

Programme : Master of Commerce [M.Com]  
 Course Code : COM-526  
 Course Title : Cost and Management Accounting  
 Number of Credits : 04  
 Effective from AY : 2022 – 2023

**Pre-requisites for the Course:**

NIL

**Objectives of the Course:**

1. To understand the nature, scope, and utility of Cost and Management Accounting.
2. To understand how Cost Accounting arises from the need to make business decisions.
3. To acquire knowledge and understanding of the concepts, techniques, and practices of Cost and Management Accounting and to develop decision-making skills.

**Course Content**

**Unit 1 Introduction to Cost and Management Accounting 12 Hours**

Cost Accounting- Meaning, Objectives, and Scope; Management Accounting-Meaning, Objectives and Scope, Tools and Techniques of Management Accounting; Relationship of Cost Accounting, Financial Accounting and Management Accounting; Conflicts in Profit versus Value Maximisation Principle; Role of Management Accountant in Decision Making.

**Unit 2 Techniques of Cost Control 18 Hours**

Marginal Costing- Meaning, Advantages, Limitations and Applications, Breakeven Analysis; Cost-Volume Profit Analysis; P/V Ratio and its Significance; Margin of Safety. Absorption Costing: System of Profit Reporting and Stock Valuation, Difference between Marginal Costing and Absorption Costing, Income Measurement under Marginal Costing and Absorption Costing. (Practical Problems)

Standard Costing- Definition, Significance and Applications, Various Types of Standards, Installation of Standard Costing System-for Material, Labour, and Overhead. Variance Analysis for Materials, Labour and Overheads, Accounting Treatment of Variances. Benchmarking for Setting of Standards, Variance Reporting to Management. (Practical Problems)

Budgetary Control- Budget Concept, Manual, Fixed and Flexible Budgets, Preparation and Monitoring of Various Types of Budgets, Budgetary Control System- Advantages, Limitations, and Installation, Zero Base Budgeting, Programmeme and Performance Budgeting. (Practical Problems)

**Unit 3 Analysis and Interpretation of Financial Statements 18 Hours**

Financial Statements- Recent Trends in Presenting Financial Statements, Financial Statements Analysis- Types, Methods, Objectives, Limitations; Comparative Analysis-Meaning and Uses (Practical Problems); Common Size Analysis- Meaning and Uses (Practical Problems); Trend Analysis- Meaning and Uses (Practical Problems); Ratio Analysis- Uses, Classification (Practical Problems); Cash Flow Statement Analysis – Meaning and Uses of Cash Flow Statement (Practical Problems); Fund Flow Statement Analysis – Meaning, Uses and Steps for Preparation of Fund Flow Statement (Practical Problems); Difference between Cash Flow and Fund Flow Statement.

**Unit 4 Contemporary Developments in Accounting 12 Hours**

Accounting for Price Level Changes- Meaning, Objectives, Importance, and Methods; Environmental Accounting- Meaning, Objectives, and Importance; Social Accounting-Meaning, Objectives, and Importance; Human Resource Accounting- Meaning, objectives, Importance, and Methods; Forensic Accounting- Meaning, Objectives, and Importance; Responsibility Accounting- Meaning, Objectives, and Importance.

**Pedagogy:**

The following methods and forms of study can be used in the course:

1. Lectures, Case Studies, and Self-study (doing home assignments based on solving practical problems)
2. Self-study on reading reference books and solving additional problems in Cost and Management Accounting.
3. In addition to the lectures, review sessions will be scheduled to address assignments, end-of-chapter questions, and occasionally assigned cases.

**Reference / Readings:**

1. Arora, M. N.: *Cost & Management Accounting*; Vikas Publishing House, Noida. 10<sup>th</sup> Edition.
2. Bhattacharyya, A. K.: *Principles & Practice of Cost Accounting*; PHI Learning Private Limited, New Delhi. 3<sup>rd</sup> Edition, 2004
3. Gupta, S. K. and Sharma. R. K.: *Management Accounting: Principles and Practice*; Kalyani Publishers, Chennai. 13<sup>th</sup> Edition, 2017
4. Jain, S. and Narang, K.: *Cost Accounting*; Kalyani Publishers, Chennai. 25<sup>th</sup> Edition, 2016
5. Kishore, R. M.: *Cost & Management Accounting*; Taxman Allied Service Private Limited, New Delhi. 6<sup>th</sup> Edition, 2021

**Online Resources:**

1. [https://www.icsi.edu/media/webmodules/publications/FULL\\_BOOK\\_PP-CMA-2017-JULY\\_4.pdf](https://www.icsi.edu/media/webmodules/publications/FULL_BOOK_PP-CMA-2017-JULY_4.pdf)
2. <https://edurev.in/studytube/Introduction-to-Cost-Management-Accounting-Notes-1/e598b5df-e4f9-4f87-bac5-46c1fe1f5f7b>

**Course Outcomes:**

Upon completion of the course, the students will be able to:

**CO1:** Apply Cost Accounting concepts and techniques in the decision-making process.

**CO2:** Make decisions such as pricing, special order pricing, make-or-buy, and elimination of a part of the company or replacement of equipment.

**CO3:** Understand the relevance of different costs in decision-making, such as relevant costs, sunk costs, or controllable costs.

**CO4:** Understand fundamental concepts in Financial, Cost & Management Accounting.

**CO5:** Develop analytical skills associated with the preparation and interpretation of Financial Statement