

Discipline Specific Core Course- 5.3(DSC-5.3): Management Accounting

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Management Accounting DSC- 5.3	4	3	0	1	Pass in Class XII	Studied DSC-4.2 (Cost Accounting)

Learning Objectives

The course aims to enable students to acquire knowledge of concepts, methods and techniques of management accounting for the purpose of managerial planning, control and decision making.

Learning Outcomes:

After completion of the course, learners will be able to:

1. Examine the conceptual framework of Management Accounting and identify the differences between various forms of accounting.
2. Analyse budgetary control system as a tool of managerial planning and control
3. Evaluate the standard costing system as a tool of managerial control.
4. Recognise the concept of marginal costing and cost-volume-profit analysis.
5. Analyse techniques of decision making.
6. Discuss the concept of responsibility accounting and performance measurement.

SYLLABUS OF DSC-5.3

Unit 1: Introduction to Management Accounting

Meaning, objectives, nature and scope of management accounting, Difference between different forms of accounting- Cost, Financial and Management accounting, Cost control and Cost reduction.

Unit 2: Budgetary Control and Standard Costing Systems

(a) Budgeting and Budgetary Control: Concept of budget, budgeting and budgetary control; objectives, merits and limitations; Functional Budgets; Fixed and Flexible budgeting; An overview of different approaches to budgeting (Zero base budgeting, Performance budgeting and Programme budgeting)

(b) Standard Costing and Variance Analysis: Meaning of standard cost and standard costing; advantages, limitations and applications; Variance Analysis – material, labour, overheads and sales variances. Control ratios.

Unit 3: Marginal Costing

Concept of marginal cost and marginal costing; Absorption versus Variable Costing: Distinctive features and income determination; Cost-volume-profit analysis; Break-even

Analysis-Statements, mathematical and graphical approaches; Profit-volume ratio, angle of incidence, margin of safety, key factor, determination of cost indifference point.

Unit 4: Decision Making

Steps in Decision making process. Concept of relevant costs. solving various short -term decision making problems using marginal costing and differential costing techniques – Profitable product mix, Acceptance or rejection of special/ export offers, Make or buy, Addition or elimination of a product line, sell or process further, operate or shut down and Pricing decisions

Unit 5: Performance Measurement

Responsibility Accounting: Concept, Significance, Different Responsibility Centres; Divisional Performance Measurement: Financial and Non-Financial measures;

Note: Spreadsheet may be used for doing basic calculations in Management Accounting and giving students subject related assignments for their internal assessment purposes.

Practical Exercises:

The learners are required to:

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1. Discuss differences between various forms of accounting.
2. Prepare different types of budgets.
3. Apply the concept of zero base budgeting on a select firm by collecting relevant data.
4. Visit any manufacturing unit and study the relevance of marginal costing.
5. Compute variances and perform analysis.
6. Perform cost-volume-profit analysis.
7. Compute the foreign export sales price for a domestic firm engaged in manufacturing goods/services.
8. Evaluate various decision making techniques using case studies.
9. Identify the responsibility centres of a pharmaceutical industry.
10. Discuss case studies on divisional performance measurement.