



TEACHING PLAN: MANAGEMENT ACCOUNTING

SCHOOL: Alabbar School of Management		ACADEMIC SESSION: 2022 – 2023		FOR STUDENTS' BATCH: 2021 B.B.A SEM-IV	
1	Course code	MGTB-404			
2	Course Title	Management accounting			
3	Credits	4			
4	Learning Hours	Contact Hours		60	
		Assessment		20	
		Guided Study		20	
		Total hours		100	
5	Course Objective	<ul style="list-style-type: none"> (1) Recognize and apply appropriate theories, principles and concepts relevant to cost accounting. (2) Explain the application of management accounting and the various tools used (3) To enable students to classify costs and prepare Cost Sheet. (4) Plan, design and execute practical activities using techniques and procedures appropriate to cost accounting. (5) Solve problems relevant to cost accounting systems using ideas and techniques some of which are at the forefront of the discipline 			
6	Course Outcomes	<ul style="list-style-type: none"> 1. Examine, show and employ cost accounting theories for cost problems. 2. Students would classify costs and would be able to prepare cost sheet for manufacturing and trading concerns. 3. Recognize the importance of cost accounting. 4. Explain, illustrate and draw reasoned conclusions using data, in order to solve complicated cost accounting problems. 5. Enable students to communicate effectively when dealing with cost accounting problems looking for Solutions 			
7					
7.01	Unit	section	Introduction	Reference Number	Teaching Methods
7.02	Unit-1	(a)	Meaning, objectives and advantages of cost accounting, Difference between cost accounting and financial accounting.	1.1-1.5	White Board & PPT
		(b)	Cost concepts and classifications, Elements of cost. Installation of a costing system. Role of a cost accountant in an organization.	1.5-1.11	White Board & PPT

7.03	Unit - II	(c)	Role of a cost accountant in an organization.	1.11-1.18		
		(a)	Types of cost, Cost Accumulations,		White Board & PPT	
		(b)	cost objects, cost classifications, cost applications, cost behavior,	1.7-1.9	White Board & PPT	
	7.04	Unit-III	(c)	Techniques of Costing.	1.11	
			(a)	Classification, allocation, apportionment and absorption of overhead.	1.9-1.10	White Board & PPT
			(b)	Under- and over- absorption. Capacity costs. Treatments of certain items in costing, like interest on capital, packing expenses, debts, research and development expenses,	10.1-10.5	White Board & PPT
		(c)	Activity – based cost allocation.	10.6-10.14	White Board & PPT	
7.05	Unit-IV	(a)	Unit costing, Job costing.	5.1-5.38	White Board & PPT	
		(b)	Contract Costing. Process costing (process losses, valuation of work in progress, joint and by-products)	11.1-11.40 8.1-8.93	White Board & PPT	
		(c)	Service costing (only transport).	9.1-9.35	White Board & PPT	
7.06	Unit-V	(a)	The Relationship of cost and profit with volume, use of CVP Analysis,	14.1-14.20	White Board & PPT	
		(b)	Marginal Costing and Absorption costing,	14.21-14.38	White Board & PPT	
		(c)	Breakeven point, contribution marginal Approach, Use of Breakeven analysis.	14.39-14.58	White Board & PPT	

8	Course Evaluation	
8.1	CA: 40%	
8.1.1	Attendance	5%
8.1.2	Assignment & Presentation	20%
8.1.3	Class test	15%
8.1.4	Any other	--
8.2	MTE	20%
8.3	End-term examination: 40%	
9	Text Books & References	
9.1	Text book	<ol style="list-style-type: none"> 1. Kalra Ashish, Cost Accounting. IGP publications , new delhi 2. Lal, Jawahar. Cost Accounting. Tata McGraw Hill Publishing Co., New Delhi 3. Horngren, C. T., Datar, S. M. and Rajan, M. V., Cost Accounting: A Managerial Emphasis, Prentice Hall, 14th Edition, 2012.
9.2	References	Nigam, B.M. Lall and I.C. Jain. Cost Accounting: Principles and Practice. Prentice Hall of India, New Delhi.
9.3	Video References	https://youtu.be/Paecdg2_fb4 https://youtu.be/z4-7xr6ur8 https://nptel.ac.in/

Mapping of Outcomes v. Topics

Outcome no. →	1	2	3	4	5
Syllabus topic ↓					
COM 604 Unit I(a)	✓				
COM 604 Unit I(b)	✓				
COM 604 Unit I(c)	✓				
COM 604 Unit II (a)		✓			
COM 604 Unit II(b)		✓			
COM 604 Unit II(c)		✓			
COM 604 Unit III (a)			✓		
COM 604 Unit III(b)			✓		
COM 604 Unit III(c)			✓		
COM 604 Unit IV (a)				✓	
COM 604 Unit IV(b)				✓	
COM 604 Unit IV(c)				✓	

COM 604 Unit V (a)					✓
COM 604 Unit V(b)					✓
COM 604 Unit V(c)					✓

Question Bank

[10 Marks]

1. What is meant by the term job ticket?
2. Name any two industries using Batch Costing.
3. State any two features of Contract Costing.
4. Write any two differences between Job Costing and Process Costing.
5. Define cost of goods sold.
6. Write any two differences between Normal Loss and Abnormal Loss.
7. Following are the cost details of KK Industries. You are required to calculate the prime cost. Particulars Amount (Rs) Direct material ,Labour cost for manufacturing products, Direct expenses , Rent for factory 2,30,000 1,25,000 65,000 1,00,000
8. What are the different components of cost? Explain any two.
9. Write any three objectives of Job costing.
10. A pharmaceutical company is having annual demand of its medicine 9,000 units. For the production of units, company has to bear setting up and order processing cost of Rs 220. Cost of manufacturing one unit is Rs 1,250. Cost of carrying is 10% per annum. Calculate Economic Order Quantity.
11. Name the industries where Contract costing is used.
12. What is meant by the term Transport Costing? Why log sheet is prepared?
13. What are the various cost components under the transport costing? Explain them with the help of relevant examples?
14. Explain in brief the various types of overheads.
15. The following details have been obtained from the cost records of Link Ltd.: Raw material (Opening) Rs 95,000, Raw material (Closing) Rs 98,400, Direct wages Rs 32,000, Indirect wages RS 3,500, Sales RS 3,31,000, Work-in-progress (Opening) Rs 23,000,, Work-in-progress (Closing) RS 34,000, Purchase of raw material RS 86,000, Factory rent and rates Rs 19,000, Depreciation of machinery Rs 4,200, Freight Rs 2,600, Carriage outward RS 5,600, Advertising RS 13,300, Office rent and taxes Rs 7,800, Traveler wages and commission Rs 8,900, Opening stock of finished goods Rs 1,04,000, Closing stock of finished goods Rs 87,000. Prepare a Cost sheet.
16. The following was the expenditure on a contract for RS 6,00,000. Particulars Amount (Rs) Material Wages Plant Overheads 1,20,000 1,64,000 20,000 8,600 Cash received on account of the contract was Rs 2,40,000 being 80% of the work certified. The Value of material in hand was Rs 10,000. The plant has undergone 20% depreciation. Prepare Contract account.
17. 2,000 units of raw material were introduced in a process at a cost of Rs 8,000. The normal wastage allowed is 10%, each unit of waste realizes RS 2.5. The actual production was 1,700 units (with abnormal wastage of 100 units). The expenses being as follows: Direct wages Rs 13,000 and Indirect expenses Rs 6,500. Prepare the process account.
18. Jumbo Pvt. Ltd. operates 2 busses between Delhi and Haryana which are 120 Km apart. Seating capacity of each bus is 40 passengers. Following particulars were obtained from their books for April, 2018: Particulars Amount (Rs) Wages Monthly salaries of office staff Diesel Insurance premium Repairs and overhauling Depreciation Interest and other charges

- 2,00,000 4,00,000 50,000 20,000 56,000 35,000 25,000 (5) Both the busses ran all the days of the month. Each bus made one round trip per day. You are required to find out the cost per passenger km.
19. Prepare a Memorandum Reconciliation Account from the following details: Profit as per cost accounts were Rs. 59,700 while the profits as per financial accounts were Rs. 60,000. The values of opening and closing stocks as shown in cost accounts and financial accounts were as under:

Particulars	Financial Accounts	Cost Accounts
Raw Material (Opening)	25,000	30,000
Raw Material (Closing)	16,000	20,000
Work in progress (Opening)	25,300	29,600
Work in progress (Closing)	15,500	19,900
 20. List few items which are purely financial charge, which are only recorded in Cost accounting and few items which are common in both financial records and cost records.
 21. Write short notes on : (i) Cost benefit analysis (ii) Material transfer note (iii) Cost plus contract (iv) Role of costs in pricing (v) Value analysis
 22. Explain 'Cost centre' and 'Cost unit'.
 23. A company manufactures a product from a raw material, which is purchased at ` 54 per kg. The company incurs a handling cost of ` 350 plus freight of ` 400 per order. The incremental carrying cost of inventory of raw material is Re. 0.50 per kg per month. In addition, the cost of working capital finance on the investment in inventory of raw material is `8 per kg per annum. The annual production of the product is 94,500 units and 2 units are obtained from one kg of raw material. Required : (i) Calculate the economic order quantity of raw materials. (ii) Advise, how frequently orders for procurement should be placed.
 24. State the circumstances in which time rate system of wage payment can be preferred in a factory. What are the advantages of this system?
 25. Components for an assembly are produced under the control of the production manager. These are assembled and sold under the supervision of the sales manager. The production manager is entitled for a bonus payment for himself at 1/8th and the workers 7/8th of the difference between the notional value and cost of production of the delivered components. The notional value is assessed at ` 5,18,500 for the components issued to assembly. The sales manager is entitled to a bonus of 2-1/2% of the profits for himself and 12-1/2% is distributed among his sales staff. The sales during a period amount to ` 65,000. From the under mentioned particulars, detail the calculations involved in arriving at the bonus for both managers and the staff. Find also the impact of such bonus as a percentage of sales.

Raw materials at the beginning of the period	22,800	Raw materials at the end of the period	16,400
Purchases during the period	2,48,600	Wages – Production	46,200
Wages – Assembly	18,100	Overheads – Production	2,12,500
Overheads – Sales	45,200	Credit for scrap realized pertaining to components	8,700
Work-in-progress of production at the beginning	12,500	Work-in-progress of production at the end	18,200
Completed assemblies at the beginning	36,000	Completed assemblies at the end	24,030
Net realization on assemblies sold	6,50,000		
 26. Why must the word cost be accompanied by an adjective to be meaningful?
 27. Why is it necessary to specify a cost object before being able to distinguish between a direct cost and an indirect cost?
 28. Why is it necessary for a company to specify a relevant range of activity when making assumptions about cost behavior?
 29. How do cost drivers and cost predictors differ, and why is the distinction important? 5. How do a product cost and a period cost differ?
 30. What are conversion costs? Why are they called this?

[5 marks]

31. In the past 10–15 years, which product cost category has been growing most rapidly? Why?
32. How does an actual costing system differ from a normal costing system? What advantages does a normal costing system offer?
33. What is meant by the term cost of goods manufactured? Why does this item appear on an income statement?
34. What is the difference between variable and mixed costs, considering that both change in total with changes in activity levels?
35. The high–low method of analyzing mixed costs uses only two observation points: the high and the low points of activity. Are these always the best points for prediction purposes? Why or why not?
36. Discuss the reasons a company would use a predetermined overhead rate rather than actual overhead to determine cost of products or services.
37. Why are departmental predetermined OH rates more useful for managerial decision making than plantwide OH rates? Why do firms use separate variable and fixed rates rather than total rates?
38. Why would regression analysis provide a more accurate cost formula than the high–low method for a mixed cost?
39. How does absorption costing differ from variable costing in cost accumulation and income statement presentation?
40. What is meant by classifying costs (a) functionally and (b) behaviorally? Why would a company be concerned about functional and behavioral classifications?
41. Is variable or absorption costing generally required for external reporting? Why is this method preferred to the alternative?
42. Why does variable costing provide more useful information than absorption costing for making internal decisions?
43. What are the income relationships between absorption and variable costing when production volume differs from sales volume? What causes these relationships to occur?
44. Lansing Mfg. prepared the following 2022 abbreviated flexible budget for different levels of machine hours: 40,000 44,000 48,000 52,000 Variable manufacturing overhead \$ 80,000 \$ 88,000 \$ 96,000 \$104,000 Fixed manufacturing overhead 325,000 325,000 325,000 325,000. Each product requires 4 hours of machine time, and the company expects to produce 10,000 units in 2010. Production is expected to be evenly distributed throughout the year. a. Calculate separate predetermined variable and fixed OH rates using as the basis of application (1) units of production and (2) machine hours. b. Calculate the combined predetermined OH rate using (1) units of product and (2) machine hours. c. Assume that all actual overhead costs are equal to expected overhead costs in 2022, but that Lansing Mfg. produced 11,000 units of product. If the separate rates based on units of product calculated in part (a) were used to apply overhead, what amounts of under applied or over applied variable and fixed overhead exist at year-end 2022?

PROJECTS (To be given to group of students)

1. Developing a strategic alliance with another organization that would restrict fair trade (such as by fixing prices)
2. Engaging in bribery or other forms of corruption to obtain or retain business.
3. Using accounting practices that hide illegal or improper managerial acts.