

Course Title: Accounting for Management Control**Course Code: ACC 604****Credit Hours: 03****Course Objective:**

The purpose of this course is to introduce students to the types of managerial information used to effectively and efficiently run the business. The emphasis is on understanding the kind of information to ask for in various decision settings and how to use it (the managerial function) as opposed to the technical details of how to produce the data (the accounting function).

Course Contents:**1. Introduction to Management Accounting**

Management accounting defined – Relationship between Management Accounting and Financial Accounting and Cost Accounting–Role of Management Accounting Qualitative characteristics of accounting information - The work of management and the need for Management Accounting information.

2. Extension of CVP Analysis

Cost – volume – profit sensitivity analysis -Cost Management Systems-Relevant Cost-Decentralization and Performance.– CVP under conditions of uncertainty, Problems with the Normal Random Variable Model – other ways to deal with uncertainty. Perishable Products.

3. Capital Budgeting under Uncertainty Including some Advanced Issues

NPV. IRR – Capital Rationing – Sensitivity Analysis – Portfolio building – Leasing Versus Buying – Capital Budgeting under uncertainty. Capital Budgeting and Linear Programming. Strategic Management of Capital Budgeting. Capital budgeting through decision tree under uncertainty and joint probability.

4. Information and Human Behavior

Information and data – Human Information processing – personality dimension and Information use – Form, Order, Format of Information – Effects of power on Information – Eliciting of Information – selling of Information – communication of information.

5. Activity Based Management (ABM) and Activity Based Cost Systems

Activity Based Management – product profitability – pricing – ABC and customer profitability – product substitution – product redesign – Improving processes – Technology investment.

6. Benchmarking Analysis and Management Accounting

Meaning – Benefits of Benchmarking analysis – Types of benchmarking – Benchmarking process – TQM and Benchmarking – Management accounting for benchmarking.

7. Strategic Management of price, cost, Quality, Time and Productivity

Variable cost and absorption based pricing, – target costing and pricing continuous Improvement costing – Quality cost – cost of time – importance of Managing time in a competitive environment. Management of process productivity and Efficiency. Just in time Inventory Management – Reducing Incoming Materials Inventory-Reducing work – in process inventory-Reducing Finished goods Inventory. JIT purchasing verses Holding inventories. JIT's limitation – Manufacturing Resource Planning.

8. The Balanced Scorecard

Measuring Total Business unit performance: The BSC – Financial perspective – customer perspective – internal business process perspective – Learning and Growth perspective. Four perspectives and their sufficiency.

Text Books:

- **Managerial Accounting - Garrison, R.H. and E.W. Noreen. 2003 (McGraw-Hill-Irwin).**
- **Advanced Management Accounting 3rd Edition – Kaplan, R. S. and A. A. Atkinson. 1998 (Prentice–Hall).**

References:

- ✓ Advanced Management Accounting - Hirsch, M. L. 1988 (PWS – KENT Publishing Company).
- ✓ Behavioral Accounting - Siegal, G., and H. R. Marconi – 1989 (South Western Publishing Co).
- ✓ Management Accounting: A strategic Approach - Morse, W. J., J. R. Davis, and A. L. Hartgraves, 2003 (Thomson – South – Western).
- ✓ Cost Management - Hansen, D. R. and M. M. Mowen 2003 (Thomson – south western).
- ✓ Cost Management: Strategic for Management Decisions - Hilton, R. W. , M. W. Maher, and F. H. Selto, 2003.
- ✓ Fundamentals of Management Science, 6th edition - Turban and Meredith, McGraw Hill.
- ✓ Introduction to Management Accounting. Horngren, C.T.G.L. Sundem, and W.O. Stratton. 2002.