



Mahatma Gandhi University
Kottayam

Programme	Bachelor in Business Administration (Honours)
Course Name	Cost and Management Accounting
Type of Course	CORE COURSE
Course Code	MG3CCRBBA201
Course Level	NA
Course Summary & Justification	<p>Course Description:</p> <p>This course introduces students to the fundamental principles, techniques, and tools of Cost and Management Accounting that is essential for effective managerial decision-making. It focuses on cost concepts, cost classifications, and cost sheet preparation to build a base in cost accounting. Learners are equipped to analyse financial statements using comparative, common-size, and trend analysis techniques. The course further deepens financial analytical skills by studying various ratios. Students also explore essential management accounting tools such as marginal costing, budgetary control, and cash and fund flow statements, with an emphasis on their application in business scenarios. By the end of this course, students will develop the ability to interpret financial data and apply accounting tools in decisions making.</p> <p>Course Objectives:</p> <ul style="list-style-type: none"> • To develop a foundational understanding of cost and management accounting, including the nature, functions, tools, and distinctions among financial, cost, and management accounting. • To equip students with the ability to analyse financial statements using tools such as comparative and common-size statements. • To apply ratio analysis techniques for evaluating a company's liquidity, solvency, turnover, and profitability with practical problem-solving. • To enable students to interpret financial ratios effectively, identify trends in business performance, and apply them

	to propose financial strategies that enhance organisational performance. <ul style="list-style-type: none"> To understand key tools of management accounting like marginal costing, break-even analysis, budgeting, and cash and fund flow analysis for decision-making and financial planning. 				
Semester	3	Credits	4	Total Hours	
Course Details	Learning Approach	Lecture	Tutorial	Practical	Others
		4	0	0	0
Pre-requisites					

COURSE OUTCOMES (CO)

CO No.	Expected Course Outcome	Learning Domains *	PO No:
CO1	Understand the fundamental concepts cost and management accounting, understand and apply the structure of cost elements and cost sheets.	A	1,
CO2	Analyse financial performance using comparative, common-size, and trend analysis techniques.	An	1,2
CO3	Analyse various financial ratios to assess a company's liquidity, solvency, efficiency, and profitability.	An	1,2
CO4	Understand the role of management accounting tools such as marginal costing, budgeting, cash flow and fund flow statements and apply marginal costing tools and cash budgeting to support managerial decision-making	U	3



COURSE CONTENT

Content for Classroom transactions (Units)

Module	Course description	Hrs	CO No.
1: Introduction to Cost and Management Accounting		13 Hrs	
1.1	Costing: Meaning; Cost Accounting: Meaning, Definition, Objectives, Scope, Advantages, Limitations; Cost, Expense, Loss, Cost centres, Cost unit, Cost Concepts, Cost classification.	2	CO1
1.2	Elements of cost, Prime Cost, Overhead costs, Total Cost, expenses excluded from cost accounts, Cost sheet: Meaning, Definition, Advantages, Format and Components, Preparation (Problems).	5	CO1
1.3	Management Accounting: Meaning, Definition, Nature, Features, Scope, Objectives, Functions, Tools and techniques of management accounting, Advantages and Limitations, Relationship and differences between Cost accounting, Management accounting and Financial Accounting.	6	CO1
2. Financial Statement Analysis: Comparative and Common Size Analysis		12 hrs	
2.1	Meaning of Financial Statement Analysis, Objectives, Benefits and limitations, Types of financial analysis, Tools or methods of financial analysis.	3	CO2
2.2	Comparative Income Statements and Balance Sheets (including Problems).	4	CO2
2.3	Common Size Income Statements and Balance Sheet analysis (including Problems), Trend Analysis-meaning and importance.	5	CO2
3: Financial Statement Analysis: Ratio Analysis		22 hrs	
3.1	Ratio Analysis- meaning of ratios, meaning and definition of ratio analysis, Importance, Objectives, Benefits and limitations of Ratio Analysis, Various	2	CO3

	Classifications of Ratios.		
3.2	Understanding, importance and interpretation of ratios: Liquidity Ratios (Current Ratio, Liquid Ratio, Cash Ratio) (Theory and Problems).	4	CO3
3.3	Understanding, importance and interpretation of ratios: Solvency Ratios (Debt-Equity Ratio, Proprietary Ratio, Interest Coverage Ratio). (Theory and Problems).	4	CO3
3.4	Understanding, importance and interpretation of ratios: Activity/ Turnover) Ratio (Inventory Turnover, Receivable Turnover, Payable Turnover, Net assets Turnover, Fixed assets Turnover, and Working capital Turnover) (Theory and Problems).	6	CO3
3.5	Understanding, importance and interpretation of ratios: Profitability Ratios (Gross profit ratio, Operating ratio, Operating profit ratio, Net profit ratio, Return on Investment (ROI) or Return on Capital Employed (ROCE), Return on Net Worth (RONW), Earnings per share, Price earnings ratio.) (Theory and Problems).	6	CO3
4. Other tools of management accounting		13 hrs	
4.1	Meaning of Marginal cost; Marginal Costing: Meaning and definition, Applications in business decision-making, Cost Volume Profit Analysis: meaning, Fixed vs Variable Costs, Contribution: meaning and calculation, Marginal Cost Equation (problems). Break Even Analysis: Meaning and Importance (including concepts of Break-even point and chart) (simple problems).	5	CO4
4.2	Meaning of Budget; Budgetary Control: meaning, importance, limitations, Objectives, Functions of Budgets, Steps in budgetary control. Advantages and limitations, Types of budgets: Meaning, Advantages and Disadvantages of Cash Budget, Fixed Budget, Flexible Budget, Sales Budget, Production Budget, Master Budget, Zero-Based Budgeting, Activity-Based Budgeting, (theory only).	4	CO4
4.3	Understanding other management accounting tools: Cash Flow Statement (theory only): meaning and	4	CO4

	importance, sources of cash flow (Operating, Investing activities and Financing activities), Fund Flow Statement: meaning and importance; Distinction between cash flow and fund flow statement.		
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References

Text Books (Latest Editions):

- Arora, M. N. Cost and Management Accounting, New Delhi: Himalaya Publishing House.
- Saxena, V. K., & Vashist, C. D. (2024). *Cost Accounting* (8th ed.). Sultan Chand & Sons.
- Khan, M. Y., & Jain, P. K. (2021). *Management Accounting* (8th ed.). McGraw Hill Education.
- Jain, S.P., & Narang, K.L. Cost Accounting. Principles and Practice, New Delhi: Kalyani Publishers.
- Kishor, R.M. Cost and Management Accounting. New Delhi: Taxman Allied Services.
- Pillai, R.S.N, Bagavathi, V., Cost Accounting. New Delhi: Sultan Chand.
- Arora, M.N. Management Accounting, New Delhi: Himalaya Publishing House
- Lal, J. Srivastav, Seema., Singh, Manisha. Cost Accounting: Test, Problems and Cases, New Delhi: Tata McGraw Hill Education
- Maheshwari, S. N., Maheshwari, S. K., & Maheshwari, S. K. (2022). *A Textbook of Accounting for Management* (5th ed.). Vikas Publishing House.

Suggestive Assessment Activities:

CO1:

1.1. Assignment/Presentation:

Written Assignments or presentations (individual/ group) based on various topics from the module

1.2. Practical Problems based on Cost Sheet Preparation:

Problems based on preparing a cost sheet, identifying various elements of cost.

1.3. Quizzes/Exams

For testing CO-based learning domains.

CO2:

2.1 Comparative and Common-Size Statements Analysis based on any listed company for two consecutive years.

Students to collect the financial statements of a listed company for two consecutive years and prepare Comparative Income Statement and Balance Sheet and Common-Size Statements. Analyse and Interpret the results. Submit a written/ printed report.

2.2. Exams

For testing CO-based learning domains.

CO3:

3.1 Ratio Analysis based on any one/two listed company(ies)

Collect the financial statements of any one/ two listed company(ies) from any sector of choice and conduct ratio analysis based on various ratios. Analyse and interpret the results. Submit a written/ printed Report.

Presentation of the same may be conducted (Individual/ Group)

3.2. Practical Problems based on Analysis and Interpretation of various ratios

Practical Problems based assignments based on Ratio Analysis.

3.3. Quizzes/Exams

For testing CO-based learning domains.

CO4

4.1. Assignment/Presentation

Written Assignments or presentations (individual/ group) based on various topics from the module

4.2. Practical Problems based on Marginal Costing and cash budget

Problems based on preparing a cost sheet, identifying various elements of cost.

4.3 Exams

For testing CO-based learning domains.

ASSESSMENT

Continuous Comprehensive Assessment (CCA) - Maximum Marks: 30

Sl. No	Component	Activity	Max. Marks
1	Tests/ Quizzes:		10
2	Assignments/ group presentations/	Assessment methods specified in the syllabus.	10
3	Assignments/ seminar/ viva voce/ case study analysis/	Assessments specified by the teacher (Assessment methods defined in the syllabus may also be used).	10
Total Marks			30
(2 and 3 may be done in such a way that at least one activity is given to measure each CO)			

End Semester Assessment (ESA) - Maximum Marks: 70

Sl. No	Component	Activity	Max. Marks
1	Written Examination 2 hours	Very short answer (one word, phrase or sentence). a choice between two options for each question- answer five very short answer questions, one from each pair (1a/1b, 2a/2b, 3a/3b, 4a/4b, 5a/5b).	5*3=15
		Short Essay a choice between two options for each question- answer three short essay questions, one from each pair (6a/6b, 7a/7b and 8a/8b).	3*5=15
		Long Essay a choice between two options for each question- answer two long essay questions, one from each pair (9a/9b and 10a/10b).	2*20=40
Total Marks			70