

## Managerial Accounting

### Course Objectives

1. To develop the skills in students so that are be able to make proper distinction between different types of costs.
2. To equip the students with emerging new concepts and its application in the field of managerial accounting.
3. To develop the skills in students to design the costing system that help in decision making.

Topic
<b>The changing role of managerial accounting in a dynamic business environment:</b> <ul style="list-style-type: none"><li>• Managerial accounting; managerial vs financial accounting, managerial accounting in different types of organization, evolution and adaptation in managerial accounting ,</li><li>• Service vs. manufacturing firm, emergence of new industries, global competition, focus on customer, cross functional team, computer integrated manufacturing, product life cycle and diversity, time based competition.</li></ul>
<b>Activity based Costing</b> <ul style="list-style-type: none"><li>• Some key issues about cost drivers</li><li>• Activity dictionary and bill of activities, direct vs indirect costs, when is new product –costing system needed,</li><li>• Cost management systems.</li></ul>
<b>Activity based management and Cost Management Tools :</b> <ul style="list-style-type: none"><li>• Two dimensional ABC,</li><li>• Customer profitability analysis,</li><li>• Target costing, kaizen costing,</li><li>• Benchmarking , reengineering,</li><li>• Theory of constraints</li><li>• Just in Time Inventory and Production Management</li></ul>
<b>Activity analysis, cost behaviour and cost estimation</b> <ul style="list-style-type: none"><li>• Cost behaviour patterns</li><li>• Operational based vs. volume based cost drivers</li><li>• Cost estimation methods</li></ul>
<b>Cost volume profit relationship</b> <ul style="list-style-type: none"><li>• Projected expenses and revenues,</li><li>• Breakeven point, target net profit,</li><li>• Applying CVP analysis, CVP analysis with multiple products, assumption under CVP analysis, CVP and income estimation, cost structure and operating leverage.</li></ul>
<b>Profit Planning and Activity Based Budgeting.</b> <ul style="list-style-type: none"><li>• Profit planning, activity based budgeting and e- budgeting:</li><li>• Types of budgets (master budgets, budgeted financial statements), manufacturing overhead budget, ABB and the cost hierarchy, financial planning models, budget administration,</li><li>• Zero based budgeting, international and behavioral aspects of budget</li></ul>
<b>Standard Costing, Operational performance measures and Balance Scorecard:</b> <ul style="list-style-type: none"><li>• Setting standards</li><li>• Cost Variance Analysis</li><li>• Causes and significance of variances</li><li>• Behavioral impact of standard costing</li><li>• Opearational performance measures</li></ul>

<ul style="list-style-type: none"> <li>• Balanced Scorecard</li> </ul>
<p><b>Flexible budgeting and the management of overhead and support activity costs: overhead budgets</b></p> <ul style="list-style-type: none"> <li>• Choice of activity measure,</li> <li>• Cost management using overhead cost, overhead cost performance report, and activity based flexible budgets.</li> </ul>
<p><b>Responsibility accounting , quality control, and environmental cost management</b></p> <ul style="list-style-type: none"> <li>• Responsibility centers, performance reports</li> <li>• Behavioural effects of responsibility accounting,</li> <li>• Segmented reporting, total quality management,</li> </ul>
<p><b>Decision making, relevant cost and benefits:</b></p> <ul style="list-style-type: none"> <li>• The managerial Accountant role in decision making</li> <li>• relevant information, identifying relevant costs and benefits</li> <li>• analysis of special decisions</li> </ul>

**Recommended Text**

1. Hilton W. Ronald Managerial Accounting 7<sup>th</sup> edition *McGraw-Hill Irwin*
2. Garrison H. Ray, Noreen W. Eric (2004) 11<sup>th</sup> edition Managerial Accounting *Irwin publishers*

**Further Readings**

3. Needles E. Belverd, Powers Marian, Crosson V. Susan (2002) Financial and Managerial Accounting *Houghton Mifflin company Boston New York*
4. ICMAP (2005) Stage 2 Fundamentals of Cost and Management Accounting *PBP professional education*