

STRATEGIC MANAGEMENT ACCOUNTING

III Semester: MBA								
Course Code	Category	Hours / Week			Credits	Maximum Marks		
CMBB35	Elective	L	T	P	C	CIA	SEE	Total
		4	-	-	4	30	70	100
Contact Classes: 45	Tutorial Classes: Nil	Practical Classes: Nil			Total Classes: 45			

OBJECTIVES:

The course should enable the students to:

- I. Emphasis on developing analytical and critical abilities related to management accounting and cost accounting.
- II. Understand management and cost accounting principles, techniques and their applications to various decision making situations.
- III. Analyze the detailed cost concepts, cost structure and elements of costs of manufacturing and service organizations which have been facing dramatic changes in their business environment.
- IV. Identify and describe the elements which are involved in decision making, planning and control for the purpose of maximizing profitability and minimizing cost.
- V. Be aware of different types of costing methodologies for cost reduction and cost control and elimination of wastage in the production process.

COURSE OUTCOMES:

1. Describe the objectives, importance and limitations of cost accounting, accounting and management accounting.
2. Examine the classification, allocation and apportionment of overheads for the purpose of knowing machine hour rate and cost of production.
3. Discuss the significance and limitations of unit costing, job costing, process costing, and cost sheet.
4. Apply the applications of marginal costing in terms of specific fixed assets, cost control, suitable product mix, and profit planning and closing down or suspending activities.
5. Discuss the limiting factor, selection of suitable product mix, desired level of profits.
6. Diversification of products, closing down or suspending activities, level of activity planning
7. Determine the importance budgetary control. and the classification of various types of budgets
8. Enumerate the cost audit and management audit.
9. Demonstrate the significance and limitations of standard costing vs. budgetary control.
10. Predict the importance, limitations, reasons and types of variance analysis.

UNIT-I	MANAGEMENT ACCOUNTING VS. COST ACCOUNTING	Classes: 09
Definitions, nature, scope, objectives and functions of management accounting, importance and limitations of cost accounting and management accounting; differences between cost accounting, management accounting and financial accounting. Types of costing used in industries. Role of accounting information in planning and control, cost concepts and managerial use of classification of costs, the management process and accounting, cost analysis and control: direct and indirect expenses, allocation and apportionment of overheads, calculation of machine hour rate (problems), introduction to activity based costing and life cycle costing.		
UNIT-II	COSTING FOR SPECIFIC INDUSTRIES	Classes: 09
Unit costing, job costing, cost sheet and tender and process costing and their variants, treatment of normal losses and abnormal losses (problems), inter process profits, costing for byproducts and equivalent production, introduction, application of marginal costing in terms of cost control, profit planning, closing down a plant, dropping a product line, charging general and specific fixed costs, fixation of selling price.		

UNIT-III	MAKE OR BUY DECISIONS	Classes: 09
Key or limiting factor, selection of suitable product mix, desired level of profits, diversification of products, closing down or suspending activities, level of activity planning.		
Break even analysis: application of breakeven point for various business problems, meaning, significance and limitations of break even analysis and problems on break even point, inters firm comparison: need for inter firm comparison, types of comparisons, advantages.		
UNIT-IV	BUDGETARY CONTROL	Classes: 09
Budget, definitions, advantages and disadvantages of budgetary control, steps in budgetary control, different types of budgets: flexible budget, sales budget, cash budget, production budget (problems), master budget, performance budgets, material vs. purchase budgets, zero based budgeting, introduction to cost audit and management audit.		
UNIT-V	STANDARD COSTING	Classes: 09
Standard cost and standard costing, standard costing vs. budgetary control, standard costing vs. estimated cost, standard costing and marginal costing analysis of variance, material variance, labor variance, Sales and Profit variance(problems), case studies.		
Text Books:		
<ol style="list-style-type: none"> 1. S.P.Jain and K.L.Narang, "Cost and Management Accounting", Kalyani Publishers, 7th Edition, 2014. 2. S.K.Gupta and R.K.Shama, "Advanced Management Accounting", Kalyani Publishers, 2nd Revised Edition, 2003. 3. M.N.Arora, "Cost & Management Accounting", Himalaya Publishing House, 1st Edition, 2004. 4. M.N.Arora, "Cost Accounting", Himalaya Publishing House, 1st Revised Edition, 2010. 5. M.E. ThukaramRao, "Management and Cost Accounting", New Age International Publisher, 1st Edition, 2007. 		
Reference Books:		
<ol style="list-style-type: none"> 1. Hansen Mowen, "Cost and Management Accounting and Control", Thompson Publications, 5th Edition, 2012 2. MN Arora, "Cost Accounting", Vikas Publications, 2nd Edition, 2012. 3. Collin Drury, "Management and Cost Accounting", Cengage Publications, 8th Edition, 2012. 4. Ravi.M.Kishore, "Management and Cost Accounting", Taxmann publications, 4th Edition, 2012. 		
Web References:		
<ol style="list-style-type: none"> 1. http://www.icsi.in/Stud...20PAPER%202.pdf 2. https://www.cengagebrain.co.nz/content/9781408049044.pdf 		
E-Text Books:		
<ol style="list-style-type: none"> 1. https://www.free-ebooks.net/ebook/Cost-and-Management-Accounting 2. http://www.freebookcentre.net/Business/Accounting-Books.html 		