COURSE CONTENT

STRATEGIC COST AND MANAGEMENT ACCOUNTING								
III Semester: MBA								
Course Code	**Category**	**Hours/Week**			**Credits**	**Maximum Marks**		
		L	**T**	**P**	**C**	**CIE**	**SEE**	**Total**
25MB022F3	**ELECTIVE**	4	0	-	4	40	60	100
Contact Classes:60	**Tutorial Classes:** Nil	**Practical Classes:** Nil				**Total Classes:** 60		
Prerequisite: Basic concepts of Strategic Cost and Management Accounting								

COURSE OVERVIEW:

Strategic Cost and Management Accounting (SCMA) is an advanced course that focuses on the use of cost and management accounting information for strategic decision-making, planning, control, and performance evaluation. It integrates accounting techniques with strategic management concepts to enhance organizational competitiveness and long-term sustainability.

COURSE OBJECTIVES:

- To provide understanding of various aspects in strategic cost and management accounting.
- To elucidate the role of cost accounting for better managerial decision making.
- To impart knowledge of various aspects in CVP and ABC analysis.
- To discuss in detail various aspects in budget and budgetary control.
- To help understand the variances and their importance in cost accounting.

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COURSE OUTCOMES: After completion of the course, students should be able to

1. Understand the cost analysis and control.
2. Learn the relevance of unit, job, process costing for strategic decisions.
3. Learn various aspects of activity-based management.
4. Understand the role of types of budgets and the budgeting process in non-profit organizations.
5. Identify the need for establishing cost standards

Unit – I: Introduction to Cost and Management Accounting, Cost Analysis and Control: Management Accounting Vs. Cost Accounting Vs. Financial Accounting, Role of Accounting Information Planning and Control, Strategic Decisions and the Management Accountant. Enhancing the value of Management Accounting Systems. Cost Concepts and Managerial use of Classification of Costs, Cost Analysis and Control: Direct and Indirect Expenses, Allocation

and Apportionment of Overheads, Calculation of Machine Hour rate.

Unit – II: Costing for Decision making: Unit Costing, Job Costing, Cost Sheet and Tender and Process Costing and their Variants, Treatment of Normal Losses and Abnormal Losses, Inter- process Profits, Costing for By-products and Equivalent Production. Application of Managerial Costing for Control, Profit Planning, Closing down of a Plant, Dropping a Product line, Charging General and Specific Fixed Costs, Fixation of Selling Price, Make or Buy Decisions, Key or Limiting Factor. Selection of Suitable Product Mix, Desired level of Profits, Diversification of Products, Closing down or Suspending activities,

UNIT – III: Cost-Volume-Profit (CVP) Analysis and Activity-Based Costing (ABC): Essentials of CVP Analysis. The Breakeven Point using Equation Method, Contribution Margin Method and Graph Method. Target Operating Income. Target Net Income and Income Taxes. Breakeven Analysis for Decision making. Margin of Safety. Application of BEP for various Business Problems. CVP analysis in Service and Nonprofit Organizations.
Activity Based Cost (ABC) Systems: Comparison of Traditional and Activity Based Cost Systems. Emergence of ABC Systems. Activity Hierarchies. Tracing Costs to Activities, Tracing Costs from Activities to Products, Customer Profitability, Process Efficiency. Activity Based Management.
ABC Systems in Service Organizations. The Technological Edge of using ABC Systems.

Unit – IV: Budgetary Control: Budget, Budgetary Control, Steps in Budgetary Control, Flexible Budget, Different Types of Budgets: Sales Budget, Cash Budget, Production Budget, Performance Budgets and Computerized Budgeting. Activity Based Budgeting. Budgeting Process in Non-Profit Organizations. Zero Based Budgeting. Criticisms of Budgeting. An Introduction to Cost Audit and Managerial Audit

UNIT – V: Standard Costing and Variance Analysis: Standard Costing – Establishing cost standards, 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, Labour Variance and Sales Variance. Reconciling Budgeted Profit and Actual Profit.
Standard Absorption Costing. Volume Efficiency and Capacity Variance.

TEXT BOOKS:

- S. P. Jain and K. L. Narang, Cost and Management Accounting, Kalyani Publishers, New Delhi, 6e, 2019.
- James Jiambalvo, Managerial Accounting, John Wiley & Sons, Inc. New Delhi,7e, 2019.
- M. Y. Khan, P. K. Jain, Management Accounting: Theory and Problems, TMH, New Delhi, 7e 2017.
- Horngre, Data, Foster, Cost Accounting: A Managerial Emphasis. Pearson Education, 16e, 2017.

REFERENCE BOOKS:

- Hansen Mowen, Cost and Management Accounting & Control, Thompson Publications, 5e, 2012.
- Colin Drury, Cost and Management Accounting, Cengage Learning,8e, 2015.

- John K Shank and Vijay Govindarajan. Strategic Cost Management The new tool for competitive Advantage. The Free press. 2008.
- Atkinson, Banker, Kaplan and Young, Management Accounting PHI, 2006.

ELECTRONIC RESOURCES:

1. https://www.scribd.com/document/184434634/45790874-mba-3-sem-finance-notes-bangalore-university.
2. http://iimsnepal.com/download/e%20book%20materials/mba%20ebook%20material/mba%203rd%20semester%20ebook%20materials/dmgt512_strategic_cost_a nd_analysis.pdf.

MATERIALS ONLINE:

1. Course template
2. Tutorial question bank
3. Tech talk and Concept Video topics
4. Open-ended experiments
5. Definitions and terminology
6. Assignments
7. Model question paper – I
8. Model question paper – II
9. Lecture notes
10. PowerPoint presentation
11. Drishya Siksha Sangrah (DSS) Videos