

INTERMEDIATE LEVEL II (IL-II)

Course Title

Management Accounting (MAC)

Knowledge Pillar	Level	Course Title	Course Code	Total Marks
Cost & Management Accounting [CMA]	Intermediate Level II	Management Accounting (MAC)	CM231	100

Syllabus Structure

The syllabus comprises the following main topics with the relative study weightings:

Segment	Segment Title	Weight
A	Management accounting fundamentals	10%
B	Short term decision-making techniques	50%
C	Performance measurement and control	25%
D	Contemporary issues in management accounting	15%

Course Description

Management Accounting, as the core discipline of cost and management accountants, provides them with a sound understanding of the planning, decision making and control aspects of an organization. This professional level course unit equips students with an introduction to management accounting, short-term decision-making techniques, Performance measurement and control and contemporary issues in management accounting so as to help them understand the role of management accounting and control systems within organizations while improving their knowledge of the use of accounting information in various managerial functions.

Course Objectives

Management Accounting is an essential tool that enhances a manager's ability to make effective economic decisions. The course objective is to provide learners a good understanding about the concepts and techniques of management accounting. The course also provides basic knowledge on contemporary issues in management accounting so that the students get an overall idea on contemporary issues of Management Accounting.

Course Learning Outcomes

On successful completion of this course, the student will be able to:

1. understand the changing role of management accounting profession;
2. illustrate the implications of cost behavior on costing;
3. analyze revenue and costs in making managerial decisions;
4. evaluate the behavioral aspects of different performance and control measures;
5. prepare and utilize budget as a control mechanism;
6. critically evaluate the appropriateness of different management accounting methods and techniques; and
7. outline the strategic implications of environmental management accounting.

DETAILED CONTENTS

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
A. Management accounting fundamentals (10 Marks)	A1. Introduction to Management Accounting	R, U	<ul style="list-style-type: none"> • Branches of accounting; • History of management accounting; • Scientific management movement; • Shift from cost management to cost accounting to management accounting; • The changing Role of Management Accounting; • Contemporary status of the global management accounting profession; • Data and Information; • ICMA Bangladesh and its Role for Management Accountancy profession. 	<ol style="list-style-type: none"> 1. understand the evolution of management accounting; 2. explain the status and role of management accounting profession. 	50%
	A2. Cost behavior and cost structure	U, AN, C	<ul style="list-style-type: none"> • Cost behavior and levels of activity; • Cost behaviors patterns; • Cost behavior classification issues and the need for different costs for different purposes; • Fixed Costs, variable costs and semi-variable costs; • Linear Equations and Graphs. 	<ol style="list-style-type: none"> 3. analyze cost based on activity levels; 4. formulate cost formula in explaining cost behavior. 	50%
B. Short-term decision-making techniques (50 Marks)	B1. Absorption and variable costing	U, AP, E, C	<ul style="list-style-type: none"> • Introduction to marginal costing; • Principles of marginal costing; • Marginal costing versus absorption costing; • Product and period cost under both methods; • Calculation of profit under marginal and absorption costing; • Reconciliation of profit. 	<ol style="list-style-type: none"> 5. evaluate and comment on business performance under variable and absorption costing; 6. build arguments in application of absorption and marginal costing. 	10%
	B2. CVP Analysis	U, AP, AN, D	<ul style="list-style-type: none"> • Contribution margin; • Break-even analysis; • The concept of sales mix; 	<ol style="list-style-type: none"> 7. make short term decisions developing cost- 	15%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
			<ul style="list-style-type: none"> • Contribution margin versus gross margin; • Single product CVP, BEP analysis and chart; • Multiproduct CVP, BEP analysis and chart; • Target profit analysis for Single and multi-products; • Sensitivity analysis; • Differences between the accountant's and the economist's model of CVP analysis; • Underlying assumptions, limitations and information requirements for CVP analysis. 	8. volume-profit relationships; describe the applications, assumptions and limitations underlying CVP analysis; 9. conduct sensitivity analysis.	
	B3. Relevant Cost Analysis	U, AN, D	<ul style="list-style-type: none"> • Relevant Costs and Revenues; • Concept of Out-of-pocket cost, Opportunity Cost, Sunk cost; • The Make or buy decision; • Special orders; • Application of relevant cost to short- and long-term decision making. 	10. identify and analyze relevant costs in making short- and long-term decisions.	20%
	B4. Profitability Analysis	U, AP, AN, D	<ul style="list-style-type: none"> • Product/customer/distribution channel profitability analysis; • Product profitability analysis and strategic cost management; • Pareto analysis; • Sales mix and quantity variances; • Market share and size variances. 	11. understand and application of different technique for profitability analysis.	10%
	B5. Pricing Decisions and Strategies	U, AP, AN, E, D	<ul style="list-style-type: none"> • Basis of pricing decision; • The economists' approach to pricing; • Pricing methods; • Pricing for the short run; • Pricing for the long run; • Target costing for target pricing. 	12. decide prices applying appropriate methods; 13. contrast short-term and long-term pricing decisions.	15%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
C. Performance measurement and control (25 Marks)			<ul style="list-style-type: none"> • Service companies (Time and material pricing; • Pricing strategies for new products; • Special pricing decisions (minimum pricing decisions); • Limiting factor analysis with minimum demand constraint. 	14. explain the importance of qualitative factors in decision making.	
	B6. Responsibility accounting and transfer Pricing	U, AP, C, D	<ul style="list-style-type: none"> • Organization structure and decentralization; • Decentralization and segment reporting; • Responsibility centers; • shared servicing; • Responsibility accounting in Multi-National Companies (MNCs); • Basic principles of transfer pricing; • Transfer pricing methods; • Behavioral issues in transfer pricing; • Transfer pricing with an imperfect or no external market; • International transfer pricing issues; • NBR guidelines in setting up transfer prices; • Arm's length principle and its applications. 	15. prepare segment reports; 16. determine appropriate transfer prices based on the context and guiding principles; 17. build arguments on the behavioral aspects of responsibility accounting and transfer pricing.	15%
	B7. Quantitative Techniques for Planning	R,U,AP	<ul style="list-style-type: none"> • Linear Programming; • Effects of Constraint; • Linear Programming Requirements; • Optimal Solution under LP using Graph and simplex, Critical Path Method; • Network Models. 	18. understand different quantitative techniques for planning.	15%
	C1. Financial and non-financial performance measures	U, AN, E, C, D	<ul style="list-style-type: none"> • Types and time horizon of performance measures; • Alternative definitions; • Target level of performance; • Key performance indicators (KPIs); 	19. build arguments on the importance of non-financial performance measures.	30%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
			<ul style="list-style-type: none"> • The Balanced Scorecard; • Benchmarking; • Performance Reports. 	20 evaluate performance of different responsibility centers; 21. discuss the use of balanced scorecard as an integrated performance measurement tool in assessing divisional performance.	
	C2. Budgeting for planning and control – Master Budget	U, AP, AN, D	<ul style="list-style-type: none"> • Budgets and its cycle; • Forecasting; • Steps in Budget preparation; • Financial planning models; • Types of budget; • Preparation of complete master budget; • Different approaches to budgeting; • Preparation of projected Financial Statements; • Budgeting for non-manufacturing organizations; • Budgeting for feasibility reports; • Budgetary Planning and Control system; • Concept of “Beyond Budgeting”; • Project Monitoring; • Applicability of traditional budgeting; • Use of spread sheets in budgeting; • impact of (ERP) on budgeting. 	22. explain the role of budgeting as a control mechanism; 23. prepare different budgets applying appropriate method; 24. build argument for better budgeting approach; 25. discuss the use of IT in budgeting.	40%
	C3. Flexible budget and variance analysis	U, AN, D	<ul style="list-style-type: none"> • Static Budgets and Flexible Budgets; • Variances analysis; • Static Budget Variances; • Steps in Developing a Flexible Budget; 	26. prepare flexible budgets in analyzing performance and control.	30%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
D. Contemporary issues in management accounting (15 Marks)			<ul style="list-style-type: none"> • Flexible Budgeting and ABC; • Planning and Fixed Overhead Costs; • Budgeted overhead cost rates; • 4-variances analysis approach; • Sales volume variances and the production-volume variance; • Journal Entries for Overhead Costs and Variances; 		
	D1. Environmental management accounting (EMA)	U, AP	<ul style="list-style-type: none"> • Introduction to EMA; • The importance of incorporating environmental costs and benefits in the decision making; • Environmental footprints; • Quantification of environmental costs and benefits; • Challenges of implementing EMA. 	27. Environmental and Social Management Accounting [also known as Corporate Social Responsibility (CSR)] is changing the way organizations go about their business. This topic explores what ESMA is, and what it means for organizations, now and in the future; 28. describe different environmental cost categorization methods.	65%
	D2. Management accounting in the changed business environment	R,U, AN	<ul style="list-style-type: none"> • Improvement in IT and changed business model; • Nature of MAC information required in the changed business environment; • Skills required by Management Accountant in the changed business environment. 	29. recognize the changing role of management accountants in the changed business environment.	35%

Here, R = Remembering; U= Understanding; AP = Applying; AN = Analyzing; E = Evaluating; C = Creating; D = Decision making; are the seven levels of learning developed based on the Bloom's Taxonomy.

Recommended Books and Learning Materials

Primary Textbook

1. ICMAB. (2021). ICMAB Learning Manual for Management Accounting.

Recommended Textbook (Latest Edition)

1. Garrison, R. H., Noreen, E. W., & Brewer, P. C. (2021). *Managerial accounting*. (17th ed.). McGraw-Hill Irwin.

Reference Books/Other Learning Materials (Latest Edition)

1. Horngren, C. T., Sundem, G. L., Stratton, W. O., Burgstahler, D. & Schatzberg, J. (2014). *Introduction to management accounting*. (16th ed.). Pearson Prentice Hall.
2. Horngren, C. T., Datar, S. M., Foster, G., Rajan, M. V. & Ittner, C. (2021). *Cost accounting: A managerial emphasis*. (17th ed.). Pearson Prentice Hall.

MAC Course Mapping

PrOs	Pos	POs	CLOs	CLOs	TLOs
PrO1	6	PO1	1	CLO1	1, 2
PrO2	2	PO2	2, 3, 5, 6	CLO2	3, 4, 5
PrO3	6	PO3	-	CLO3	5, 7, 8, 10, 11
PrO4	2	PO4	4	CLO4	5, 6, 17, 18, 19, 20, 21,22, 26
PrO5	1, 6	PO5	4	CLO5	22, 23, 24, 25,26
PrO6	1	PO6	7	CLO6	3, 5, 7, 8, 9, 11, 12, 13, 14, 15, 16,18,20, 24
PrO7	4, 5, 6,7	PO7	7	CLO7	27, 28,29

Here, PrOs = Program Objectives; POs = Pillar Objectives; CLOs = Course Learning Outcomes; TLOs = Topic Learning Outcomes