III. MAJOR COURSE- MJ 18: MANAGERIAL ACCOUNTING

Marks: 25 (5 Attd. + 20 SIE: 1Hr) + 75 (ESE: 3Hrs) = 100	Pass Marks: Th (SIE + ESE) = 40

(Credits: Theory-04) **Theory: 60 Lectures**

Course Objectives:

1. The course aims to impart the learners, knowledge about the use of financial, cost and other data/information for the purpose of managerial planning, control and decision making.

Course Learning Outcomes:

After completing the course learners will be able to

1. Describe the concept of management accounting;
2. Prepare various budgets and to measure the performance of the business firm applying
3. budgetary control measures;
4. Compute standard costs and analyse production cost preparing variance report;
5. Analyse cost, volume and profit and to solve short run decision making problems applying marginal costing and Break-Even technique;
6. Use spreadsheets and Expert System for managerial decision making;
7. Analyse the role of ERP in Business Decision Making.

Course Content:

UNIT- I: Introduction

1. Meaning, Objectives, and Scope of management accounting; Difference between financial accounting, cost accounting and management accounting.
2. Cost control and Cost reduction; Cost management; Cost concepts used in managerial decision making.

UNIT-II: Budget and Budgetary Control

1. Concept of budget; different types of budgets; budgeting and budgetary control; meaning, objectives, merits, and limitations of budgetary control.
2. Budget administration; Functional budgets including cash budget; Fixed and flexible budgets: meaning and preparation; Zero-based budgeting; Performance budgeting, difference between performance & traditional budgeting.

UNIT III: Standard Costing

1. Meaning of standard cost and standard costing; Difference between budgeted cost and standard cost; advantages, limitations and applications of standard costing.
2. Meaning of Variance and Variance Analysis – material, labour, overheads and sales variances. Disposition of Variances, Control Ratios.

UNIT IV: Marginal Costing

1. Meaning of Variable Costing, Absorption Costing and Marginal Costing; uses of Marginal costing; Cost-Volume-Profit Analysis, Profit/Volume ratio.
2. Break-even analysis - algebraic and graphic methods. Angle of incidence and margin of safety.
3. Meaning and importance of Limiting/Key factor in budgeting; Decision making based on Marginal Cost Analysis - profitable product mix, Acceptance or Rejection of special/export offers, Make or Buy, Addition or Elimination of a product line, sell or process further, operate or shut down.

UNIT V: Software Based Managerial Decision Making

1. Managerial Decision-making using spreadsheets and Expert System for Management Accountants; Concept of Enterprise Resource Planning (ERP) and its role in Business Decision Making.

Practical Exercise: The learners are required to:

1 Prepare monthly cash budget, expense budget, activity budget, for a small retail shop, club, student association, college and also purchase/production/sales budget for a small factory. They shall also prepare time budget for specific job or function.

2 Compute Break Even Sales for small shops like Grocery (kirana) store, pharmacy, etc. by finding out