



INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal - 500 043, Hyderabad, Telangana

COURSE CONTENT

STRATEGIC MANAGEMENT ACCOUNTING								
III Semester: MBA								
Course Code	Category	Hours / Week			Credits	Maximum Marks		
CMBD33	Elective	L	T	P	C	CIA	SEE	Total
		4	-	-	4	40	60	100
Contact Classes: 45	Tutorial Classes: Nil	Practical Classes: Nil			Total Classes: 45			
Prerequisite: Financial Management								

I. COURSE OVERVIEW:

The course enlightens the student's knowledge in terms of basic concept of cost accounting and management accounting and cost control techniques, allocation and apportionment of overheads, unit costing, job costing, profit planning, application of breakeven point enables students to understand and solve various business problems. Budgetary control system helps in fixing the goals for the organization as a whole and concerned efforts are made for its achievements. Budgetary control system enables economies in the enterprise. Standard costing ascertains beforehand what should be the cost of a product and controls the cost of such product by facilitating the comparison of actual cost with pre-determined cost. This course includes appreciate and use financial statements as means of business communication. This course uses the analytical techniques and arriving at conclusions from financial information for the purpose of management control and decision making.

II. COURSES OBJECTIVES:

The students will try to learn:

- I. Emphasis on developing analytical and critical abilities related to management accounting and cost accounting.
- II. Management and cost accounting principles, techniques and their applications to various decision-making situations.
- III. 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. The elements which are involved in decision making, planning and control for the purpose of maximizing profitability and minimizing cost.
- V. The different types of costing methodologies for cost reduction and cost control and elimination of wastage in the production process.

III. COURSE OUTCOMES:

At the end of the course students should be able to:

CO1	Recall the cost concepts for demonstrating accounting and apportionment of overheads for the purpose of attaining accurate cost to perform effective role in planning and control.
CO2	Outline the Importance of various costing systems and cost sheet preparation for comparing the costs of various production systems.
CO3	Illustrate the applications of marginal costing which enable the managerial decision making
CO4	Contrast the inter firm compares and solve problems accordingly.
CO5	Recall the concepts of budget, budgetary control and audits in financial planning for effective cost controlling decisions
CO6	Utilize the standard costing and variance analysis to make cost effective decisions.

IV. COURSE CONTENT:

MODULE - I: MANAGEMENT ACCOUNTING VS. COST ACCOUNTING (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.

MODULE - II: COSTING FOR SPECIFIC INDUSTRIES (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.

MODULE - III: MAKE OR BUY DECISIONS (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, inter firm comparison: need for inter firm comparison, types of comparisons, advantages.

MODULE - IV: BUDGETARY CONTROL (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.

MODULE - V: STANDARD COSTING (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.

V. TEXT BOOKS:

1. Dr.K.M.Bansal, Anjali Agarwal, "Strategic Financial Management", 4th Edition, Taxmann, August 2021.
2. Vassili Joannidès de Lautour , Strategic Management Accounting, Springer Nature,2019.
3. Wing Sun Li, Strategic Management Accounting, Springer Verlag, Singapore,2017
4. Dr.Kamatam Srinivas, "Strategic Management Accounting", 1st Edition, Himalaya Publishing, 2016.
5. S.P.Jain and K.L.Narang, "Cost and Management Accounting", Kalyani Publishers, 7th Edition,2014.
6. S.P.Jain and K.L.Narang, "Cost and Management Accounting", Kalyani Publishers, 7th Edition, 2014.
7. Hansen Mowen, "Cost and Management Accounting and Control", Thompson Publications, 5th Edition, 2012
8. M.N.Arora, "Cost Accounting", Himalaya Publishing House, 1st Revised Edition, 2010.
9. M.E. ThukaramRao, "Management and Cost Accounting", New Age International Publisher, 1st Edition, 2007.
10. M.N.Arora, "Cost & Management Accounting", Himalaya Publishing House, 1st Edition,2004.
11. S.K.Gupta and R.K.Shama, "Advanced Management Accounting", Kalyani Publishers, 2nd Revised Edition, 2003.

VII. REFERENCE BOOKS:

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.
5. M. Ranganatham, R. Madhumathi, "Security Analysis and Portfolio Management", 2nd edition, 2012.

VIII. Web References:

1. [http://www.icsi.in/Study%20Material%20Executive/Executive%20Programme-2013/COST%20AND%20MANAGEMENT%20ACCOUNTING%20\(MODULE%20I%20PAPER%202\).pdf](http://www.icsi.in/Study%20Material%20Executive/Executive%20Programme-2013/COST%20AND%20MANAGEMENT%20ACCOUNTING%20(MODULE%20I%20PAPER%202).pdf).
2. <https://www.cengagebrain.co.nz/content/9781408049044.pdf>

VIII. E-Text Books:

1. <https://www.free-ebooks.net/ebook/Cost-and-Management-Accounting>
2. <http://www.freebookcentre.net/Business/Accounting-Books.html>