

B.Com. (Hons.): Semester-IV
BCM402: MANAGEMENT ACCOUNTING

Teaching Scheme	Examination Scheme
Lectures: 4 hrs/Week	Class Test – 12 Marks
Tutorials: 1 hr/Week	Teachers Assessment – 6 Marks
	Attendance – 12 Marks
Credits: 5	End Semester Exam – 70 Marks

Course Objective

Enable students to acquire knowledge of concepts, methods and techniques of management accounting for the purpose of managerial planning, control and decision-making.

Course Learning Outcomes

After completing the course, the student shall be able to:

- CO1: understand thoroughly the conceptual framework of Management Accounting; identification of differences between different forms of accounting—Financial, Cost and Managerial; distinction between cost control and cost reduction.
- CO2: understand the concept of marginal cost and marginal costing; preparation of income statements using absorption and variable costing; learning of cost-volume-profit analysis and break-even analysis using mathematical and graphical approaches; and the application in businesses.
- CO3: understand the concept of relevant and irrelevant costs and make decisions related to different business situations using marginal costing and differential costing techniques.
- CO4: understand budgetary control system as a tool of managerial planning and control; ability to prepare various types of budget;
- CO5: understand standard costing system as a tool of managerial control; calculation of variances in respect of each element of cost and sales; control ratios.
- CO6: understand management accounting issues of Responsibility accounting; Divisional performance measurement and Transfer pricing.

Unit I: Introduction

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

Unit II: 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 using mathematical and graphical approaches; Profit-volume ratio, angle of incidence, margin of safety, key factor, determination of cost indifference point, Cash break-even point and Composite break-even point.

Unit III: Decision Making

Steps in Decision Making Process, Concept of Relevant Costs and Benefits, Various short-term decision making situations – 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. Pricing Decisions: Major factors influencing pricing decisions, Various methods of pricing.

Unit IV: Budgetary Control and Standard Costing System

Budgeting and Budgetary Control: Concept of budget, budgeting and budgetary control; Objectives, merits and limitations; Budget Administration; Functional Budgets; Fixed and Flexible budgeting; Zero base budgeting; Programme and Performance budgeting.

Standard Costing and Variance Analysis: Meaning of standard cost and standard costing; advantages, limitations and applications; Variance Analysis – material, labour, variance ; Disposition of variances; Control ratios.

Unit V: Performance Measurement

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

Suggested Readings

- Goel, Rajiv Kumar & Ishaan Goel. Concept Building Approach to Management Accounting. Cengage.
- Lal, Jawahar and Srivastava, Seema. Cost Accounting. McGraw Hill Publishing Co., New Delhi.
- Singh, Surender. Management Accounting. PHI Learning Pvt. Limited, Delhi
- Singh, S.K. and Gupta, L. "Management Accounting". A.K. Publications, New Delhi.
- Jhamb, H. V. Management Accounting. Ane Books Pvt. Ltd, New Delhi
- Khan, M. Y. and Jain, P.K. Management Accounting. Tata McGraw Hill Publishing Co., New Delhi

Additional Readings

- Arora, M.N. Management Accounting. Himalaya Publishing House, New Delhi
- Drury, Colin. Management and Cost Accounting. Thomson Learning.
- Horngren, Charles T., George Foster and Srikant M. Dattar. Cost Accounting: A Managerial Emphasis. Prentice Hall of India Ltd., New Delhi.
- Usry, Milton E. and Lawrence H. Hammer. Cost Accounting: Planning and Control. South Western Publishing Co.

Note: Latest edition of readings may be used.

Faculty of Management
Invertis University, Bareilly (UP)

Invertis University
Bareilly

Dean Academics
Faculty of Management
Invertis University, Bareilly (UP)