

Paper 12

MANAGEMENT ACCOUNTING (MA)

Marks 100

Module No.	Module Description	Weight
Section A: Introduction to Management Accounting		5%
1	Introduction to Management Accounting	5%
Section B: Activity Based Costing		10%
2	Activity Based Costing	10%
Section C: Decision Making Tools		30%
3	Marginal Costing	30%
4	Applications of Marginal Costing in Short Term Decision Making	
5	Transfer Pricing	
Section D: Standard Costing and Variance Analysis		15%
6	Standard Costing and Variance Analysis	15%
Section E: Forecasting, Budgeting and Budgetary Control		15%
7	Forecasting, Budgeting and Budgetary Control	15%
Section F: Divisional Performance Measurement		10%
8	Divisional Performance Measurement	10%
Section G: Responsibility Accounting		5%
9	Responsibility Accounting	5%
Section H: Decision Theory		10%
10	Decision Theory	10%

SECTION A: INTRODUCTION TO MANAGEMENT ACCOUNTING

1. **Introduction to Management Accounting**
 - 1.1. Conceptual Understanding
 - 1.2. Relationship between Management Accounting and Cost Accounting
 - 1.3. Role of a Management Accountant in Modern Business World

SECTION B: ACTIVITY BASED COSTING

2. **Activity Based Costing**
 - 2.1 Traditional Cost System
 - 2.2 Definition and Meaning of Activity Based Costing (ABC)

- 2.3 Steps in ABC System
- 2.4 Cost Pools and Cost Drivers
- 2.5 Merits and Demerits of ABC System
- 2.6 Activity Based Information and Decision Making

SECTION C: DECISION MAKING TOOLS

3. Marginal Costing

- 3.1 Concept
- 3.2 Cost-Volume-Profit Analysis
- 3.3 Break-Even Charts and Profit Charts
- 3.4 Multiple Product Break Even Analysis
- 3.5 Differential Cost Analysis
- 3.6 Marginal Costing Vs. Absorption Costing (advanced applications)

4. Applications of Marginal Costing in Short Term Decision Making

- 4.1 Pricing Decision
- 4.2 Make or Buy decisions
- 4.3 Accept an Order or Reject
- 4.4 Optimum Utilization of Factors of Production [Limiting Factor Analysis]
- 4.5 Replacement Decision
- 4.6 Evaluation of Alternative Choices
- 4.7 Subcontracting and Ancillarisation
- 4.8 Expansion of Business
- 4.9 Shutdown or Continue

5. Transfer Pricing

- 5.1 Concept
- 5.2 Methods and Techniques
- 5.3 Divisional Performance and Problem of Goal Congruence
- 5.4 Determination of Inter-departmental or Inter-company Transfer Price
- 5.5 International Transfer Pricing

SECTION D: STANDARD COSTING AND VARIANCE ANALYSIS

6. Standard Costing and Variance analysis

- 6.1 Material and Labour Variances
- 6.2 Variable Overhead Variance
- 6.3 Fixed Overhead Variance
- 6.4 Sales Variance
- 6.5 Interpretation of Variances and Inferences Drawn

SECTION E: FORECASTING, BUDGETING AND BUDGETARY CONTROL

7. Forecasting, Budgeting and Budgetary Control

- 7.1 Introduction

- 7.2 Rationale for Budgets
- 7.3 General principles in the Budgetary process
- 7.4 Formulation of various types of Budgets
 - 7.4.1 Fixed and Flexible Budgets
 - 7.4.2 Functional Budgets
 - 7.4.3 Master Budget
 - 7.4.4 Cash Budget
 - 7.4.5 Zero Base Budget
 - 7.4.6 Performance Budget
 - 7.4.7 Programme Budget
 - 7.4.8 Rolling Budget
 - 7.4.9 Outcome Budget
 - 7.4.10 Budgetary Control
 - Rationale for Budgetary Control
 - Importance and Significance of Budgetary Control
 - Linkage of Budgetary Control with Standard Costing and Profit Reconciliation
 - Benchmarking and Key Success Factor
 - Interpretation of Under and Over Performance and Inferences Drawn for Corrective Actions

SECTION F: DIVISIONAL PERFORMANCE MEASUREMENT

8. Divisional Performance Measurement

- 8.1 Organizations with Multiple divisions, Benefits of Decentralization
- 8.2 DuPont Analysis
- 8.3 Divisional Performance Measurement tools – ROI, Residual Income
- 8.4 Economic Value Added – Definition, EVA Centre, EVA Drivers
- 8.5 Introduction to Learning Curve
- 8.6 Balanced Score Card for Variable Pay Management

SECTION G: RESPONSIBILITY ACCOUNTING

9. Responsibility Accounting

- 9.1 Concept of Cost, Revenue, Profit and Responsibility Centres
- 9.2 Preparation of Responsibility Report

SECTION H: DECISION THEORY

10. Decision Theory

- 10.1 Decision Making under Certainty
- 10.2 Decisions Making under Risk
- 10.3 Decision Making under Uncertainty
- 10.4 Decision Tree