulating, analyzing, preparing, interpreting and communicating information to help the managers to fulfil organizational objectives”. This course is designed to enable students to learn the management accounting techniques to achieve a level of proficiency sufficient to guide management for effective utilization of economic resources. This course capitalizes the accounting techniques and a method covered in the previous courses and develops a conceptual foundation for establishing a result – oriented mechanism of administrative controls. It also discusses the role of management in the financial reporting process, the impact of the accounting information system on management’s strategic decisions and explores the tools and concepts of cost management systems. The practices of accounting information systems are analyzed to determine their management implications.

Learning Objectives

- ⇒ To understand cost cutting vs. cost efficiency in international perspective
- ⇒ To develop and utilize accounting information for sustainable strategic decision-making.
- ⇒ To learn about ethical decision making process in the field of accounting and finance.
- ⇒ To determine patterns of cost behaviour including variable, fixed and semi-variable costs.
- ⇒ To learn about product costing methods like job order costing and process costing.
- ⇒ To analyze the effects of absorption costing and variable costing on various business decisions.

Learning Outcomes

By the end of the course students should be able to:

- ⇒ Understand the need and scope of managerial accounting within an organization.
- ⇒ Calculate production costs and interpret them for decision making purpose.
- ⇒ Recognize the basics of attaching products to services, activity based costing and process costing.
- ⇒ Define cost concepts, managerial accounting and the basics of cost volume profit analysis.
- ⇒ Understand joint allocation principles and develop decision making skills needed by managerial accountants.

Teaching Methodology (List methodologies used –example are given below)

The resource person shall explain and discuss a topic in accordance with course outline & students shall be asked to solve various exercises, problems & cases based on those discussions. Guidance in this respect will be provided by the instructor in and outside the class during counseling hours.

STUDENTS ARE REQUIRED TO READ AND UNDERSTAND ALL ITEMS OUTLINED IN THE PARTICIPANT HANDBOOK

Class Policy:-

- **Be On Time**

You need to be at class at the assigned time. After 10 minutes past the assigned time, you will be marked absent.

- **Mobile Policy**

TURN OFF YOUR MOBILE PHONE! It is unprofessional to be texting or otherwise.

- **Email Policy**

READ YOUR EMAILS! You are responsible if you miss a deadline because you did not read your email. Participants should regularly check their university emails accounts regularly and respond accordingly.

- **Class Attendance Policy**

A minimum of 80% attendance is required for a participant to be eligible to sit in the final examination. Being sick and going to weddings are absences and will not be counted as present. You have the opportunity to use 6 absences out of 30 classes. Participants with less than 80% of attendance in a course will be given grade 'F' (Fail) and will not be allowed to take end term exams. International students who will be leaving for visa during semester should not use any days off except for visa trip. Otherwise they could reach short attendance.

- **Withdraw Policy**

Students may withdraw from a course till the end of the 12th week of the semester. Consequently, grade W will be awarded to the student which shall have no impact on the calculation of the GPA of the student. A Student withdrawing after the 12th week shall be automatically awarded "F" grade which shall count in the GPA.

- **Moodle**

UMT -LMS (Moodle) is an Open Source Course Management System (CMS), also known as a learning Management System (LMS). Participants should regularly visit the course website on MOODLE Course Management system, and fully benefit from its capabilities. If you are facing any problem using moodle, visit <http://oit.umt.edu.pk/moodle>. For further query send your queries to moodle@umt.edu.pk

- **Harassment Policy**

Sexual or any other harassment is prohibited and is constituted as punishable offence. Sexual or any other harassment of any participant will not be tolerated. All actions categorized as sexual or any other harassment when done physically or verbally would also be considered as sexual harassment when done using electronic media such as computers, mobiles, internet, emails etc.

- **Use of Unfair Means/Honesty Policy**

Any participant found using unfair means or assisting another participant during a class test/quiz, assignments or examination would be liable to disciplinary action.

- **Plagiarism Policy**

All students are required to attach a “Turnitin” report on every assignment, big or small. Any student who attempts to bypass “Turnitin” will receive “F” grade which will count towards the CGPA. The participants submit the plagiarism report to the resource person with every assignment, report, project, thesis etc. If student attempts to cheat “Turnitin”, he/she will receive a second “F” that will count towards the CGPA. There are special rules on plagiarism for final reports etc. all outlined in your handbook.

- **Communication of Results**

The results of quizzes, midterms and assignments are communicated to the participants during the semester and answer books are returned to them. It is the responsibility of the course instructor to keep the participants informed about his/her progress during the semester. The course instructor will inform a participant at least one week before the final examination related to his or her performance in the course.

Course Outline

Course code: AC-300

Course title: Cost Accounting

Program	Synergy
Credit Hours	3
Duration	15 Weeks/30 sessions
Prerequisites (If any)	NA
Resource Person Name and Email	
Counseling Timing (Room#)	TBD
Contact no.	
Web Links:- (Face book, Linked In, Google Groups, Other platforms)	NA

Chairman/Director Programme signature.....Date.....

Dean's signature.....Date.....

Grade Evaluation Criteria

Following is the criteria for the distribution of marks to evaluate final grade in a semester.

Marks Evaluation	Marks in percentage
Quizzes	20 %
Assignments	10%
Mid Term	25 %
Class activities/ cases	10 %
Final exam	35%
Total	100 %

Recommended Text Books:

Managerial Accounting by Ronald Hilton (9th edition)

Reference Books:

Managerial Accounting by Ray H. Garrison, (Latest Edition)

Other Readings:

Management Accounting By Hansen / Moven (Fourth Edition)

No	Topics to be covered in the course	Learning Objective of this topic	Expected Outcomes from Students	Teaching Method	Assessment Criteria	Deadlines and Homework
1 2 3 4	<ul style="list-style-type: none"> ○ Differentiating Cost, Expense and Loss ○ Manufacturing costs, Direct and Indirect costs. ○ Fixed and Variable costs. ○ Product and period costs. ○ Flow of Manufacturing Cost ○ Cost of goods manufactured statement ○ Cost of goods sold statement ○ Income statement. 	.Comparison of Financial and Cost Accounting and the role of Controllers in Planning and organizing	After this lecture students should be well familiar with need and scope of cost accounting.	Lecture and Handouts	Assignment	Within a week
5	<ul style="list-style-type: none"> ○ Environmental Management Accounting (EMA) ○ Green Business: Measurement and Cost Accounting Tools ○ Environmental Management and Sustainable Accounting Procedures and Principles ○ Internationalization of cost accounting profession and education ○ Ethics in cost accounting profession 	Sustainability, Ethics and Internationalization of cost accounting.	After this lecture students should be well familiar with need and purpose of sustainable cost accounting practices.	Lecture and Case studies	Class Activity	Within a week
6 7	<ul style="list-style-type: none"> ○ Job Order Costing System ○ Job Order Costing in Service Organizations 	Major types of Product order costing systems.	After this lecture students should have	Lecture and Handouts	Class Activity +Assignment	Within a week

	<ul style="list-style-type: none"> ○ Job cost sheet ○ Batch Costing 		comprehensive knowledge of product order costing systems.			
8 9	<ul style="list-style-type: none"> ○ Cost accounting cycle ○ Journal entries and ledger accounts. 	Job order costing systems	After this lecture students should have comprehensive knowledge of job order costing systems.	Lecture and Problem sets	Class Activity + Assignment	Within a week
10 11	<ul style="list-style-type: none"> ○ Characteristics and Procedures of Process Costing ○ Product Flow ○ Procedures for Material, Labor and Overheads ○ Cost of production Report 	Detail review of product costing system.	Students should be able to prepare cost of production report.	Lecture and Problem sets	Quiz	Within a week
12 13	<ul style="list-style-type: none"> ○ Normal and Abnormal losses ○ Normal and Abnormal Gain ○ Beginning WIP (Weighted Average Method) 	Review of Process costing		Lecture and Problem sets	Assignment	Within a week
14 15	<ul style="list-style-type: none"> ○ Planned, Applied and Actual ○ Calculation of Applied Rates ○ Analysis of variance ○ Reasons of Variance ○ Controlling the Variance ○ Departmentalization and Responsibility Accounting ○ Producing and Service Departments ○ Direct and Indirect Departmental Expenses ○ Overhead Departmentalization for non-profit and non-manufacturing organizations 	Estimation of factory overhead.	Students should be able to understand different categories and nature of expenses on their relevant impact of departmental budgets.	Lecture and Problem sets	Quiz	Within a week

16	NA	NA	NA	NA	Mid-term Exam	Within a week
17 18	<ul style="list-style-type: none"> ○ Activity Based Costing ○ Overhead Activities ○ Cost Driver ○ Cost Pool ○ Comparing ABC with Conventional Methods 	Overhead Allocation	Students should have comprehensive knowledge of overhead allocation.	Lecture and Problem sets	Class Activity	Within a week
19 20 21	<ul style="list-style-type: none"> ○ Procedures for Material Procurement and Use ○ Materials Costing Methods ○ Costing Procedures for Scrap, Spoiled Goods and defective work ○ Managing inventory levels 	Inventory Management	After this lecture student should be able do inventory costing.	Lecture and Problem sets	Assignment	Within a week
22 23 24 25	<ul style="list-style-type: none"> ○ Human resource Accounting ○ Labour cost control ○ Procedure for labour costing, Overtime and Bonuses ○ Incentive wage plan ○ Labour related deduction ○ Recording labor cost ○ Direct costing and Contribution margin ○ Impact on Stock valuation under absorption and marginal costing 	Labour Costing	After this lecture student should be able dolabor costing.	Lecture and Problem sets	Quiz	Within a week
26 27	<ul style="list-style-type: none"> ○ Nature of Break-Even Analysis ○ Pricing and Profitability Decisions 	Cost volume profit Analysis	Students should be able to make effective financial decisions based on	Lecture and Problem sets	Quiz	Within a week

			cost volume profit analysis.			
28 29	<ul style="list-style-type: none"> ○ Nature of By-products ○ Methods of costing By-products ○ Methods of allocating the Joint Product Costs 	By-products and Joint Products Costing	Students should be able to do costing of By-products.	Lecture and Problem sets	Assignment	Within a week
30	Revision of the course	NA	NA	NA	NA	NA