



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

## Course Outline

<b>Course Title: Managerial Accounting</b> <b>(AC-380)</b>	
<b>Program</b>	<b>B.Com (Hons)</b>
<b>Credits Hours</b>	3
<b>Duration</b>	15 Weeks / 30 Sessions
<b>Prerequisites</b>	Cost Accounting (AC-331)
<b>Resource Person</b>	
<b>Contact/Email</b>	

**Course Description:**

Management 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 methods covered in the previous courses and develop a conceptual foundation for establishing a result oriented mechanism of administrative controls. This course surveys the types of control systems that can be instituted in different situations. It examines the planning, recording, reporting, analytical, and control processes, which generate information for management decisions in business organizations. 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**

After studying this course the participants should be able:

1. To develop and utilize accounting information for strategic decision-making.
2. To learn about the decision making process in the field of accounting and finance.
3. To determine patterns of cost behavior including variable, fixed and semi - variable costs.
4. To analyze the effects of absorption costing and variable costing on various business decisions.
5. To make and use budgets for control purposes.

**Teaching-Learning Methodology:**

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

### **Assessments and Evaluation**

All of the activities held during the session will be evaluated; the final grades for the course will be as follows:

Quizzes	15%
Assignments / Class Activities	20%
Mid-Term	25%
Final exam	40%
<b>Total</b>	<b>100%</b>

### **Recommended Books**

- Management Accounting (Latest Edition)  
By Ronald W. Hilton
- Managerial Accounting By Ray H. Garrison, (Latest Edition)

### **Reference Books**

- Management Accounting  
By Hansen / Mowen (6th Edition)
- Cost Accounting - Planning and Control  
By Matz & Usry (Latest Edition)

## SCHEDULE OF ACTIVITIES

Week	Contents/Topics to be Taught	Tasks/Activities
1	<b>Managerial Accounting: An Overview</b> <ul style="list-style-type: none"> <li>- Management Accounting process</li> <li>- The Changing Role of managerial accounting</li> <li>- Importance and purpose of managerial accounting</li> </ul>	Course Outline Distribution
2	<b>Basic Cost Terms and Concepts</b> <ul style="list-style-type: none"> <li>- Cost, expense and loss</li> <li>- Opportunity cost, differential cost, sunk cost</li> <li>- Out of pocket cost, imputed cost, relevant and irrelevant cost</li> <li>- Period cost and product cost</li> </ul>	
3	<b>Cost Behavior and Estimation</b> <ul style="list-style-type: none"> <li>- Fixed, variable and semi variable costs.</li> <li>- Using cost behavior pattern to predict costs.</li> <li>- High low method</li> <li>- Account classification method</li> </ul>	Quiz 1
4	<b>Activity Based Costing</b> <ul style="list-style-type: none"> <li>- Reasons for the development of ABC</li> <li>- Cost pools and Cost drivers</li> <li>- Pool rate</li> <li>- Outline of an ABC</li> <li>- Benefits of ABC System</li> </ul>	Assignment 1
5	<b>Marginal Vs Absorption Costing</b> <ul style="list-style-type: none"> <li>- Introduction to Marginal/ variable/ direct costing</li> <li>- Principles of Marginal costing</li> <li>- Marginal costing VS Absorption Costing</li> <li>- Product cost and period cost under both methods</li> <li>- Calculation of Profit under each method</li> <li>- Reconciliation of Profit</li> </ul>	Quiz 2
6	<b>Cost, Volume and Profit Analysis</b> <ul style="list-style-type: none"> <li>- Contribution margin and contribution margin ratio</li> <li>- Break even in units and in amount</li> <li>- Margin of safety ratio</li> </ul>	Assignment 2

	<ul style="list-style-type: none"> <li>- Target profit analysis</li> <li>- Margin of Safety and margin of safety ratio</li> <li>- Limitation of break-even analysis</li> </ul>	
7	<b>Budgeting: Profit Planning and Control Systems</b> <ul style="list-style-type: none"> <li>- Sales budget</li> <li>- Production budget</li> <li>- Purchase budget</li> <li>- Labor budget</li> <li>- Overhead budget</li> </ul>	Quiz 3
8	<b>MID TERM EXAMINATION</b>	
9-10	<b>Budgeting: Profit Planning and Control Systems</b> <ul style="list-style-type: none"> <li>- Cash budget</li> <li>- Projected income statement</li> <li>- Master budget</li> </ul>	Assignment 3
11	<b>Standard Costing</b> <ul style="list-style-type: none"> <li>- Direct material price variance</li> <li>- Direct material quantity variance</li> <li>- Direct labor rate variance</li> <li>- Direct labor efficiency variance</li> </ul>	
12	<b>Standard Costing</b> <ul style="list-style-type: none"> <li>- Planning variance</li> <li>- Operational variance</li> </ul>	
13	<b>Decision-Making - Relevant Cost</b> <ul style="list-style-type: none"> <li>- Relevant costs and revenues</li> <li>- Relevant cost of Materials, labor and overheads</li> <li>- Application of relevant cost to short term and long term decisions</li> </ul>	Quiz 4 Assignment 4
14	<b>Decision-Making</b> <ul style="list-style-type: none"> <li>- Add or drop a product/contract</li> <li>- Accept / reject a special order</li> <li>- Make or buy a product</li> <li>- Limiting factors analysis</li> <li>- Optimum plan with scarce resources</li> </ul>	
15	<b>Pricing Methods</b> <ul style="list-style-type: none"> <li>- Profit maximizing pricing</li> </ul>	Quiz 5

	<ul style="list-style-type: none"><li>- Cost plus pricing</li><li>- Transfer Pricing</li></ul>	
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