



**Financial Analysis and Control**  
**Financial Analysis and Control**  
**[Core Course]**

**Semester: II**

**Credits: 4**

**Subject Code: MCM22001**

**Lectures: 48**

**Course Outcomes:**

At the end of this course, the learner will be able to:

- Design and analyse the Common Size Statements
- Compute and analyse ratios from published Annual Reports of companies
- Prepare and examine Fund Flow Statement and Cash Flow Statement
- Develop the ability to critically evaluate the impact of performance measurement
- Design and interpret appropriate performance measures to evaluate the performance of responsibility centres

**Unit 1: Introduction to Financial Analysis and Control**

**08**

- Introduction, meaning and importance of Financial Analysis
- Advantages and Limitations of Financial Analysis
- Parties interested in Financial Statement Analysis
- Comparative Financial Statements
- Common-Size Financial Statements
- Trend Analysis
- Practical problems on Inter-firm and Intra-firm comparison
- Case Studies

**Unit 2: Financial Statement Analysis and Interpretation**

**14**

- Introduction to Ratios and Ratio Analysis
- Advantages and Limitations of Ratio Analysis
- Classification of Ratios
  - Profitability Ratios
  - Activity Ratios
  - Liquidity Ratios
  - Solvency Ratios
- Problems on computation, analysis and interpretation of Ratios
- Case Studies

**Unit 3: Fund Flow and Cash Flow Analysis**

**14**

- Introduction
  - Meaning of Fund Flow and Fund Flow Statement

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- Uses of Fund Flow Statement
- Preparation of Fund Flow Statement
- Introduction
  - Meaning of Cash Flow and Cash Flow Statement
  - Difference between Cash Flow Analysis and Fund Flow Analysis
  - Utility of Cash Flow Analysis and its limitations
- Preparation of Cash Flow Statement-Indirect Method
- Case Studies

#### Unit 4: Responsibility Accounting, Performance Measurement and Control

12

- Responsibility Accounting
  - Meaning and significance of Responsibility Accounting
  - Steps involved in Responsibility Accounting
  - Types of Responsibility Centres
  - Advantages and Limitations of Responsibility Accounting
- Performance Measurement and Control
- Performance analysis in Private Sector organizations
- Performance analysis in Not-For-Profit organizations and the Public Sector
- Divisional performance and Transfer Pricing
- External considerations and behavioral aspects
- Case Studies

#12 contact hours for Assignments, Visits, Research, Field Studies, etc.

#### Recommended Reference Books:

- Atkinson, A. Kaplan, R. Matsumura, E. Young, S. and Kumar, A. *Management Accounting Information for Decision Making and Strategy Execution*. Dorling Kindersley (India) Pvt. Ltd; Noida; 2014.
- Jain, I.C. *Management Accounting*. Taxmann Allied Services (P) Ltd: New Delhi; 2008.
- Khan, M.Y. and Jain, P.K. *Management Accounting Text, Problems and Cases*. Tata McGraw Hill Education Private Limited: New Delhi; 2010.
- Khatri, P. V. *Management Accounting*. Global Vision Publishing House: New Delhi; 2010.
- Maheshwari, S.N. and Maheshwari, S.K. *Advanced Accountancy Volume II*. Vikas Publishing House Pvt. Ltd: New Delhi; 2011.
- Paul, S.K.R. *Management Accounting*. New Central Book Agency (P) Ltd.: Kolkata; 2007.
- Shukla, M.C. *Advanced Accounts Volume II*. S. Chand and Company Limited: New Delhi; 2016.
- Sikka, T.R. *Fundamentals of Cost Accounting*. Viva Books Pvt. Ltd.: New Delhi; 2012.

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- Singhvi, N. M. *Management Accounting Text and Cases*. Prentice Hall of India: New Delhi; 2006.
- Tulsian, P.C. and Tulsian, B. *Advanced Management Accounting*. S Chand and Company Pvt. Ltd.: New Delhi; 2014.
- Tyagi, C.L. and Tyagi, M. *Financial and Management Accounting*. Atlantic Publishers and Distributors: New Delhi; 2003.
- Tyagi. C.L and Tyagi, M. *Introduction to Management Accounting*. Galgotia Publishers and Distributors: New Delhi; 1998.

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