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**MANAGEMENT ACCOUNTING****Course Objective:**

To acquaint students with role of Management Accounting in planning, control and decision-making.

**Learning Outcomes:**

After successfully completing this course, students will have the knowledge and skills to

1. Understand the basis of conventional and contemporary costing systems
2. Determine the costs of products and services
3. Critically analyse relevant costs and provide recommendations for internal decision making
4. Prepare budgets & analyse the variances of actual costs with respect to standards

**Detailed Syllabus:****Unit 1.1: Nature and Scope of Introduction to Management Accounting (1L+2L+6L+9L=18L)**

- Meaning, nature and scope of Management Accounting; Comparison of Management Accounting with Cost Accounting and Financial Accounting.

**Unit 1.2: Cost concepts Classification of Costs**

- Meaning, Scope, Objectives, and Importance of Cost Accounting; Cost, Costing, Cost Control, and Cost Reduction; Elements of Cost, Components of total Cost, Cost Object, Cost Unit and Cost Center.
- Fixed, Variable, Semi-variable, and Step Costs; Product, and Period Costs; Direct, and Indirect Costs; Relevant, and Irrelevant Costs; Shut-down, and Sunk Costs; Controllable, and Uncontrollable Costs; Avoidable, and Unavoidable Costs; Imputed / Hypothetical Costs; Out-of-pocket Costs; Opportunity Costs; Expired, and Unexpired Costs; Conversion Cost.

**Unit 1.3: Preparation of Cost Sheet Cost Ascertainment**

- Concepts with practical problems

**Unit 1.4: Cost Ascertainment**

- Overheads - Collection, apportionment, absorption, & distribution both traditional and modern (ABC)

**Unit 2.1: Marginal Costing (1L+8L+7L=16L)**

- Concept of Marginal Cost, Difference between absorption costing & marginal costing

**Unit 2.2: Cost-Volume Profit Analysis**

- Contribution, Profit-Volume Ratio, Margin of safety, Cost Break-even Point, Composite Break-even Point, Cash Break-even Point, Key Factor & sales mix, Break-even Analysis

### **Unit 2.3: Relevant Costs and Decision Making**

- Pricing, Product Profitability, Make or Buy, Exploring new markets, Export Order, Sell or Process Further, Shut down vs. Continue.

### **Unit 3.1: Budgets and Budgetary Control**

**(12L+4L+6L=22L)**

- Meaning, Types of Budgets, Steps in Budgetary Control, Fixed and Flexible Budgeting, Preparation of functional budgets for operating and non-operating functions, cash budget, master budget (concept), principal budget factors, Budget manual

### **Unit 3.2: Responsibility Accounting**

- Different responsibility centers with divisional performance measurement, concepts of return on investment (ROI), residual income (RI) and economic value added (EVA) (concept), Controllable and uncontrollable costs and profits, preparation of divisional performance reports.

### **Unit 3.3: Transfer Pricing**

- Objectives, Methods (Cost Based, Market Price Based, Negotiated Pricing), Advantages and Disadvantages, Criteria for setting Transfer Prices, Transfer Price in different situations, Situations causing Conflicts and resolving the Conflicts

### **Unit 4.1: Standard Costing and Variance Analysis**

**(9L+5L=14L)**

- Meaning of Standard Cost and Standard Costing, Advantages, Limitations and Applications; Material, Labour, Overhead and Sales variances.

### **Unit 4.2: Strategic Decision Making**

- Target Costing - methodology, methods of establishment of target costs, attributable costing, and back-flush costing; Life Cycle Costing -Meaning of Life Cycle, characteristics of life cycle concept, importance and benefits of life cycle costing , Product Life Cycle Costing, Project Life Cycle Costing; Kaizen Costing - concept, procedure for implementation, evaluation, benefits, challenges; Lean accounting; Cost of Quality and Total Quality Management – principles/concepts, stages, quality control, quality assurance, quality management, corrective actions, and Continuous Process Improvement; Learning curve (only theory)

### **References:**

1. C.T. Horngren, Gary L. Sundem, Jeff O. Schatzberg, and Dave Burgstahler: Introduction to Management Accounting, Pearson
2. M.N. Arora: A Textbook of Cost and Management Accounting, Vikas Publishing House Pvt. Ltd.
3. M.Y. Khan, and P.K. Jain, Management Accounting: Text Problems and Cases, McGraw Hill Education (India) Pvt. Ltd.
4. S.N. Maheshwari, and S.N. Mittal, Cost Accounting: Theory and Problems, Shree Mahavir Book Depot (Publishers)
5. Cost Accounting- A Managerial Emphasis – Horngren, Foster, Datar.