ACC205:COST AND MANAGEMENT ACCOUNTING

L:3 T:1 P:0 Credits:4

Course Outcomes: Through this course students should be able to

CO1 :: prepare cost sheets using cost classification, inventory control techniques, and material pricing methods.

CO2 :: analyze material, labour, and overhead variances to evaluate cost performance and control.

CO3 :: analyze the role and interrelationship of financial, cost, and management accounting in business decision-making.

CO4 :: evaluate business performance using accounting and financial ratio analysis.

CO5 :: apply marginal costing techniques to support managerial decision-making.

CO6 :: prepare cash flow statements and budgets for financial planning and control.

Unit I

Introduction to Cost Accounting : Unit or Output Costing, Cost Sheet preparation, classification of costs - cost units and cost centres, meaning,objectives and importance of Cost Accounting, differentiation between Cost and Financial Accounting, preparation of cost sheet using AI

Material Costing : meaning and objectives of material costing, objectives of material control, material purchase procedures, techniques of Inventory Control: ABC analysis, VED Analysis, perpetual inventory control system, fixing stock levels (minimum, maximum and reorder level), Economic Order Quantity (EOQ), pricing of material issues (FIFO, LIFO, simple average method and weighted average method)

Unit II

Marginal Costing and CVP Analysis : concept, nature, and importance of marginal costing, marginal costing equation, CVP Analysis: contribution margin, profit/volume (P/V) Ratio, break-even point, and margin of safety, applications of marginal costing for decision making in organizations : make or buy decision and product mix decision

Unit III

Standard Costing : meaning, significance and applications of standard costing, fixation of standards, establishment of standard costing system, analysis of variance: material variance, labour variance and overhead Variance

Unit IV

Introduction to Management Accounting : comparison between Cost, Management and Financial Accounting, use and functions of management accounting, tools and techniques of management accounting

Financial statement analysis : preparation of comparative statements, common-size statement

Unit V

Ratio Analysis : nature, use, advantages and limitations of Ratio Analysis, types of Ratios: Liquidity Ratios, Activity Ratios, Profitability Ratios, Solvency Ratios and Market Test Ratios

Unit VI

Budgetary Control : objectives, advantages and limitations of Budgetary Control, concept and types of budgets, preparation of Cash Budget and Flexible Budget

Cash Flow Statement Analysis : objectives, uses and components of Cash Flow Statement, preparation of Cash Flow Statement(Indirect method: AS-3 revised)

Text Books:

1. COST AND MANAGEMENT ACCOUNTING by M.N ARORA, VIKAS PUBLISHING HOUSE

References:

1. COST ACCOUNTING by JAWAHAR LAL, SEEMA SRIVASTAVA, MANISHA SINGH, MC GRAW HILL
2. COST ACCOUNTING by M.N ARORA, S. CHAND & COMPANY
3. MANAGEMENT ACCOUNTING by MY KHAN, MCGRAW HILL EDUCATION
4. COST ACCOUNTING PRINCIPLES AND PRACTICE by JAIN S.P., NARANG K.L., AGRAWAL SIMMI, SEHGAL MONIKA, KALYANI PUBLISHERS