



Management Accounting

National University of Sciences & Technology

EMBA

Course Details

Course Title: Management Accounting

Course Code: FIN- 866

Credit Hours: 3

Course Description

The main objective is to develop an understanding of how financial and non-financial information can be used for decision-making and performance improvement. Students will learn techniques to become competent users of accounting data and to fully integrate their understanding of basic transactions, cost behavior, and control systems into the analysis of business problems. This course will help students become better and more efficient decision-makers

Course Learning Outcomes (CLO)

At the end of this course, students will be able to

- Describe the role of management accounting within an organization
- Apply the various cost classification concepts that are fundamental to the language of management accounting
- Evaluate how costs behave and use this information in a range of decisions
- Apply various product costing methods
- Discuss the features of different budgeting systems and undertake budget variance analysis
- Identify the relevant inflows and outflows in different situations and use this information to analyze and make a variety of short-term, operational decisions

- Assess the effective functioning of management control systems and apply various management control systems to help guide and direct the behavior of employees and management in order to achieve an organization’s strategic goals
- Integrate course content with real world events and examples

Program Learning Goals and Objectives

To provide participants with an in-depth knowledge of the most recent risk identification, measurement and management techniques. This topic is essential for professionals involved in risk management, trading, hedge funds, treasury management, financial corporate strategy, as well as regulatory supervision of financial institutions.

PROGRAM LEARNING GOALS AND OBJECTIVES	COURSE LEARNING OBJECTIVES	COURSE ASSESSMENT ITEM
Describe the role of management accounting within an organization	Understand the essential requirements of a management accounting system and the control systems required for materials, labor and overheads.	CP, Cases, Assignment, and Exam
Apply the various cost classification concepts that are fundamental to the language of management accounting	Know how to classify and analyze cost data and understand how cost systems differ by activity, i.e. job, process and contract costing	
Evaluate how costs behave and use this information in a range of decisions	Understand costs for short-term decision-making and know the difference between marginal and absorption costing	
Apply various product costing methods	Understand the purpose of budgetary control including the purpose and importance of working capital management	
Discuss the features of different budgeting systems and undertake budget variance analysis	Understand the purpose of standard costing and variance analysis	

Course Evaluation (Grade Breakup)

Grading will be done as per NBS criteria. The breakup of the grade points is as follows:

In class experience activity (ICEA)	35%
Project/ Assignment/Quiz	35%
Final	30%

Course Content (Weekly)

Weekly breakdown is given below

Week	Lecture No. and Topic	Reading	Session Outcomes (Students should be able to...)
1	Orientation		
1	The nature and purpose of management accounting	Kaplan F2 Study Text	<ul style="list-style-type: none"> describe the difference between data and information explain, using the 'ACCURATE' acronym the attributes of good information describe, in overview, the managerial processes of: planning, decision making and control explain the characteristics of and difference between strategic, tactical and operational planning explain the characteristics and differences between cost, profit, investment and revenue centers
2	Types of cost and cost Behavior	Kaplan F2 Study Text	<ul style="list-style-type: none"> Explain for a manufacturing business, the distinction between production and nonproduction costs Describe, for a manufacturing business, the different elements of production cost materials, labour and overheads Describe, for a manufacturing business, the different elements of Nonproduction cost administrative, selling, distribution and finance Explain the importance of the distinction between production and Nonproduction costs when valuing output and inventories for a business
3	Ordering and accounting for Inventory	Kaplan F2 Study Text	<ul style="list-style-type: none"> describe, for a manufacturing business, the different procedures and documents necessary for the ordering, receiving and issuing of materials from inventory interpret the entries and balances in the material inventory account for a manufacturing business describe the control procedures that can be used in a manufacturing business to monitor physical and 'book' inventory and to minimise discrepancies and losses.
4	Order quantities and reorder levels	Kaplan F2 Study Text	<ul style="list-style-type: none"> identify and explain the costs of ordering and holding inventory, distinguishing between fixed and variable costs from given data, calculate and interpret the economic order quantities from given data, calculate and interpret the economic order quantities when quantity discounts are available produce calculations to minimize inventory costs when stock is gradually replenished
5	Accounting for labour	Kaplan F2 Study Text	<ul style="list-style-type: none"> calculate direct and indirect costs of labour for both a manufacturing and a service industry explain the methods used to relate input labour costs to work done for both a manufacturing and a service industry for given data, prepare the journal and ledger entries to record labour costs inputs and outputs, and interpret entries in the labour account describe different remuneration methods: timebased systems; piecework systems; individual incentive schemes; group incentive schemes
6	Accounting for overheads	Kaplan F2 Study Text	<ul style="list-style-type: none"> explain the different treatment of direct and indirect expenses for a business describe, in overview, the steps involved in determining production overhead absorption rates (OARs) and how such rates are used explain, for a business in general, the difference between 'allocation' and 'apportionment' of production overheads apportion production overheads to cost centres employing appropriate bases, using data supplied

7	Accounting for overheads	Kaplan F2 Study Text	<ul style="list-style-type: none"> • reapportion service cost centre costs to production cost centres (using the reciprocal method where service cost centres work for each other), using data supplied • select, apply and discuss appropriate bases for absorption rates, using data supplied • prepare journal and ledger entries for manufacturing overheads incurred and absorbed, using data supplied • calculate and explain the under and over absorption of overheads, using data supplied
8	Buffer Week	Kaplan F2 Study Text	
9	<u>MID-TERM EXAM WEEK</u>		
10	Marginal and absorption costing	Kaplan F2 Study Text	<ul style="list-style-type: none"> • explain the importance of, and apply the concept of, contribution using data supplied • calculate and discuss the effect of absorption and marginal costing on inventory valuation and profit determination using data supplied • describe the advantages and disadvantages of absorption and marginal costing for a manufacturing business • understand and use the concept of a contribution to sales ratio, carrying out calculations using supplied data
11	Marginal and absorption costing	Kaplan F2 Study Text	<ul style="list-style-type: none"> • calculate and interpret a breakeven point from information supplied • calculate and interpret a margin of safety from information supplied • understand and use the concepts of target profit or revenue calculating, from supplied data, the volumes of sales needed to reach the targets • identify, on supplied charts the elements in: traditional breakeven charts; contribution breakeven charts; profit/volume (P/V) charts • apply cost/volume/profit (CVP) analysis to single product situations using supplied data.
12	Relevant costing	Kaplan F2 Study Text	<ul style="list-style-type: none"> • explain the concept, giving suitable examples, of relevant costing • calculate, using supplied data, the relevant cost for materials, labour, overheads • calculate, using supplied data, the relevant costs associated with noncurrent assets • explain and apply, using supplied data, the concept of opportunity cost.
13	Buffer week		
14	Budgeting	Kaplan F2 Study Text	<ul style="list-style-type: none"> • explain why organizations use budgeting, planning, control, communication, coordination, authorization, motivation, evaluation • explain the stages in the budget process, including the administrative procedures • from data supplied, prepare budgets for sales • from data supplied, or derived, about the sales budget, prepare budgets for production
15	Budgeting	Kaplan F2 Study Text	<ul style="list-style-type: none"> • from data supplied, or derived, about the production budget, prepare budgets for material usage • from data supplied, or derived, about the materials usage budget, prepare budgets for material purchases • from data supplied, or derived, about the production budget, prepare budgets for labour • from data supplied, or derived, about the production budget, prepare budgets for overheads • explain, and prepare from information provided: fixed, flexible, flexed budgets.

16	Group presentations /projects/speaker session		
17	Group presentations/ Projects		
18		BUFFER WEEK	
18	<u>FINAL EXAM WEEK</u>		

Required Course Material

Reference Books:

1. ACCA F2 Study Material from Kaplan Publishers
2. Practice Kit for F2 from BPP Publishers

Supplemental readings may also be used from academic and business journals.