

Core VII

Management Accounting

Course 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.

Course Outcomes

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

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

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

- 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)
- 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.

Suggested Readings

- ✓ *Sharma / Gupta Management accounting, kalyani publishing house.*
- ✓ *Management Accounting, 4th Edition
Pillai R.S.N. & Bagavathi S. Chand Publishing*
- ✓ *Arora, M. N. (2019). Management Accounting. Delhi, India: Himalaya Publishing House.*
- ✓ *Management Accounting: Principles & Practice, 3rd Edition
Sahaf M.A. Vikas Publishing*
- ✓ *COST AND MANAGEMENT ACCOUNTING RAVI M KISHORE, taxman publishing house.*
- ✓ *Goel, R. K., & Goel, I. (2019). Concept Building Approach to Management Accounting for B.Com(Hons.), Delhi, India: Cengage.*
- ✓ *Maheshwari, S. N., & Mittal, S. N. (2019). Management Accounting. Delhi, India: Shri Mahaveer Book Depot.*
- ✓ *Maheshwari, S. N., Maheshwari, S. K., & Maheshwari, S. K. (2021). Principles of Management Accounting. Delhi, India: Sultan Chand & Sons.*
- ✓ *Maheshwari, S. N. (2015). Management Accounting and Financial Control. Delhi, India: Sultan Chand & Sons.*
- ✓ *Shah, P. (2015). Management Accounting. Delhi, India: Oxford University Press.*
- ✓ *Singh, S. (2023). Management Accounting. Delhi, India: PHI Learning Pvt. Limited.*
- ✓ *Singh, S. K., & Gupta, L. (2021). Management Accounting: Theory and Practice. Delhi, India: A. K. Publications.*
- ✓ *Tulsian, P. C., & Tulsian, B. (2023). Advanced Management Accounting.*
- ✓ *Drury, C. (2020). Management and Cost Accounting. China: Cengage.*
- ✓ *Horngren, C. T., Foster, G., & Dattar, S. M. (2002). Cost Accounting: A Managerial Emphasis. Delhi, India: Prentice Hall of India Ltd.*
- ✓ *Khan, M. Y., & Jain, P. K. (2021). Management Accounting. Delhi, India: Tata McGraw Hill Publishing Co.*
- ✓ *Usry, M. E., & Lawrence, H. H. (2010). Cost Accounting: Planning and Control. Delhi, India: S. Chand.*