ACC 511: Managerial Accounting and Control

Program/Semester: MBA/Second Semester
Course Title: Managerial Accounting and Control
Course Code: ACC 511
Credit Hours: 3
Lecturer Hour: 45

Course Objectives

The main objective of this course is to equip students with the depth knowledge and skill in management accounting concepts, tools and techniques. The course also aims to encourage the students in application of the management accounting concepts, tools and techniques in planning, decision making and management control system in different business organizations. The course will enable students to prepare business plan and critical analysis in the conditions of uncertainties.

Course Description

This course includes scope of management accounting and their applications; control ship function; management accounting information system; cost estimation; cost allocation; income measurement and reporting under variable and absorption costing; cost volume profit analysis under conditions of uncertainties; profit planning and master budget; standard costing and management accounting concepts in business decision; and the capital budgeting technique.

Learning Outcomes

After successful completion of this course, students will be able to:

- Understand the nature and behaviour of costs and costs allocation and their uses for different purposes of planning, decision making and controlling.
- Analyze different costs variances as techniques of management control process.
- Analyze the relationship between costs and revenues under conditions of uncertainties.
- Understand the concept of profit planning and prepare the master budget.
- Analyze the relevant costs for business decisions making under different alternative courses of actions.
- Apply capital budgeting techniques for long-term investment decisions.

Course Contents

Following issues and topics have been selected in relation to existing literature, its relevance in Nepalese context, and the likely impact on current managerial accounting and control practices in Nepal:

Unit 1: Concept of Management Accounting **LH 4**

Concept, objectives, scope and limitations of management accounting; management accounting vs financial accounting vs cost accounting; changing role of management accounting in an organization; planning, decision making and controllership functions of management accounting, professional ethics and social responsibility.

Unit 2: Cost Management and Reporting **LH 8**

Cost concept and classification, segregation of mixed cost: two-point method, regression method, co- efficient of determination, standard error of estimates, standard errors of regression co-efficient, reporting of net income under different situations for internal and external use, reconciliation of net income.

Unit 3: Cost -Volume-Profit-Analysis LH 10

Concept, objectives, assumptions and limitation of cost-volume-profit-analysis; approaches to cost volume profit analysis; Break even analysis: Graphical and Formula Method; accounting treatment of step fixed cost; CVP analysis for multi-product organization; CVP analysis under resource constraints and CVP analysis under uncertainty.

Unit 4: Budgeting for Profit Planning LH 8

Concepts, need, importance and objectives of budgeting; concept of zero-base budgeting; budgeting for profit planning: preparation of master budgets for manufacturing and non-manufacturing firms, projected income statement and balance sheet.

Unit 5: Decision Making LH 5

Concept and process of business decisions; concept of relevance cost related to decision making; business decision regarding alternative choice: decision to accept or reject the special order, decision to make or buy and decision to drop or continue; other business decision regarding alternative choice; pricing decisions: concept and factors affecting pricing decisions; cost based pricing (variable cost, manufacturing cost and full cost) and transfer pricing (general, negotiated and external market price).

Unit 6: Management Accounting and Control System LH 10

Technical considerations of management accounting and control system: the value chain, target costing, kaizen costing and benchmarking; behavioural consideration of management accounting and control system; Balanced Scorecard: concept, objectives and perspectives; standard costing: concept, objectives, importance, limitation and computation of material, labour and overhead variances; flexible budgets: concept, features, significance and preparation of flexible budget.

Required Textbooks and Materials

Prescribed text books:

Atkinson, A. A., Kaplan, R. S., Matsumura, E.M., Young, S.M & Kumar, G. A. (2012). *Management Accounting (6th ed.). New Delhi: Pearson Education Pvt. Ltd. Hilton, R.W., Ramesh,*

G., & Madugula, J (2011). *Managerial Accounting.* New Delhi: Tata Mc Graw Hill Pvt. Ltd.

Horngren, C.T., Datar. S.M., Foster, G., Rajan, M.V., & Ittner, C. (2011*). Cost accounting: A managerial emphasis.* New Delhi: Pearson prentice hall.

Suggested references:

Drury C. (2000). *Management and Cost Accounting* (5th ed.). London Business Press, Thomson Learning.

Garrison R.H., Noreen, E.W. and Brewer, P.C. (2015). *Managerial Accounting* (15th ed.). New York: McGraw Hill Education.

Hilton, R.W., Ramesh. G, & Madugula, J (2011). *Managerial Accounting*. New Delhi: Tata Mc Graw Hill Education Pvt. Ltd.

Jawahar L (2016). *Advanced Management Accounting* (4th ed.). S. Chand Publications.

Shah, P. (2015). *Management Accounting* (2nd ed.). Oxford Publications

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