DSEA002 – Advanced Management Accounting

Masters of Commerce
Semester II
DSE – Accounting
DSEA002- Advanced Management Accounting

Course Type/ Course Code	Course Title	Lectures	Tutorials	Practical	Credit	Pre-requisites
DSE-DSEA002	Advanced Management Accounting	3	1	0	4	NIL

Objective: The course aims to equip the students with the knowledge of concepts, methods and techniques of management accounting and enable them to use various techniques of cost ascertainment, budget preparation and variance analysis, while focusing on its need for managerial decision making.

Learning Outcomes: On completion of this course, the student should be able to:

- Comprehend the distinctions among financial, managerial, and cost accounting, and recognize the role and responsibilities of a management accountant.
- Identify cost according to their associated activities and apply costing techniques for computing cost of products or services.
- Prepare and analyze the income statements using variable costing and absorption costing and make various managerial decisions.
- Create different forms of budgetary statements, identify and control cost at a responsibility center assigned to a manager, analyze and report performance of the assigned responsibility center.

Contents:

Unit I **(8 hours)**
Natureand functions; Financial vs. Management Accounting; Cost vs. Management Accounting; Role of Management Accountant; Cost concepts and classifications. Activity Based Costing - Concept and Uses; Flow of Costs in ABC; Traditional Costing System vs. ABC

Unit II **(17 hours)**
Preparation of Income Statements under variable and absorption costing. Cost-Volume-Profit (CVP) Analysis - Concept, Break-Even Analysis; Multiple Product Analysis; Optimal use of Limited Resources. Types of managerial decisions – Make/ Buy, Add/ Drop, Sell/ Process Further, Operate/Shutdown, Special Order, Product-Mix and Pricing Decisions.

Unit III **(10 hours)**

Nature and functions; Preparation of different types of budgets; Fixed versus Flexible Budgeting; Zero-based budgeting; Performance budget. Standard Costing - Concept, advantages; Types of standards; Variance analysis: Materials, Labour, Overheads, Sales variances, Managerial uses of variances.

Unit IV **(10 hours)**

Concept of divisionalisation; responsibility accounting; Responsibility centers; Responsibility performance reporting; financial measures of performance, Non-financial performance measures. Transfer Pricing: Concept, Objectives, Requisites, Methods of transfer pricing; Transfer pricing in multinational companies. Performance Measurement: Traditional performance measures and Balanced Scorecard.

Tutorial Exercise: Students may visit any factory or service provider and on this basis try to analyze the profitability of the product or service using the Activity-Based Costing method, and analyze break-even points using CVP analysis. The students may evaluate different decision-making techniques using real-life business cases.

Suggested Readings:

- Garrison, R. H., Noreen, E. W., & Brewer, P. C. (2024). *Managerial Accounting* (18th ed.). McGraw Hill Education.
- Hilton, R. W., & Platt, D. E. (2023). *Managerial accounting: Creating value in a dynamic business environment* (13th ed.). McGraw Hill Education.
- Horngren, C. T., Sundem, G. L., Burgstahler, D., & Schatzberg, J. O. (2014). *Introduction to management accounting* (16th ed.). Pearson Education.
- Balakrishnan, Ramji, Sivaramakrishnan, K. & Sprinkle, Geoffrey B. (2008). *Managerial Accounting*. John Wiley and sons.
- Colin, Drury. (2001).*Management and Cost Accounting*. Thomson Learning.
- Davis, Charles E. & Davis, Elizabeth. (2013).*Managerial Accounting*. John Wiley and Sons.
- Lal, Jawahar (2016). *Advanced Management Accounting, Text, Problems and Cases*. S. Chand & Co., New Delhi.
- Maher, Michael W., Stickney, Clyde P. & Weil, Roman L. (2011). *Managerial Accounting, An Introduction to concepts, Methods and uses*. South-Western College Pub.