



# **Fundamentals Of Management Accounting (ACC-112)**

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**Department of Finance**

**National University of Sciences & Technology**

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## Course Details

Course Title: Fundamentals of Financial Accounting,

Course Code: ACC-112

Prerequisite: None

Credit Hours: 3

## Course Description

This course is designed for developing knowledge and understanding of the underlying principles and concepts relating to management accounting and technical proficiency in the use of costing techniques.

## Course Objectives

The main objectives of the course are:

- To introduce you to the world of management accounting
- To provide an understanding of management accounting as a business activity
- To enable you to use basic techniques of costing and decision making
- To provide a basic foundation to build upon later advanced level of learning

## Learning Outcomes

By the end of the course you shall be able to:

- establish the costs associated with the production of products and provision of services
- demonstrate an understanding of different costing systems
- prepare various types of forecasts and budgets
- apply the concepts of costing in the decision making process
- understand the concepts of various management reports

## Required Course Material

The required text(s) for this course include:

### **Principles of cost accounting**

By: Edward J. Van Derbeck

Publisher: Thomson 13<sup>th</sup> edition

### **Fundamentals of Management Accounting CIMA Paper C01**

Publisher: Kaplan

### **Management Accounting ACCA Paper F2**

Interactive text

Publisher: BPP or Kaplan

### **Practice kits of C01 and F2**

## Course Evaluation (Grade Breakup)

All students are expected to participate in class discussions. Well thought out and topic/course oriented discussions are encouraged. Discussions as well as lectures will draw on and supplement reading assignments. As there is a fair amount of material to absorb, students are encouraged to read the assigned readings before coming to class. We won't necessarily cover every chapter topic in class.

This course is organized into weekly sessions composed of readings and discussions among the students and myself. Homework, assignments and projects build upon the readings and discussion, and include application to existing or potential challenges faced by firms. The course is laid out with the following process in mind:

- Review the relevant chapters assigned for a topic before class

- Participate in the class discussion
- Set aside at least as much time out of class as in class each week for study
- Complete the homework assignment

Following criteria will be used in evaluation and assessment of grades:

Quizzes	10%
Individual assignments	10%
Group project	20%
Mid-Term Exam	20%
Final Exam	40%

### Course Content (Weekly)

Weekly breakdown is given below

Week	Lecture Topic	Status
1	<b>Introduction to management accounting</b> Definition Purpose of management accounting Difference between management and financial accounting Career options for management accountants <b>Cost types</b> By behaviour, purpose and nature Graphical presentation of fixed and variable costs High-low method	
2	<b>Overheads</b> Allocation of overheads Apportionment and re-apportionment Overhead absorption rate (OAR) Calculation of cost of product using overhead absorption	

<b>3</b>	<b>Cost-volume-profit analysis</b> Contribution concept Break-even point Profit target Margin of safety Break-even charts for a single product
<b>4</b>	<b>Decision making</b> Relevant costs Specific relevant costs for material, labour and Overheads Make or buy decisions
<b>5</b>	<b>Decision making</b> Profit maximizing product sales mix Limiting factor analysis
<b>6</b>	<b>Budgeting</b> Prepare functional budgets Prepare budgets for capital expenditure Prepare cash budgets Prepare a master budget
<b>7</b>	<b>Budgeting</b> Prepare a flexible budget Calculate budget variances
<b>8</b>	<b>Presenting Management Information</b> Preparing management reports
<b>MIDS</b>	

<b>9</b>	<b>Standard costing</b> Explain difference between ascertaining actual costs and establishing standard costs in advance Use of standard costing Calculate standard costs for material, labour and variable overheads elements of cost of a product or service
<b>10</b>	<b>Standard costing</b> Calculate variances for material, labour, variable overheads, sales price and volume Prepare variance statements
<b>11</b>	<b>Integrated Accounting systems</b> Principles of manufacturing accounts Integration of cost accounts with financial accounting
<b>12</b>	<b>Integrated Accounting systems</b> Preparation of set of integrated accounts
<b>13</b>	<b>Costing systems</b> Job and batch costing Process costing Prepare ledger accounts for process costing
<b>14</b>	<b>Group presentations on Industry visits</b>
<b>15</b>	<b>Group presentations on Industry visits</b>