

INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR  
 Post Graduate Diploma in Management (PGDM)  
 AC502: Cost & Management Accounting  
 CREDIT: Full (3 credits)  
 SESSION DURATION: 90

TERM: II  
 BATCH: 2016-2018

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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.

**Learning Outcomes:**

- LO1. Expose the students to the internal functioning of an organization
- LO2. Enable them to do costing of the products and services
- LO3. 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**

**Reference book(s):**

1. Cost Accounting: A Managerial Emphasis, Horngren, Datar, Foster (HDF), Pearson Education
2. Cost & Management Accounting, Colin Drury, Cengage
3. Managerial Accounting, Hilton & Platt, TMH
4. Cost Accounting – A Managerial Emphasis: Horngren, Pearson

**Course Evaluation criteria:**

Quiz	10% (At the end of the term)
Mid-Trimester	30%
End-Trimester	40%
Project	20%

**Session Plan:**

Session No.	Topic	LOs	Readings
1-2	Introduction to Cost Terms <ul style="list-style-type: none"> <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>	LO1	Examples and Exercises
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>	LO1, LO2	Examples and Exercises

6-7	Budgeting and Profitability Planning <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>	LO1, LO2	Examples and Exercises
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>	LO3	Examples and Exercises
11-13	Pricing Decisions <ul style="list-style-type: none"> <li>• Target Costing</li> <li>• Cost Plus Pricing</li> </ul>	LO3	Case: Netflix Pricing Decisions Case 2: Parle G Pricing
14-16	Variance Analysis <ul style="list-style-type: none"> <li>• Variance Analysis – Sales Mix and Sales Quantity Variance, Material Variances</li> </ul>	LO1, LO2	Case: HP-Queensferry Communications
17-18	Responsibility accounting, Performance evaluation of investment centres, Balance Score Card	LO1, LO2	Examples and Exercises
19-20		PROJECT PRESENTATIONS	