

ACC 519: Accounting for Financial and Managerial Decision and Control

Credits: 3
Lecture Hours: 48

Course Objectives:

The objectives of this course are to provide extensive knowledge of financial and managerial accounting information for taking amicable short term and long term decisions to give drive in planning and controlling processes in changing environments.

Course Description:

This course aims to provide knowledge of managerial accounting information for planning and control. It covers pricing decision, investment analysis and decision regarding alternative choices. It also deals with financial statement and performance measurement analysis of an organization.

• Teaching Methodology and Pedagogy

- Lecture
- Assignments
- Discussion & Presentation
- Project & case work
- Library & Internet

• Marking Scheme

- **Internal**
 - Assignment
 - Presentation
 - Project work
 - Mid Term Exam
 - Pre Board Exam
- **External**
 - Board Exam

Course Details

Unit 1: Financial and Management Accounting Information

LH 4

- Concept, need, scope and sources of financial information
- Concept and need of management accounting information and its diversity
- Management accounting in the competitive business environment
- Management accounting information as a control tool
- Control system and control environment in an organization

Unit 2: Financial Statement Analysis and Performance Measurement

LH 15

- Accounting standards: Concept and disclosures of National and International Accounting and Financial Reporting Standards
- Concept, objectives and importance of Financial Statement: Income Statement, Balance Sheet and Cash Flow Statement
- Concept, objectives and importance of performance measurement
- Performance measurement techniques:
 - i. Horizontal, Vertical, Trend and Ratio Analysis and interpretation of ratios for measuring productivity, profitability, activity, stability and possibility.
 - ii. Value added analysis and performance measurement
 - iii. Measurement & interpretation of return on investment & residual income
 - iv. Preparation and interpretation of cash flow statement: direct and indirect method

Unit 3: Management Accounting for Decision Making

LH 10

- Concepts, need and objectives of decision regarding alternative choices
- Cost classification for managerial decision making perspectives: relevant & irrelevant cost, avoidable & unavoidable cost, opportunity cost, differential cost and sunk cost
- Decision regarding to:
 - i. Make or Buy
 - ii. Accept or Reject a special offer
 - iii. Drop or Continue
 - iv. Sales or further processing
 - v. Lease or Purchase

Unit 4: Pricing Decision

LH 7

- Concepts and objectives of pricing decision
- Pricing techniques:
 - i. Full cost and variable cost pricing;
 - ii. Target ROI pricing;
 - iii. ABC pricing,
 - iv. Target cost pricing
 - v. Transfer pricing in decentralized organization with evaluation of optimal course of action of buyer's and seller's action

Unit 5: Cost Information for Pricing and Product Planning

LH 5

- Effect of product cost in pricing and product mix decisions
- Short-term product mix and pricing decisions
- Long-term product mix and pricing decisions

Unit 6: Investment Analysis

LH7

- Concept, need and objectives of investment analysis
- Concept, need, computation and analysis of evaluation techniques: net present value, profitability index and internal rate of return
- Investment decision under risk and uncertainty by using
 - i. Adjusted discount rate, certainty equivalent co-efficient, sensitivity and scenario analysis
 - ii. Standard deviation, co-efficient of variation, probability distribution approach

Basic Books:

Atkinson, A. A., Kaplan, R. S., Matsumura, E.M., Young, S.M & Kumar, G. A. (2012).

Management Accounting/6e. New Delhi: Pearson Education Pvt. Ltd.

Garrison, R. H., Noreen, E. H., & Brewer, P. C. (2012). *Managerial Accounting/13e*.

New Delhi: Tata Mc Graw Hill Education Pvt. Ltd.