

Management Accounting

Semester III

Subject Code: BB31604

Lectures: 60

Objectives:

The syllabus aims in equipping students with,

- Basic Knowledge of Management Accounting
- Capacity to understand and apply accounting information and principles
- An understanding of financial ratios and their role in decision making
- Understanding the concept of budget and budgetary control and its application in business
- An insight into the various techniques of Management Accounting
- Gaining awareness about some of the techniques used for Analysis of Corporate Performance

Unit 1: Introduction to Management Accounting (Theory)

08

- Meaning, Definition and Scope of Management Accounting
- Origin and Development of Management Accounting
- Tools and Techniques of Management Accounting
- Distinction - Financial Accounting and Management Accounting, Cost Accounting and Management Accounting
- Objectives, Advantages and Limitations of Management Accounting
- Role of Management Accounting in modern enterprises

Unit 2: Analysis and Interpretation of Financial Statements (Theory only)

08

- Concept of Financial Statements, Nature, Advantages and Limitations of Financial Statements
- Meaning of Analysis and Interpretation
- Financial Analysis – Meaning, Advantages and Limitations
- Techniques of Financial Analysis
 - Comparative Financial Statements
 - Common size Financial Statements
 - Trend Analysis
 - Ratio Analysis
 - Fund Flow Analysis



➤ Cash Flow Analysis

Unit 3: Ratio Analysis & Fund Flow Statement (Theory & Practical Problems)

18

RATIO ANALYSIS

- Meaning, Utility of Ratio Analysis
- Classification of Ratios-Liquidity Ratios, Turnover Ratios, Solvency Ratios and Profitability Ratios
- Problems on computation of following ratios – Current Ratio, Quick Ratio, Stock Turnover Ratio, Debtors Turnover Ratio, Working Capital Turnover Ratio, Creditors Turnover Ratio, Debt Equity Ratio, Fixed Assets Ratio, Gross Profit Ratio, Net Profit Ratio, Operating Ratio, Return on Shareholders' funds, Return on Shareholders Equity, Return on Investment
- Advantages and Limitations of Ratio Analysis

FUND FLOW STATEMENT

- Meaning, Concept of Funds,
- Meaning of Fund Flow Statement, Sources and Applications of Funds
- Preparation of Fund Flow Statement with adjustments of depreciation, payment of tax, payment of dividend and buying/sale of fixed assets.
- Advantages and Limitations of Fund Flow Statement

Unit 4: Technique of Budget and Budgetary Control (Theory & Practical Problems)

08

- Meaning, Concept of Budget and Budgetary Control
- Nature and Objectives of Budget and Budgetary Control
- Types of Budgets-According to Time, Function and Flexibility, Zero Based Budgeting
- Cash Budget – Meaning and Preparation
- Advantages and Limitations of Budget and Budgetary Control
- Establishing a system of Budgetary Control

Unit 5 : Analysis of Corporate Performance (Theory)

06

- Benchmarking
- Performance Budgeting
- Economic Value Added

*Contact hours – 12 hours

10



Recommended Text Books:

- 1. *Management Accounting*, Dr. Suhas Mahajan and Dr. Mahesh Kulkarni, Nirali Prakashan
- 2. *Financial Management*, Dr. N.M. Vechalekar, Nirali Prakashan
- 3. *Management Accounting*, M.G. Patkar, Phadke Prakashan, Kolhapur

Reference Books:

- 1. Dr. S.N. Maheshwari, *Principles of Management Accounting*, Sultanchand & Sons
- 2. Murthy & Guruswamy, *Management Accounting*, Tata McGraw Hill Publishing Co. Ltd
- 3. Ashish K Bhattacharya, *Financial Accounting for Business Managers*, Prentice-Hall India
- 4. B.K. Chatterjee, *Cost and Management Accounting for Managers*, (Jaico Publishing House
- 5. S.K. Bhattacharya & John Dearden, *Accounting for Management*, Vikas Publishing House
- 6. N Ramachandran & Ram Kumar Kakani, *Financial Accounting for Management*, Tata McGraw Hill
- 7. R. Narayanaswamy, *Financial Accounting – A Managerial Perspective*, Prentice Hall of India
- 8. Noreen, Brewer and Garrison, *Managerial Accounting for managers*, Tata McGraw Hill
- 9. S.Kr. Paul, *Management Accounting*, New Central Book Agency
- 10. P.V. Khatri & Sudhanshu Verma, *Management Accounting*, Global Vision Publishing House
- 11. I.M. Pandey, *Management Accounting*, Vikas Publishing House Pvt. Ltd
- 12. Khan & Jain, *Management Accounting* (Tata McGraw Hill Publishing Co. Ltd.)

