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

Course Outline

Course Title: **Performance Management** **(AC-390)**	
Program	B.Com H
Credits Hours	3
Duration	15 Weeks / 30 Sessions
Prerequisites	Management Accounting (AC-380)
Resource Person	
Contact/Email	

Course Description:

The syllabus of Performance Management, builds on the knowledge gained in "Management Accounting". This course equips the participants with more specialist capabilities which are covered in strategic management accounting.

The syllabus begins by introducing more specialized management accounting topics. There is some knowledge assumed from the course "Management Accounting". The objective here is to ensure that the participants have a broader background in management accounting techniques.

The syllabus then considers decision-making. The participants need to appreciate the problems surrounding scarce resource, pricing and make-or-buy decisions, and how it relates to the assessment of performance. Risk and uncertainty are the factors of real-life decisions and the participants need to understand risk and be able to apply some basic methods to resolve the risks inherent in decision-making.

Budgeting is an important aspect of accountants' lives. The syllabus explores different budgeting techniques and the problems inherent in them. The behavioral aspects of budgeting are important for accountants to understand, and the syllabus includes consideration of the way, individuals react to a budget. Standard costing and variances are then built on.

The syllabus concludes with performance measurement and control. This is a major area of the syllabus. The participants need to understand how a business should be managed and controlled. They should appreciate the importance of both financial and non-financial performance measures in management. Accountants should also appreciate the difficulties in assessing performance in divisionalised businesses and the problems caused by failing to consider external influences on performance.

Learning Objectives:

After studying this course the students will be able to:
- To explain, apply, and evaluate cost accounting techniques.
- To select and appropriately apply decision-making techniques to evaluate business choices and promote efficient and effective use of scarce business resources, the risks and uncertainty inherent in business and controlling those risks.
- To apply budgeting techniques and evaluate alternative methods of budgeting, planning and control.

- To use standard costing systems to measure and control business performance and to identify remedial actions.
- To assess the performance of a business from both financial and non-financial viewpoint, appreciating the problems of controlling divisionalised businesses and the importance of allowing for external aspects.

Teaching-Learning Methodology:

- Lectures
- Recommended Text/Supplementary Texts
- Handouts
- Case Studies

Recommended Text Book:

1. Study Text-Performance Management (Paper F5) ACCA.

Supplementary Text Books:

1. Management Accounting   Latest Edition
                                                                 By: Collin Drury

2. Performance Measurement & Performance Management   Latest Edition
                                                                 By: Coaffee Jon

3. Strategic Performance Management   Latest Edition
                                                                 By: Lawrie , Gavin

Assessment & Evaluation:

Quizzes	**15%**
Assignments	10%
Presentations	10%
Mid Term	**25%**
End Term Exam	**40%**
Total:	**100**

SCHEDULE OF ACTIVITIES

Week	Contents/Topics to be Taught	Tasks/Activities
1-2	**Activity Based Costing** • Implications of switching to ABC • Sales strategy, performance management and decision making	Course Outline Distribution
3	**Back Flush Accounting** • Process of back flush accounting • Contrast with traditional accounting • Implications of BF accounting on performance management • Benefits of introducing BF accounting • The decision to switch to BF accounting from traditional process.	Assignment 1
4	**Throughput Accounting** • Interpretation of throughput accounting • Suggest how a TPAR could be improved. • Application of throughput accounting to a multi-product decision-making problem	Quiz 1
5	**Budgeting** • Budgetary systems for an organization, including top-down, bottom-up, rolling, zero-base, activity- base, incremental and feed-forward control. • Usefulness and problems with different budget types (zero-base, activity- based, incremental, master, functional and flexible).	
6	**Forecasting Techniques** • High Low Method • Regression. • Simple average growth models and estimates • Learning Curve	Assignment 2
7	**Standard Costing and Variance Analysis** • Sales, Materials and Direct Labor Variances • Production overheads variances analysis • Variable overhead total, expenditure and efficiency variances • Fixed overhead total, expenditure and, where appropriate, volume, capacity and efficiency variances. • Operating statements in full absorption costing environment • Reconciliation of actual profit with budgeted profit	Quiz 2
8	**MID TERM EXAMINATION**	
9	**Performance Measurement and Control** • The scope of performance measurement • Financial performance indicators (FPIS) for profitability	
10	**Performance Measurement and Control** • Liquidity and risk in both manufacturing and service businesses. • Methods to improve FPIS.	Quiz 3

	• Non-financial performance indicators (NFPIS) • Methods to improve NFPIS.	
11	**Performance Measurement and Control** • Balanced scorecard • Building block model proposed by Fitzgerald and Moon	Assignment 3
12	**Pricing** • Factors that influence the pricing of a product or service • Derivation of a straight line demand equation • Equation for the total cost function (including volume-based discounts)	Quiz 4
13	**Pricing** • Different price strategies including cost-plus pricing, skimming, penetration, product-line, discrimination and relevant cost	
14	**Performance Measurement and Control** • Divisional performance and transfer pricing (Absorption and Marginal cost pricing) • Effect of transfer prices on the performance assessment of divisions and decisions made	Assignment 4
15	**Performance Measurement and Control** • Return on investment (ROI) and residual income (RI) indicating their shortcomings • Value for money (VFM) as a public sector objective	Presentations
16	**END TERM EXAMINATION**	