



University of Management and Technology
School of Commerce and Accountancy
Quaid e Azam Campus

Course Outline

Course Title: Cost Accounting (AC-331)	
Program	B.Com (Hons)
Credits Hours	3
Duration	15 Weeks / 30 Sessions
Prerequisites	Principles of Accounting I (AC-101) Principles of Accounting II (AC-203)
Resource Person	
Contact/Email	

Course Description:

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 Develop and utilize accounting information for strategic decision-making.
- ⇒ To Learn about the 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.

Teaching-Learning Methodology:

- Lectures
- Recommended Text/Supplementary Texts
- Handouts
- Case Studies
- Skill Development Exercises
- Guest Speakers
- Industrial/Corporate Visits
- Project Report/Term Paper

Recommended Text Book:

1. Managerial Accounting

Latest Edition

By: Ray H. Garrison

Supplementary Text Books:

1. Management Accounting

Latest Edition

By: Hansen / Moven

Assessment & Evaluation:

Quizzes	15%
Assignments / Class Activity	20%
Mid Term	25%
<u>End Term Exam</u>	<u>40%</u>
Total:	100

SCHEDULE OF ACTIVITIES

Weeks	Contents / Topics to be Taught	Tasks / Activities
1	Need and Scope of Cost Accounting Comparison of Financial and Cost Accounting Role of Controllers in Planning and organizing Basic Cost Terms and Concepts: <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. 	Course Outlines Distribution
2-4	Flow of Manufacturing Cost: <ul style="list-style-type: none"> ✓ Cost of goods manufactured statement ✓ Cost of goods sold statement ✓ Income statement. ✓ Planned, Applied and Actual ✓ Calculation of Applied Rates 	Assignment # 1 Quiz # 1
5	Job Order Costing System: <ul style="list-style-type: none"> ✓ Cost accounting cycle ✓ Journal entries and ledger accounts 	
6-7	Process Costing: <ul style="list-style-type: none"> ✓ Characteristics and Procedures of Process Costing ✓ Product Flow ✓ Procedures for Material, Labour and Overheads ✓ Cost of production Report (Weighted Average Method) 	Assignment # 2 Quiz # 2
8	MID TERM	
9-10	Overhead Distribution: <ul style="list-style-type: none"> ✓ Activity Based Costing ✓ Overhead Activities ✓ Cost Driver ✓ Cost Pool ✓ Comparing ABC with Conventional Methods 	Assignment # 3

11	<p>Inventory Management:</p> <ul style="list-style-type: none"> ✓ Procedures for Material Procurement and Use ✓ Materials Costing Methods ✓ Managing inventory levels (Economic Order Quantity) 	Quiz # 3
12-13	<p>By-products and Joint Products Costing:</p> <ul style="list-style-type: none"> ✓ Nature of By-products ✓ Methods of costing By-products ✓ Methods of allocating the Joint Product Costs 	Quiz # 4
14-15	<p>Absorption Costing Vs. Variable Costing</p> <ul style="list-style-type: none"> ✓ Income statement under absorption costing ✓ Income statement under variable costing ✓ Reconciliation of profits 	Assignment # 4