

King Fahd University of Petroleum & Minerals
College of Industrial Management
Department of Accounting & MIS

Instructors: Dr. Mirghani N. Ahmed Semester 081/ 2008/2009
Dr. Mohammad Al-Hazmi
Course: **ACCT 510 Managerial Accounting** Class Time: 5:00-6:15 (PM)
Office: 24/282 Phone:860-2472 Office Hours: 4:30-5:00 PM
(SM)
Email: mnahmed@kfupm.edu.sa 6:15-6:30 PM (SM)

Textbook:

Atkinson/Banker/Kaplan/Young, Management Accounting, 4rd ed, Prentice Hall International, Inc.

Course Objectives

The primary objective of this course is to provide students with a technical view and conceptual understanding of the strategic role of cost and management accounting information as relates to the planning, decision-making and control processes in manufacturing, service, nonprofit, and government organizations.. The course will be delivered through a combination of lectures and case studies.

Course Description

The development and use of accounting data for management decision-making; cost concepts, behavior, and systems; activity-based costing; pricing, process, and activity decisions; budgeting, planning, and control; performance management and measurement systems; contemporary management accounting issues. Emphasis on real-world situations.

Learning Outcomes

Upon completing this course, students should able to:

1. appreciate the important role that management accounting plays in manufacturing, service, nonprofit, and governmental organizations.
2. understand the cost and management accounting concepts and techniques, particularly as they relate to preparation, processing , and use of accounting in planning, decision making and control in different types of organizations.
3. understand what determine the cost of products or customers and how does costs change over the product's life cycle.
4. explain why management accounting information must include both financial and non-financial information.
5. understand how the design and use of management accounting systems and information can help in the management and control of organizational behavior.
6. appreciate the behavioral and ethical issues faced by management accountants.

- develop an enhanced analytical, communication, interpersonal, and critical thinking skills in area of management accounting.

Grading and Assessment

Evaluation of your final course grade will be based on the following activities:

Mid-Term Exam	30 points
Final Exam	35 points
Project Report	15 points
Quizzes	10 points
Homework, and class Attendance	<u>10 points</u>
Total	<u>100 points</u>

Student's Responsibility

Learning is every student's responsibility. My role as a teacher is to facilitate your learning process. The readings and homework assignments are to be prepared for prior to the class period for which they are assigned. It is your responsibility to be prepared for all class work and discussions.

Quality of Work

You are expected to produce quality work in this course. The work you submit must be prepared using an appropriate format. Handwriting must be clean and neat. The use of a computer and information technology to complete assignments is highly encouraged.

Project and Group Presentation

The details of projects and group activities will be provided in classes.

Course Examinations

All of the scheduled examinations will be given during the periods and dates indicated on the assignment sheet. Assignments, quizzes and examinations will be subject to University's regulations. No make-up examinations or quizzes will be given. Testing may include materials covered in classes as well as in the text and any other supplemented course materials that has been provided.

Attendance

Students are required to attend all classes and other scheduled activities. Attendance registers will be maintained and University's regulations regarding attendance will be adhered to. If you are unable to attend a class, it is your responsibility to determine whether or nor additional work was assigned or covered

Tentative Course Outline

The course outline is tentative and changes may be introduced as the course progresses.

Course Outline

Week	Date	Chapter	Topic for Discussion	Homework
				1.15

1		1	<p>Management accounting information that creates value</p> <p>Class activities: Professional ethics and management accounting- Case study.</p> <p>Readings: Ch. 1 Atkinson, Kaplan and Young Ch. 1 Horngren, Srikant and Foster, 12th ed 2005</p>	1-21 1-24 Case study
2		2	<p>Cost management concepts and cost behavior</p> <p>Class activities: Centerior Energy Corporation: Annual Report- Case study. Customer-related costs for Nels Company</p> <p>Readings: Ch. 2 Atkinson, Kaplan and Young</p> <p>QUIZ No. 1</p>	2-35 2-36
3		3	<p>Traditional Cost Management Systems</p> <p>Class activities: Metalworks Company: Product costing, cost allocation and pricing Auto Shop Company: Alternative job costing (group exercise)</p>	3-.24 3-25
4-5		4	<p>Activity-Based Cost Management Systems</p> <p>Class activities: Family Supermarkets (FS)- Mini-case study ABC, Retail product-line profitability (Group exercise)</p> <p>Readings: Ch. 4 Atkinson, Kaplan and Young R. Cooper and R.S . Kaplan (1992): “Activity-Based Systems: Measuring the Costs of Resource Usage”, Accounting Horizon, pp.1-13. Jerry Kreuze and G. Newell (1994): “ABC and Life-Cycle Costing for Environmental Expenditure”, pp. 38-42.</p> <p>QUIZ No. 2</p>	4-41
6		5	<p>Management Accounting Information for Activity and Process Decisions</p> <p>Class activities: 5-32, 33 Make- or-Buy Kane and Premier companies. 5-50 Relevant costs and dropping a product- Merchant company. Outsourcing, ethics- Hollenberry, Inc. Mini case study.</p> <p>Readings:</p>	5-32 5-38

			<p>Ch. 5 Atkinson, Kaplan and Young. T. Edmonds, Bor-Yi Tsay, and Wen-Weilin, 1989, “Analyzing Quality Costs, Management Accounting”, pp. 2529.</p> <p>A. Diallo, Z. Khan C. Vail (1995). “Cost of Quality in the New Manufacturing Environment”, Management Accounting, pp. 21-25.</p> <p>Julia Smith, Jonathan Morris, Mahmoud Ezzamel (2005). Organizational Change, Outsourcing and the Impact on Management Accounting, The British Accounting Review, pp. 415-441.</p>	
7		6	<p>Cost Information for Pricing and Product Planning Class activities: Product costing and special order pricing- High Performance Springs- Case study. Bid Price (6-39). Readings: Ch. 6 Atkinson, Kaplan and Young</p> <p>Mid-Term Examination</p>	6-44
8		7	<p>Management Accounting and Control Systems: Assessing Performance over the Value Chain Ex. 7-54 Benchmarking Ex. 7-48 Total-life-cycle costing vs. Traditional methods Ex. 7-49 target costing. Supply chain management and management accounting practices.</p>	7-51
9		8	<p>Motivating Behavior in Management Accounting and Control Systems Class activities: Ina Freeman (2006) Performance Management: Is it Enough? Int. J. Business Performance Management, pp.299-245.</p> <p>Fleix T. S Chan, H. Chan and H.J Qui (2006) A Review of Performance Measurement for Supply Chain Management, Int. J. Business Performance Management, pp.110-131.</p>	8-65

			QUIZ No. 3	
10		9	The Balanced Scorecard Ch. 9 Atkinson, Kaplan and Young	9-36 Clatex Gas Station- Case Study (R. Kaplan, adapted)
11-12		10	Budgeting and Budgetary Control Class activities: Al-Khobar Private Patients Hospital- A case study	CLASCO LTD- Case study (Group presentation)
13		11	Capital Budgeting and Long-Term Planning	In collaboration with Dr. Abraham Abraham (Department of Finance and Economics, KFUPM)
14-15			Project Presentations	

Coverage of AACSB Perspectives

Perspective	Focus issues and topics
Ethical Issues	Organization's ethical code of conduct, professional ethics, and ethical responsibilities of management accountants.
Global issues and perspectives	The impact of globalization and international competition on cost and management accounting practices and innovations; international quality standards and costs of quality control. The use of financial highlights, case studies and management accounting practices of domestic and foreign companies.
Legal and regulatory issues	Students are made aware of the organizations and institutions in Saudi Arabia and worldwide that directly or indirectly influence cost and management policies and practices e.g. the Saudi Accounting Association; the Institute of Management (IMA) and the Cost Accounting Standards Board (CASB) in the United States and the Chartered Institute of Management Accountants in the United Kingdom(CIMA).

Perspective	Focus issues and topics
Ethical Issues	Organization's ethical code of conduct, professional ethics, and ethical responsibilities of management accountants.
Information technology	This course exposes students to using computer and information technology e.g. Internet, WebCT, online course materials for data collection, report writing, and understanding companies' cost and management accounting practices.
Written communication skills	Report writing, examinations and course assignments
Oral communication skills	Class discussion and project presentations
Analytical, critical, creative, and innovative thinking	Analysis and evaluation of management accounting systems; case studies; identifying, selecting research topics and research methodologies, problem-solving exercises in areas of conventional product costing systems, activity-based costing (ABC), cost management systems and cost behavior; budgeting and performance measurement.
Activities that encourage team work	Group exercises, group projects and class presentations.