

3rd Semester MBA Finance Electives

Strategic Cost Management			
Course Code	22MBAFM303	CIE Marks	50
Teaching Hours/Week (L:P:SDA)	4:0:0	SEE Marks	50
Total Hours of Pedagogy	50	Total Marks	100
Credits	04	Exam Hours	03
Course Learning objectives: <ul style="list-style-type: none"> To understand various concepts and terminologies used in cost management. To explain and critically evaluate various costing methods and techniques such as marginal costing, budgetary control, standard costing, activity based costing etc. To apply and analyse various costing methods and techniques mentioned above. 			
Module-1 (8 Hours)			
Introduction to Cost Management- Cost Accounting to Cost Management- Elements of costs- Classification of costs-Methods of costing-Cost Management Tools- A Strategic View to Cost Management- Preparation of a cost sheet. (Problems on cost sheet).			
Module-2 (8 Hours)			
Overheads: Classification and Collection, Difference between Cost Allocation and Cost Apportionment, (Full-fledged Problems on Primary and secondary distribution, Simultaneous equations, Absorption of Overhead, Theory on Under and Over absorption of Overhead). Demerits of Traditional Costing, Activity Based Costing, Cost Drivers, Cost Analysis Under ABC (Unit level, Batch Level and Product Sustaining Activities), Benefits and weaknesses of ABC. (Theory & Problems).			
Module-3 (9 Hours)			
Marginal Costing – Nature and Scope- Applications-Break even charts and Point, Decision-making (all types with full problems) Differential Cost Analysis, Advantages and Disadvantages of Marginal Costing Process Costing: introduction to Process Costing, Cost accumulation in process costing (Problems).			
Module-4 (9 Hours)			
Budgetary Control- Objectives of Budgetary control, Functional Budgets, Master Budgets, Key Factor Problems on Production Budgets and Flexible Budgets. Standard Costing:- Comparison with Budgetary control, analysis of Variances, Simple Problems on Material and Labour variances only (Problems).			
Module-5 (9 Hours)			
Cost Audit& Reporting to Management -objectives and advantages of Cost Audit, Cost Audit report. Management Audit- Objectives and Scope. Reporting to Management – Purpose of reporting- Requisites of a good report, Classifications of Report, Segment reporting, Cost Reduction and Cost Control, Target Costing – its Principles, Balanced Scorecard: Features and Purpose (theory only).			

Module-6 (7 Hours)

Responsibility Centers: Revenue and Expense Centers Responsibility Centers, Revenue Centers. Transfer Pricing – Meaning, Principles of Transfer Pricing, Methods of Transfer of Pricing expense Centers, Administrative Centers. Cost Management for Specific Sectors – Gold, Agriculture, IT sector, Pharma and others (theory only).

Assessment Details (both CIE and SEE)

The weightage of Continuous Internal Evaluation (CIE) is 50% and for Semester End Exam (SEE) is 50%. The minimum passing marks for the CIE is 50% of the maximum marks. Minimum passing marks in SEE is 40% of the maximum marks of SEE. A student shall be deemed to have satisfied the academic requirements (passed) and earned the credits allotted to each course if the student secures not less than 50% in the sum total of the CIE (Continuous Internal Evaluation) and SEE (Semester End Examination) taken together.

Continuous Internal Evaluation:

There shall be a maximum of 50 CIE Marks. A candidate shall obtain not less than 50% of the maximum marks prescribed for the CIE.

CIE Marks shall be based on:

- a) Tests (for 25Marks) and
- b) Assignments, presentations, Quiz, Simulation, Experimentation, Mini project, oral examination, field work and class participation etc., (for 25 Marks) conducted in the respective course. Course instructors are given autonomy in choosing a few of the above based on the subject relevance and should maintain necessary supporting documents for same.

Semester End Examination:

The SEE question paper will be set for 100 marks and the marks scored will be proportionately reduced to 50.

- The question paper will have 8 full questions carrying equal marks.
- Each full question is for 20 marks with 3 sub questions.
- Each full question will have sub question covering all the topics.
- The students will have to answer five full questions; selecting four full question from question number one to seven in the pattern of 3, 7 & 10 Marks and question number eight is compulsory.
- 40 percent theory and 60 percent problems in the SEE.

Suggested Learning Resources:**Books**

1. Cost Accounting (2e) by M.Y. Khan and P.K. Jain (2017). McGraw Hill Education.
2. Management Control Systems (4e) by Kenneth Merchant and Wim Van Der Stede. Pearson Education (2019).
3. A Text book of Cost and Management Accounting: Arora M. N, 11th Edition, Vikas.
4. Managerial Accounting: James Jiambalvo, 4th Edition, Wiley India Pvt. Ltd.
5. Cost Accounting: Jawaharlal & Seema Srivastava, 4th Edition, TMH

Web links and Video Lectures (e-Resources):

- <https://journal.ump.edu.my/ijim/article/view/5983/1166>
- <http://indianresearchjournals.com/pdf/APJMMR/2013/April/7.pdf>
- <https://www.youtube.com/watch?v=fWPPfUiPdHA>
- <https://www.coursera.org/lecture/construction-cost-estimating/introduction-to-cost-estimating-and-cost-control-xXOyj>
- https://www.icsi.edu/WebModules/Publications/FULL_BOOK_PP-CMA-2017-JULY_4.pdf
- <https://www.pdfdrive.com/cost-management-e20763553.html>
- https://www.academia.edu/31736202/Cost_Management_Accounting_and_Control

Note: The aforesaid links and study materials are suggestive in nature, they may be used with due regards to copy rights, patenting and other IPR rules.

Skill Development Activities Suggested

- The student can choose any product and get details about the actual cost of material, wages and other cost and prepare a cost statement.
- Standard cost of each component has to be obtained and compared with actual cost to find the variance and reasons for variance to assess efficiency of purchase, operations and production.
- Prepare a comparative chart to understand and depict the budgetary control mechanisms in Private and Public Sector enterprises.
- Visit to a NGO and find out the various cost heads and how they do differ from profit making business organizations.
- Conduct an in-house workshop on Transfer pricing for Manufacturing Sector (Analyze how value addition takes place at every stage of the production).

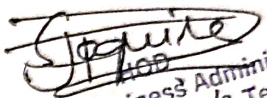
Course outcome

At the end of the course the student will be able to :

Sl. No.	Description	Blooms Level
CO1	Understand the goals and strategies of business units.	L2
CO2	Determine standard costing and variance analysis cost control in Business decision making,	L5
CO3	Applications of Management accounting and control systems in Corporate.	L3
CO4	Critically evaluate all traditional and non-traditional costing methods such as absorption costing; marginal costing and activity based costing.	L5

Mapping of COS and POs

	PO1	PO2	PO3	PO4	PO5	PSO 1	PSO 2	PSO 3	PSO 4
CO1	1				2	3			
CO2			2				2		
CO3				3				2	
CO4		2		2					3


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