

ACC 313: Accounting For Decision Making

Credits: 3

Lecture Hours: 48

Course Objective

This course aims to provide the students with an understanding of cost concept and cost behavior and develop an ability to use cost information for planning and control decision along with concepts of capital budgeting

Course Description

This course provides overview of cost concept, role of cost and management accounting in decision making, budgetary control, marginal costing and, understanding of various tools of investment decision.

Course Details

Unit 1: Introduction

LH 4

Role of accounting in decision making. Financial decisions in firm. Cost Accounting Vs Management Accounting Vs Financial Accounting. Cost concepts, terms used in costing. Cost unit and Cost Centre. Costing Methods and Techniques.

Unit 2: Elements of Cost

LH 5

Different Elements of Cost. Classification of cost. Preparation of Cost Sheets. Absorption and Variable costing and reconciliation thereof.

Unit 3: Reconciliation of Cost and Financial Accounting

LH 5

Preparation of Reconciliation Statement based on Cost Sheet and Profit & loss Account.

Unit 4: Budgetary Control

LH 5

Meaning, Need, Objectives and Functions of budgetary control. Advantages and Limitations of budgetary control. Classification and Preparation of Cash and Flexible budget only.

Unit 5: Marginal Costing

LH 8

Meaning of Marginal Costing. Objective and advantages of Marginal cost. Contribution, PV Ratio, Break Even Analysis. Problems on Computation of BEP (Excluding Decision Making).

Unit 6: Costing Methods and Techniques

LH 5

Meaning, features, advantages and disadvantages of job costing, process costing and activity based costing.

Unit 7: Investment Decision

LH 8

Meaning and significance of Capital Budgeting. Capital Budgeting process. Project classification and Investment Criteria. Concept of present value, Payback method, ARR Method, Net Present Value, IRR Method, Profitability Index.

Unit 8: SKILL DEVELOPMENT

LH 8

Collection of management report and financial statements of any one organized institution (preferably manufacturing) and prepare cost sheet along with reconciliation between profit and loss account and cost sheet. Calculation of Contribution margin, PV ratio and Break Even Points. Draft an imaginary management report (General). Draft situation specific Management report.

Reference Books

1. Hilton, Ronald W: *Managerial Accounting*. Tata McGraw- Hill.
2. Horngren. Charles T.. Gary I. Sundem, and William O...Stratton: *Introduction to Management Accountancy*, Prentice- Hall of India
3. Bajracharya, Ojha, Goet, Sharma: *Management Accounting in Nepal*, Asmita Publishers, Kathmandu, 2005.
4. Dr. S.N. Maheshwari, *Elements of Management accounting*
5. MY Khan & PK Jain, *Management accounting*
6. Saxena and Vasistha, *Advanced cost Accounting*