

COO3A2 Cost Management and Control [4 Credits]

Learning Objective: *Students will be able to learn the latest developments in the area of Cost Management and will be familiarized with practical applications of the latest tools and techniques used for controlling cost.*

UNIT 1: Introduction to Cost Management and Responsibility Accounting (6 Hours)

Introduction - Meaning – uses of Cost Management – contemporary business environment – Basic cost concept– Cost drivers – cost pools and Cost objects.

Responsibility Accounting – Process of implementation – Responsibility reporting - Centers of control – Benefits and problems of Responsibility accounting – Responsibility center

UNIT 2: Performance Evaluation Techniques and Activity Based Costing (14 Hours)

Performance measurement - ROI method – Residual Income or Economic Value Added (EVA) method – Comparative evaluation of ROI and EVA. [Practical problems]

Transfer Pricing – Benefits – Methods – Transfer pricing in multinational companies– Labour turnover – Causes – Measurement – Cost of labour turnover - Cost-benefit analysis of training and development.

Activity Based Costing - ABC and conventional costing system – Merits and demerits– Developing and implementing ABC – Key issues in ABC – ABC in service organization- The Balanced Scorecard – Balanced scorecard perspectives - Characteristics of good balanced scorecard

UNIT 3: Learning Curve and Value Engineering (12 Hours)

Learning Curve Model- Phases – Learning curve applications – factors affecting learning curve [Theory and practical problems]

Target Costing - Target costing process – Advantages – Cost reduction methods in target costing – Tear-down analysis

Value engineering – Reengineering Life-Cycle Costing – Product life-cycle and cost control– Project life-cycle costing – Categories of project life-cycle costs – Optimization of project life-cycle – Total Quality Management (TQM) – Kaizen Costing.

UNIT 4: Linear Programming (14 Hours)

Linear Programming Meaning – assumptions – application of LP techniques – Constraints – Limitations (including problems) Network Analysis - Introduction – objectives – stages – drawing network diagram – PERT – CPM [Theory and practical problems]

UNIT 5: Transportation and Assignment Costing (14 Hours)

Transportation Problems Introduction - applications – conditions – stages [Theory and practical problems]

Assignment Problems - Introduction – stages – balance & unbalance assignment problems – maximize the objective function [Theory and practical problems]

Suggested Readings:

1. Ravi M. Kishore, *Advanced Management Accounting*, Taxmann Publications
2. Jawahar Lal Strategic Cost Management Himalaya Publishing House.
3. Kaplan & Atkinson, *Advanced Management Accounting*, Pearson Education Asia
4. Ingram, Albright & Hill, *Managerial Accounting*, South-Western: Thomson Learning
5. Jawahar Lal, *Cost Management*, Tata McGraw-Hill Publishing Co.
6. Ronald W. Hilton, *Managerial Accounting*, Tata McGraw-Hill Publishing Co.
7. Hilton, Maher, & Selto, *Cost Management*, Tata McGraw-Hill Publishing Co.
8. Hanson & Mowen, *Cost Management: Accounting and Control*, Thomson Southwestern, (4/e), 2003.
9. Horngreen, Foster, & Datar, *Cost Accounting: A Managerial Emphasis*, Prentice Hall.
10. Edward Blocher, *Cost Management: A Strategic Emphasis*, Tata McGraw Hill.

