

INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR
PROGRAMME NAME: PGDM
AC 502: Cost & Management Accounting

CREDIT: Full (3 credits)
SESSION DURATION: 90 minutes

TERM: II
BATCH: 2015-2017

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Course Introduction: Being a part of MIS, cost accounting assumes much importance in decision making process. A deep knowledge of cost drivers is vital to long term sustainability of a business organization. The most difficult part is to identify cost drivers according to the type and nature of industry. The competitiveness of a product in the market depends not only upon its quality but also on the price in a price sensitive market. This course will enable the students to identify cost drivers and to take suitable decisions.

Course Objectives:

- To expose the students to the internal functioning of an organization
- To enable them to do costing of the products and services
- To enable them to take pricing decisions under different economic situations.

Pedagogy:

The course will be taught through conceptual development and discussing cases. Emphasis will be on developing the students ability to think and take of short term decisions with a particular situation. It will also include assignments allotted to group of students for research and presentation at the end of the term.

Course Readings

Text book: Cost Accounting: A Managerial Emphasis, Horngren, Datar, Foster (HDF), *Pearson Education*

Reference book(s): 1. Cost & Management Accounting, Colin Drury, *Cengage*
2. Managerial Accounting, Hilton, *TMH*

Course Evaluation criteria:

Quiz (Best of Two):	10%
Mid-Semester:	30%
End-Semester:	40%
Projects/ Assignments:	20%

Session Plan:

Session No.	Topic	Reading
1-2	<ul style="list-style-type: none"> ➤ Introduction to Cost Terms ➤ Cost Drivers, Centres, (In)Direct Costs, COGS ➤ Preparation of Cost Sheet ➤ Inventoriable and Period Costs, Sunk Costs, Fixed, Variable ➤ Methods of Costing – Job, Batch, Process and Contract (Concept) 	Text Book: Chapter 2
3-5	Activity Based Costing <ul style="list-style-type: none"> ➤ Meaning and importance of overheads ➤ Traditional overhead allocation methods ➤ Allocation by ABC 	Text Book: Chapter 5
6-7	Budgeting and Budgetary Control <ul style="list-style-type: none"> ➤ Strategic and Operational Plans ➤ Types – Sales, Production, Cash ➤ Flexible Budgets ➤ Master Budget 	Text Book: Chapter 6, 8
8-10	Decision Making <ul style="list-style-type: none"> ➤ Break Even Analysis ➤ Opportunity Cost ➤ Analysis of Relevant Costs 	Text Book: Chapter 3, 11
QUIZ - I		
11-13	Pricing Decisions <ul style="list-style-type: none"> ➤ Short Run Pricing Decisions ➤ Long Run Pricing Decisions ➤ Target Costing ➤ Cost Plus Pricing 	Text Book: Chapter 12 Case: Parle G Pricing Decision
14-16	Cost Allocation and Variance Analysis <ul style="list-style-type: none"> ➤ Purpose and criteria of cost allocation ➤ Customer-Cost Analysis ➤ Variance Analysis – Sales Mix and Sales Quantity Variance, Material Variances 	Text Book Chapter 14 Case: Danshui Plant No. 2
17-20	Responsibility accounting, Performance evaluation of investment centres, Transfer Pricing	Text Book chapter 22 Case: Vajibhai Stones
QUIZ – II		