### KARACHI UNIVERSITY BUSINESS SCHOOL

#### UNIVERSITY OF KARACHI

BBA - VII (Hons.)

Course Title : MANAGERIAL ACCOUNTING

Course Number : BA(H) - 601

Credit Hours : 03

### **Objective**

The objective of this course will be concerned with providing information for the more day-to-day functions of control and decision-making. This will involve budgeting, cost accounting, variance analysis, and evaluation of alternative uses of resources.

#### **Course Contents**

- 1. Introduction: Managerial Accounting
  - 1.1 A Perspective
  - 1.2 Cost Terms
  - 1.3 Concepts and Classification
- 2. Responsibility Accounting and Cost Allocation Concepts
  - 2.1 Responsibility Accounting Centers and Performance Reports
- 3. Cost Flows and Accumulation
  - 3.1 The Basic Cost Flow Model
  - 3.2 Cost Accumulation
  - 3.3 Merchandizing Organizations
  - 3.4 Manufacturing Organizations
  - 3.5 Services Organizations

#### 4. Costing Systems

- 4.1 Job Order Costing Systems
- 4.2 Process Costing System
- 4.3 Hybrid Product Costing System
- 4.4 Cost Management Systems for New Manufacturing Environment

#### 5. Cost Behavior and Estimation

- 5.1 Cost Behavior Patterns
- 5.2 Cost Estimation Methods

#### 6. Cost-Volume-Profit Analysis

- 6.1 The Break Even Point
- 6.2 CVP Analysis
- 6.3 CVP with Multiple Products
- 6.4 Cost Structure and Leverage Analysis

#### 7. Standard Costing System

- 7.1 Standard Costs and Control
- 7.2 Setting Cost Standards
- 7.3 Overhead Application in a Standard Costing System
- 7.4 Analysis of Cost Variances

### 8. Differential Cost Analysis

- 8.1 Differential Costs versus Variable Costs
- 8.2 Differential Costs versus Total Costs
- 8.3 Cost Analysis for Pricing Decisions
- 8.4 Make-or-Buy Decision

### 9. Variable Costing

- 9.1 Variable Costing versus Full Absorption Costing
- 9.2 Appropriateness of Variable Costing and Full Absorption Costing Methods

## 10. Flexible Budgeting

- 10.1 Static Budget versus Flexible Budget
- 10.2 Sales Activity (Volume) Variance
- 10.3 Profit Variance Analysis
- 10.4 Variable
- 10.5 Manufacturing Costs Variance

### 11. Budgeting and Monitoring

- 11.1 Framework of Budgeting
- 11.2 The Master Budget Development Process
- 11.3 Budgeting in Merchandising Operations
- 11.4 Service Enterprising and Non-Profit Organization

- 11.5 Budget Under Uncertainty
- 11.6 Report for Monitoring

# **Recommended Books**

- Hilton Ronald W., <u>Managerial Accounting</u>, <u>McGraw Hill</u>, <u>1995</u>.
  Hongren Charles T., <u>Introduction to Managerial Accounting</u>, Prentice Hall International, 1998.
- 3. Garrison, Managerial Accounting, McGraw Hill, 1996.

