



# MARRI LAXMAN REDDY INSTITUTE OF TECHNOLOGY AND MANAGEMENT

(AN AUTONOMOUS INSTITUTION)

(Approved by AICTE, New Delhi & Affiliated to JNTUH, Hyderabad)

Accredited by NAAC with 'A' Grade & Recognized Under Section 2(f) & 12(B) of the UGC act, 1956

## COURSE CONTENT

STRATEGIC COST AND MANAGEMENT ACCOUNTING								
<b>III Semester: MBA</b>								
Course Code	Category	Hours/Week			Credits	Maximum Marks		
22MBA0022F	Professional Elective	L	T	P	C	CIE	SEE	Total
		4	-	-	4	40	60	100
Contact Classes:60	Tutorial Classes: Nil	Practical Classes: Nil			Total Classes: 60			
<b>Prerequisite:</b> Basic concepts of Strategic Cost and Management Accounting								

### COURSE OVERVIEW:

This course introduces the concepts and techniques of cost and management accounting used for planning, control, and decision-making in organizations. It covers cost classification, costing methods for different industries, cost analysis for managerial decisions, budgetary control, and standard costing techniques. The course also emphasizes the role of accounting information in improving operational efficiency and strategic management.

### COURSE OBJECTIVES:

- To understand the concepts, scope, and differences between cost accounting, management accounting, and financial accounting.
- To explain various costing methods and their application in different industries.
- To apply cost analysis techniques for managerial decisions such as make-or-buy and product mix selection.
- To understand the preparation and use of budgets for planning and control.
- To analyze standard costing and variance analysis for effective cost control and performance evaluation.

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

1. Identify the scope, objectives and functions of management-cost accounting, differentiating cost from financial accounting
2. Describe costing methods and loss treatment for cost control
3. Calculate break-even points and apply decision-making tools for product mix selection & profit planning
4. Assess budget types, budgetary control processes, advantages and limitations
5. Evaluate standard costing variances in material, labour, sales and profit through case-based comparison with costing techniques

## **UNIT-I MANAGEMENT ACCOUNTING VS. COST ACCOUNTING**

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**

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**

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 breakeven analysis and problems on breakeven point, inter firm comparison: need for inter firm comparison, types of comparisons, advantages.

## **UNIT-IV BUDGETARY CONTROL**

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**

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. Latest Amendments in Strategic Management Accounting

### **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:**

1. M.N.Arora, "Cost & Management Accounting", Himalaya Publishing House, 1<sup>st</sup> Edition, 2004.
2. M.N.Arora, "Cost Accounting", Himalaya Publishing House, 1<sup>st</sup> Revised Edition, 2010.
3. M.E. ThukaramRao, "Management and Cost Accounting", New Age International Publisher, 1<sup>st</sup>

Edition, 2007.

4. Manash Gupta, Cost Accounting Principles and Practice, Pearson Education, 2006

#### **ELECTRONIC RESOURCES:**

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

#### **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

