

JYOTI NIVAS COLLEGE AUTONOMOUS

Programme: B.Com/LSCM/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.
- Compare the financial performance of corporate through ratio analysis.
- Understand the latest provisions in preparing cash flow statement.
- Understand the concepts of Budgetary Control.
- Analyze and evaluate the causes of variances.

Unit-1: Introduction to Management Accounting

10 Hours

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, Tools for preparing reports.

Unit- 2: Ratio Analysis and Interpretation

12 Hours

Meaning and Definition of Ratios and Ratio Analysis – Uses and Limitations of ratios – Classification of Ratios - Liquidity ratios, Solvency ratios, Turnover ratio and Profitability ratios; Problems on calculation of ratios and construction of Balance Sheet using the ratios.

Unit-3: Cash flow Analysis

14 Hours

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 (indirect method only).

Unit- 4: Budgetary Control

14 Hours

Introduction – Meaning & Definition of Budget and Budgetary Control, Objectives of

Budgetary Control, Essential requirements of budgetary control, Advantages and disadvantages of budgetary control; Classification of budgets – Time, Functional and Flexibility; Problems on Flexible budget and Cash budgets.

Unit- 5: Standard Costing and Performance Measurement
Hours

10

Standard Costing – Meaning, Features, Uses and limitations of Standard Costing; Variance Analysis – Meaning, Types of Variances - Material Variances, Labour Variances and Overhead variances- (Problems on Material and Labour variances only).

Performance Measurement – Meaning of performance measurement systems; meaning of performance evaluation, techniques of performance evaluation – financial and non-financial quality measures.

Skill Development Activities:

- Identify a corporate entity and analyse the financial statements and interpret the results by using ratio analysis.
- Prepare a cash flow statement with imaginary figures.
- Prepare with imaginary figures a Flexible or Cash budget.
- Analyze labour variance with multiple labour grades and idle time.

Books for References:

- 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 used.