

JYOTI NIVAS COLLEGE AUTONOMOUS

Programme: B.Com / TM / LSM / Integrated B.Com – M.com

Semester: VI

MANAGEMENT ACCOUNTING

No. of Credits: 4

No. of Hours: 60

COURSE OBJECTIVES:

- To enable the students to understand the importance of the accounting through analysing the position of an organisation.
- To enable the students for interpretation of financial statements and their analysis using various tools.
- Prepare management reports for purpose of decision making.

LEARNING OUTCOMES:

- Demonstrate the significance of management accounting in decision making.
- Analyse and interpret the corporate financial statements by using various techniques.
- Compare the financial performance of corporate through ratio analysis.

UNIT 1: INTRODUCTION TO MANAGEMENT ACCOUNTING

10 HRS

Meaning and Definition – Objectives – Nature and Scope– Role of Management Accountant - Relationship between Financial Accounting and Management Accounting - Relationship between Cost Accounting and Management Accounting - Advantages and Limitations of Management Accounting. Management Reporting– Principles of Good Reporting System.

UNIT 2: ANALYSIS OF FINANCIAL STATEMENTS

14 HRS

Analysis of Financial Statements: Meaning and Importance of Financial Statement Analysis
Methods of Financial Analysis – Problems on Comparative Statement analysis – Common Size Statement analysis and Trend Analysis.

UNIT 3: RATIO ANALYSIS

10 HRS

Meaning and Definition of Ratio and Ratio Analysis – Uses and Limitations of ratios
Classification of Ratios: Turnover ratio - Liquidity ratios - Profitability ratios and Solvency ratios. Problems.

UNIT 4: CASH FLOW ANALYSIS

14 HRS

Meaning and Definition of Cash Flow Statement – Concept of Cash and Cash Equivalents - Uses of Cash Flow Statement – Limitations of Cash Flow Statement– Provisions of Ind. AS-7. Procedure for preparation of Cash Flow Statement – Cash Flow from Operating Activities – Cash Flow from Investing Activities and Cash Flow from Financing Activities – Preparation of Cash Flow Statement according to Ind. AS-7

UNIT 5: BUDGETARY CONTROL

12 HRS

Introduction – Meaning & Definition of Budget and Budgetary Control – Objectives of Budgetary Control – essential requirements of budgetary control – advantages and disadvantages of budgetary control – Types of budgets- Functional Budgets - Cash budget, sales budget, purchase budget and production budget. Fixed and Flexible budgets - Problems on Flexible budget and Cash budget only.

SKILL DEVELOPMENT:

1. Prepare with imaginary figures comparative statement and analyse the financial position.
2. Prepare with imaginary figures statements of any one corporate entity, analyse the same by using ratio analysis.
3. Prepare with imaginary figures cash flow statement
4. Prepare a Trend analysis statement for three years with imaginary figures
5. Prepare with imaginary figures a Flexible or Cash budget.

BOOKS FOR REFERENCE:

- Charles T. Horngren, Gary L. Sundem, Dave Burgstahler, Jeff O.Schatzberg, Introduction to Management Accounting, Pearson Education.
- Khan, M.Y. and Jain, P.K. Management Accounting. McGraw Hill Education.
- Arora, M. N. Management Accounting, Vikas Publishing House, New Delhi
- Maheshwari, S.N. and S.N. Mittal, Management Accounting. Shree Mahavir Book Depot, New Delhi.

Note: Latest edition of text books may be use