

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