PAPER – 5 : STRATEGIC COST MANAGEMENT AND PERFORMANCE EVALUATION

(One Paper- Three hours- 100 Marks)

Objective:

(a) To apply various cost management techniques for planning and controlling performance in order to set, monitor and control strategic objectives.

(b) To develop skills of analysis, synthesis and evaluation in cost management to address challenges and issues which might affect or influence the management of performance within organisations.

PART–A

STRATEGIC COST MANAGEMENT AND DECISION MAKING

Sub Part–I

Strategic Cost Management

1. Introduction to Strategic Cost Management

(i) Concept of Strategic Cost Management

(ii) Limitations of Traditional Cost Management

(iii) Traditional vs. Strategic Cost Management

2. Modern Business Environment

(i) Introduction/ Characteristics of the Modern Business Environment

(ii) Cost of Quality, Total Quality Management, Business Excellence Model

(iii) Throughput Accounting and Theory of Constraints

(iv) Supply Chain Management (SCM)

(v) Gain Sharing Arrangements

(vi) Outsourcing

3. Lean System and Innovation

(i) Introduction to Lean System

a) Just-in-Time (JIT)

b) Kaizen Costing

c) 5 Ss

https://Universitynews.in

d) Total Productive Maintenance (TPM)

e) Cellular Manufacturing/ One-Piece Flow Production Systems

f) Six Sigma (SS)

(ii) Introduction to Process Innovation and Business Process Re-engineering (BPR)

4. Cost Management Techniques

(i) Cost Control/ Waste Control, Cost Reduction

(ii) Target Costing

(iii) Value Analysis/ Value Engineering

(iv) Pareto Analysis

(v) Life Cycle Costing

(vi) Environmental Management Accounting

5. Cost Management for Specific Sectors

(i) Agricultural Sector

(ii) Information Technology Sector

(iii) Power Sector

Sub Part–II

Strategic Decision Making

1. Decision Making

(i) Decision Making using CVP Analysis

(ii) Decision Making using Relevant Cost Concepts

(iii) Decision Making using Activity Based Costing

(iv) Ethical and Non-Financial Considerations Relevant to Decision Making

2. Pricing Strategies/ Decisions

(i) Theory & Principles of Product Pricing

(ii) Pricing – New Product, Finished Products & Pricing of Services

(iii) Sensitivity Analysis in Pricing Decisions

(iv) Pricing Decision under Special Circumstances

(v) Pricing Strategies

https://Universitynews.in

PART–B

PERFORMANCE EVALUATION AND CONTROL

Sub Part–I

Performance Evaluation and Reporting

1. Performance Measurement and Evaluation

(i) Responsibility Accounting

(ii) Linking Critical Success Factors (CSFs) to Key Performance Indicators (KPIs) and Corporate Strategy; Performance Measurement Models–The Balanced Scorecard, The Performance Pyramid, The Performance Prism and The Building Block Model; Divisional Performance Measures; Benchmarking Schemes

(iii) Performance Measurement in the Not-for-Profit Sector

(iv) Preparation of Performance Reports

2. Divisional Transfer Pricing

(i) Meaning, Purpose and Principles of Transfer Pricing

(ii) Methods of Transfer Pricing

(iii) The Behavioural Consequences arising from Divisional Structures

(iv) International Transfer Pricing

3. Strategic Analysis of Operating Income

(i) Operating Profit Analysis

(ii) Advanced Activity Based Costing, Activity Based Management (ABM), Activity Based Budgeting (ABB)

Sub Part–II

Managerial Control

1. Budgetary Control

(i) The Concept of Feedback and Feed Forward Control

(ii) Behavioural Aspects of Budgeting – Imposed Style, Participative Budget

(iii) Behavioural Aspects of Budgetary Control

(iv) Beyond Budgeting

https://Universitynews.in

2. Standard Costing

(i) Analysis of Advanced Variances

(ii) Integration of Standard Costing with Marginal Cost Accounting

(iii) Reconciliation of Profit

(iv) Variance Investigation Techniques, Interpretation of Variances, Possible Interdependence Between Variances and Reporting

(v) Behavioural Aspects of Standard Costing, Limitation of Standard Costing (including its use in the contemporary business environment)

PART – C
CASE STUDY

1. Case Study (covering Course Concepts)

General Note:

Applications of the following **Quantitative Techniques** are required to be studied for linkage to the course concept:

(a) Linear Programming

(b) Learning Curve/Experience Curve

https://Universitynews.in