

B. Com. Sem-6
Syllabus for
CE 303 (A) MANAGEMENT ACCOUNTING II

Unit 1: Standard Costing I:

[25%]

Definition, Standard Cost vs. Budgetary Cost, Setting the standards: Variance analysis: Total Material Cost Variance, Material Price Variance, Material Usage Variance, Material Mix Variance, Total Labour Cost Variance, Labour Rate Variance, Labour Efficiency Variance, Idle Time Variance, Labour Mix Variance, Labour Yield Variance.

Unit 2: Standard Costing II:

[25%]

- a. Overhead Variances: Fixed and Variable, Expenditure Variance, Efficiency Variance, Capacity Variance, Calendar Variance;

Notes: (i) Rate of recovery of overheads to be based on labour time only.

(ii) Problems relating to finding out missing data are not expected.

- b. Sales Value Variances: Sales Price, Sales Volume, Sales Quantity and Sales Mix Variances.

Sales Margin Variances: Total sales Margin Variance, Sales Margin Price Variance, Sales Margin Volume Variance, Sales margin Mix Variance, Sales Margin Quantity (sub-volume) Variance.

Notes: (i) Problems relating to Reconciliation and Interpretation of Variances are not expected.

(ii) Problems relating to finding out missing data are not expected.

Unit 3: Capital Budgeting - 1:

[25%]

(A) Meaning, Importance and Process of Capital Budgeting.

Methods based on profit and recovery of cash outlays:

- (1) Accounting Rate of Return (ARR) Method;
- (2) Pay-Back Method.

(B) Time Value of Money:

Reasons for Time Value, Simple and Compound Interest, Present Value and Discount Factors, Future Value and Present value of an ordinary annuity, Present value of a differed annuity and Perpetuity, Meaning of Amortization of and creation of Sinking Fund, Nominal and Real Interest Rates.

Unit 4: Capital Budgeting -2:

[25%]

Methods based on present value of cash flows:

- (1) Net Present Value (NPV) Method;
- (2) Profitability Index (PI) Method;
- (3) Internal Rate of Return (IRR) Method.

Notes: *(i) Relevant portion of PV Factors and Annuity Factors must be provided in the question paper;*

(ii) Advance level problems (like calculation of expected cost and profit of proposed product to be manufactured, deferment of tax liability, capital rationing, sensitivity analysis, decisions relating to early retirement of existing assets etc) are not expected.

Notes: (1) Practical problems carrying not less than 80% marks shall be asked. This percentage is inclusive of 20% weightage to be given to a multiple choice question divided into 7 sub-questions (at least one

sub-question from each Unit shall be drawn). The students are required to provide justification for selecting the correct option out of four options given for each MCQ.

- (2) Question from any sub-unit shall not be asked in option of any other sub-unit.
- (3) Similarly, questions from any main Unit shall not be set in option of questions from any other main Unit.

Reference Books:

1. Management and Cost Accounting
Author: Colin Drury Publisher: Pat Bond (U. K.)
- 2 Cost Accounting
Author: Charles T. Horngren (Hardback | ISBN10: 0132329018;
ISBN13: 9780132329019)
3. Ravi M. Kishore; “Cost and Management Accounting”,
Taxmann’s Publications.
4. Jawahar Lal; “Advanced Management Accounting”,
S.Chand Publications.
- 5 Paresh Shah; “Management Accounting”, Oxford Publication
6. Horngren, C.T., **Cost Accounting – A Managerial** Emphasis,.
Prentice – Hall