

BBA 303-18 COST AND MANAGEMENT ACCOUNTING

Course Objective: To impart the students, knowledge about the use of financial, cost and other data for the purpose of managerial planning, control and decision making.

Course Outcomes (COs): After completion of the course, the students shall be able to:

CO1: Understand and differentiate between Cost accounting and management accounting.

CO2: Make managerial decisions regarding make or buy, acceptance or rejection of export offers and continuation or shut down of plant.

CO3: Estimate the breakeven point of the firm.

CO4: Understand and apply the concepts of budgetary control for better decision-making.

CO5: Understand and estimate material, labour, overheads and sales variances for comparing planned with actual results.

Unit – I

Introduction: Meaning, Objectives, Nature and Scope of management accounting, Difference between cost accounting and management accounting, Cost control and Cost reduction, Cost management.

Ratio Analysis: Meaning–Nature, different types of ratios, their uses and limitations, computation of various types of ratios – liquidity ratios, solvency ratios, profitability ratios, turnover ratios

Unit – II

Analysis and Interpretation of financial Statements: Meaning- Types and Methods of Financial Analysis – Comparative statements – Trend Analysis – Common size statements.

Standard Costing: Standard Costing and Variance Analysis: Meaning of standard cost and standard costing, advantages, limitations and applications. Variance Analysis – material, labour, overheads and sales variances.

Unit – III

Budgetary Control: Budgeting and Budgetary Control: Concept of budget, budgeting and budgetary control, objectives, merits, and limitations. Budget administration. Functional budgets. Fixed and flexible budgets. Zero base budgeting.

Unit – IV

Marginal Costing: Absorption versus Variable Costing: Distinctive features and income determination. Cost-Volume-Profit Analysis, Profit / Volume ratio. Break-even analysis-algebraic and graphic methods, Margin of safety, Key factor, determination of cost indifference point.

I.K.G. Punjab Technical University
BBA Batch 2018

Suggested Readings:

- ‖ Horngren, C. T., Sundem, G. L., Stratton, W. O., Burgstahler, D., & Schatzberg, J. (2011). *Introduction to management accounting*. Pearson Education International.
- ‖ Anthony A. Atkinson, Robert S. Kaplan, Ella Mae Matsumura, S. Mark Young. (2006). *Management Accounting*. Dorling Kindersley(India) Pvt. Ltd.
- ‖ Singh, Surender. (2016). *Management Accounting*. Scholar Tech Press, New Delhi.
- ‖ Garrison H., Ray and Eric W. Noreen. (2016). *Managerial Accounting*. McGraw Hill.
- ‖ Goel, Rajiv. (2013). *Management Accounting*. International Book House,
- ‖ Arora, M.N. (2012). *A Textbook of Cost and Management Accounting*. Vikas Publishing House, New Delhi.
- ‖ Maheshwari, S.N. and S.N. Mittal. (2017). *Management Accounting*. Shree Mahavir Book Depot, New Delhi.