

Programme..Master of Commerce (MCom)

MCM5101 ADVANCEDMANAGEMENTACCOUNTING

Course Code	MCM5101	Semester	I
Course Title	ADVANCED MANAGEMENT ACCOUNTING		
Credits	4	Type	Core

This course shall have 3 lecture hours, 2 practicals, 1 tutorial.

This is a Skill based, employability based course.

Course Objective

To explain and understand real world management accounting, examine both socio and technical aspects of the discipline, its application and consider management accounting as a research-based social science.

Learning Objectives:

- To evaluate the effectiveness of alternative management accounting techniques and to apply them to organizational cost management practices;
- To explain, calculate and apply standard costing concepts and practices.
- To discuss the utility of alternative structural choices and approaches to transfer pricing.
- To explain and apply zero base budgeting management principles.
- Understand the cost and management accounting techniques for evaluation, analysis and application in managerial decision making.
- Prepare and interpret budgets and standard costs and variance statements
- Carry out costing and quantitative techniques at an advanced level
- Apply and defend the appropriateness of techniques to the production and presentation of information for management decision making by the use of case studies

Course Structure

UNIT I

Introduction : Meaning, Definitions, Significance, Nature and Scope, Objectives, Functions, Uses and Limitations, Tools and Techniques of Management Accounting, Installation of Management Accounting System; Management Accounting as a separate branch of Accounting; and Management Accountant – Functions, Duties, and Essential Qualities, Significance.

UNIT II

Budgeting: Meaning and Objectives of Budget, Budgeting and Budgetary Control; Preparation of Functional and Master Budgets, and Fixed and Flexible Budget: New Trends in Budgeting: Problems in Traditional Budgeting- Zero Base Budgeting (ZBB) Process -Advantages -Difference between Traditional Budgeting and Zero Base Budgeting Programme Budgeting -Performance Budgeting -Distinction between Programme Budgeting and Performance Budgeting -Participative Budgeting -Gender Budgeting, Gender-responsive budgeting- Responsibility Accounting -Meaning and Definition -Responsibility Centres -Social Accounting - Government accounting and Environment accounting.

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UNIT III

Standard Costing and Variance Analysis: Introduction, Meaning, Objectives, and Significance of Standard Costing, Budgetary Control Vs Standard Costing, Prerequisites of Standard Costing, Types of Standards; Variance Analysis - Materials, Labour, Overhead Variances, Sales and Profit Variances, Accounting treatment of Variances; and Managerial Uses of Variance Analysis. Methods and Reconciliation, Reporting – requisites of reports – interpretation and uses for Managerial decision- making activities, Uniform Costing and Inter-firm comparison. Decision making Tools: Throughput Accounting (TA) – as a system of profit reporting and stock valuation, Activity-Based Costing (ABC) for profit reporting and stock valuation & Accounting and control of waste, scrap, spoilage, defective.

UNIT IV

Transfer Pricing :Need, Methods of Transfer Pricing–Full Cost Method, Standard Cost Method, Marginal Cost Method, Market-based Transfer Price, Dual Transfer Prices, Negotiated Price Method, Arbitrary Transfer Price and Cost Plus Method; General Rules of Transfer Pricing, Determination of inter-departmental or inter-company transfer price, Different Bases of Formulating Transfer Prices: Market Based, Cost Based , Shadow Price Based.

UNIT V

Managerial Reporting and Management Audit: Introduction, Management Reporting– Meaning and Definitions, Fundamental Principles of Managerial Reports, Modes and Types of Reporting; Management Audit – Meaning, Responsibility Accounting as an aid to Management Audit, and Management Auditor. Inflation Accounting, Human Resources Accounting, Gender diversity, Environmental Accounting, Natural Capital, Target Costing, Quality Costing, Value Chain Analysis, Value Added Accounting.

Practicals

- Prepare a budget for an organization
- Prepare a functional budget for a company
- Prepare variance report and interpret the analyses.
- Assess the impact of implication of transfer pricing for a company

Skills

- Student get experience of preparing budget, ZBB, reporting variance
- Students are able to set transfer pricing for different divisions of a company.
- Students are able to analyze Management Audit and comment on it.
- Students are able to assess transfer pricing of a company to its division.
- Students are able to generate managerial reports to the top management

Learning/Course Outcomes

- Understand the idea that management accounting exists within any firm primarily to facilitate the development and implementation of business strategy.

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- Understand the process of strategy formulation, communication, implementation and control.
- Understand how to integrate conventional and contemporary management accounting techniques into a strategic management accounting framework.
- Develop the important skills of problem solving, communication and presentation.
- To understand the relevance of Management Accountant in Managerial decision making and developing cost management approaches.
- Have a fundamental understanding of mainstream management accounting topics and their practical applications.
- Be able to effectively use quantitative tools to provide timely information to decision-makers
- Be able to grasp critical variables in decision-making scenarios and apply the appropriate analyses to make the right decisions.
- Students will develop skills in analyzing research and in appreciating the practical issues involved in operating management accounting systems.

Books for Reference:

1. Anthony Atkinson and Robert S Kaplan (2011), *Management Accounting: Information for Decision-Making and Strategy Execution*, Student Value Edition, Prentice Hall.
2. Drury Colin, *Management and Cost Accounting*, Thomson Learning
3. Dyson J R, *Accounting for Non-Accounting Students*, Pearson Publication,
4. McLaney and Peter Atrill (2016), *Accounting and Finance: An Introduction with My Accounting Lab access card*.
5. Garison R.H. and E.W. Noreen, *Managerial Accounting*, McGraw Hill.
6. Gupta RL & Gupta VK (2010), *Principles and Practice of Accounting*, Sultan Chand & Sons
7. Jain and Narang, *Advanced Cost Accounting*, Kalyani Publications.
8. Jawahar Lal, *Advanced Management Accounting – Text, Problems and Cases*, S Chand & Co.
9. Kaplan R.S. and Atkinson A.A., *Advanced Management Accounting*, Prentice Hall, New Delhi.
10. Khan and Jain, *Management Accounting*, Tata McGraw Hill.
11. Horngren, C.T., Datar, C.M., and Rajan, M.V. (2015), *Cost Accounting: A Managerial Emphasis*, Pearson Education Limited.
12. Madegowda J, *Advanced Management Accounting*, HPH, Mumbai.
13. Manmohan & Goyal, *Principles of Management Accounting*, Shakthabhan Publication.
14. Rawat, DS (2011), *Accounting Standards*, Taxmann's.
15. Ronald W. Hilton, *Managerial Accounting*, McGraw Hill Education.
16. S.N. Maheswari (2010), *Management Accounting & Financial Accounting*, Vikas Publishers.
17. S.N Maheshwari, *Principles of Management Accounting*, Sulthan Chand & Co.
18. Shukla & T.S. Grewal (2010), *Advanced Accounting*, S.Chand & Company