

Management Accounting

Title: Management Accounting

Course No: ACC 507 Full Marks: 50

Nature of Course: Core Pass Marks: 20

Duration of Course: 50 Lecture Hours

Duration of the Class: 60 minutes

Course Objectives

The course aims to provide in-depth knowledge of concept and tools of management accounting, End encourage in applying management accounting tools and techniques in planning, controlling, forecasting and decision making process and analyzing for appraising the performances.

Course Description

The course helps to understand the concept and tools of management accounting and controllership functions; measuring income under different techniques for planning, controlling and decision making and evaluate the performance of the organization. The course includes cost allocation and income measurement techniques, CVP analysis, decision regarding alternative choices and pricing the products and services of the business enterprises, planning profit through budget and performance appraisal using different management accounting tools.

Course Contents

Unit 1: Management Accounting Concept LH 5

Concepts and objectives of management and controllership function and responsibility.

Unit 2: Cost Allocation and Reporting LH 5

Cost: concept, accumulation, classifications, estimation, segregation by two point method and regression analysis and determination and coefficient of determinates, allocation, apportionment and reapportionment of service department cost using step down and reciprocal techniques,, and Cost reporting under Traditional Costing & Activity Based Costing # 21 (ABC) technique (recap), and Income measurement under variable costing and absorption costing technique and reconciliation of income between variable costing and absorption costing technique (recap).

Unit 3: Cost Volume Profit Analysis LH 5

Concepts; objectives of CVP analysis and application of CVP analysis for- break even analysis and its sensitivity analysis (recap), and profit planning under multi-products concept; CVP analysis under constrain using graphical and linear programming models for maximizing profit and minimizing cost in single and multiple products condition, CVP analysis under the condition of uncertainty

Unit 4: Decision Regarding Alternative Choices LH 7

Concepts, need and objectives of decision regarding alternative choices; Decision regarding Make or buy; Drop or continue: Product line and Service department; Sales mix, scarce resource allocation, accept or reject a special offer; Equipments replacement-, processing a joint products and lease or purchase.

Unit 5: Pricing Decision LH 5

Concepts and objectives of pricing, types of pricing: Full cost & variable cost pricing technique-, Target ROI pricing technique; ABC pricing technique; Target cost pricing technique, Internal pricing in decentralized organization - 'need and objectives; Transfer pricing for decentralized origination: buy-in and buy-out decision.

Unit 6: Planning and Control System LH 6

Concepts, need, importance and objectives of budgeting; budgeting for profit planning: Presentations of Functional budgets (recap), and Master budget; Standard cost and control for, direct material and direct labour under the condition of certainty and uncertainty, flexible budget and overhead cost control (recap) and Responsibility accounting..

Unit 7: Investment Analysis LH 10

Concept, need and objectives of capital budgeting; Measurement of profitability and capital investment decision under certainty (recap), risk and uncertainty using (a) Sensitivity analysis-range of discount rate and range of cash flows (b) Standard deviation, coefficient of variation, probability distribution approach, decision tree; foreign investment evaluation considering inflation and cost of capital as discounting factor and foreign currency transaction

Unit 8: Measuring Organizational Performance LH 10

Concept, objectives, need & importance of performance appraisals; Tools for performance measurements:

- (a) Analysis and interpretation of ratios for measuring productivity, profitability, activity, stability and possibility, ratios use to appraise the investment worthiness by prospective lenders and investors,
- (b) Measurement and interpretation of return on investment and residual income.
- (c) Interpretation of cash-flow analysis based on cash flow statement and
- (d) Interpretation of value added analysis based on value added statement

Basic References

Drury, C. (1992). *Management and Cost Accounting* ('75th Edition). London: ELKS.

Hilton, R.W. (1991). *Managerial Accounting* International Edition. New - York: McGraw-Hill, Inc.

Horngren, C.T., Foster, G. and "Datar, S.M. (1990). *Cost accounting. - A managerial emphasis*. New Delhi: Prentice Hall of India Pvt, Ltd. Lynch, R.M. and Williamson. (1992). *Accounting for Management* (5th Edition: Eight reprint). New Delhi: Tata McGraw Hill, India Company Ltd.

Supplementary Readings

Bajracharya, P. and others. (2000). *Managerial Accounting Nepalese Perspective Vol I & II*. Kathmandu: Asmita Books Publisher and Distributors.

Dangol, R.M. and Dangol, J. (2065). *Management Accounting*. Kathmandu: Talaju Publication.

Garrison and Noreen. (1997). *Management Accounting* (8'h Edition). USA: Irwin.

Lucey, T. (1988). *Management Accounting* (2nd Edition). London: DP Publications Ltd.

Munankarmi, S.P. (2060). *Management Accounting* (Latest Edition). Kathmandu: BAPD Ltd.