



**FINANCIAL MANAGEMENT  
MANAGEMENT ACCOUNTING  
[DISCIPLINE SPECIFIC ELECTIVE]**

<b>Semester: III</b>	<b>Credits: 3+1</b>	<b>Subject Code: BB32105B</b>	<b>Lectures: 48</b>
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**Course Outcomes:**

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

- Discuss the role and importance of Management Accounting in business.
- Analyze the format of Statement of Profit & Loss and Balance Sheet of a Company.
- Identify & examine the different techniques of financial statements analysis.
- Practice the technique of Ratio Analysis for selected Ratios.
- Describe the importance of Contribution and Breakeven point in business for estimating the profitability.
- Illustrate the concept of Budget and Budgetary Control and the types of Budgets.
- Construct the Cash Budget for an enterprise.

**Unit 1: Introduction to Management Accounting (Theory)**

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- Management Accounting: Introduction, 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
- Advantages and Limitations of Management Accounting
- Role of Management Accounting in modern enterprises.

**Unit 2: Analysis and Interpretation of Financial Statements (Theory and Practical Problems on Ratio Analysis for selected Ratios only)**

**14**

- Concept of Financial Statements, Nature, Objectives, Advantages and Limitations of Financial Statements
- Financial Statement Analysis – Meaning, Advantages and Limitations
- Introduction to Revised Schedule III as per Companies Act 2013.
- Techniques of Financial Analysis: Meaning of Comparative Financial Statements, Common size Financial Statements, Trend Analysis, Ratio Analysis, Fund Flow Analysis, Cash Flow Analysis
- Ratio Analysis: Introduction, Need of Ratio Analysis, Steps in Ratio Analysis, Advantages and Limitations of Ratio Analysis
- Functional 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, Debt Equity Ratio, Gross

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Profit Ratio, Net Profit Ratio, Operating Ratio.	
<b>Unit 3: Marginal Costing (Theory &amp; Practical Problems)</b>	<b>14</b>
<ul style="list-style-type: none"> <li>• Marginal Costing: Introduction, Meaning, Definition of Marginal Cost, Marginal Costing</li> <li>• Concepts: Fixed Cost, Variable Cost, Contribution, Profit Volume Ratio (P/V Ratio), Breakeven Point (BEP), Margin of Safety, CVP Analysis</li> <li>• Problems on Contribution, P/V Ratio, Breakeven Point and Margin of Safety</li> <li>• Advantages and Limitations of Marginal Costing.</li> </ul>	
<b>Unit 4: Technique of Budget and Budgetary Control (Theory and Practical Problems on Cash Budget)</b>	<b>12</b>
<ul style="list-style-type: none"> <li>• Introduction, Meaning, Concept of Budget and Budgetary Control</li> <li>• Nature and Objectives of Budget and Budgetary Control</li> <li>• Procedure of Budgetary Control</li> <li>• Types of Budgets: According to Time, Function and Flexibility</li> <li>• Zero Based Budgeting: Concept, Definition, Features, Advantages and Limitations               <ul style="list-style-type: none"> <li>• Cash Budget: Meaning and Preparation, Practical Problems</li> <li>• Advantages and Limitations of Budget and Budgetary Control.</li> </ul> </li> </ul>	

\*Contact hours – 12 hours

**Activity /Skill building**

- Study of Annual Report of Companies with specific reference to Management Discussion and Analysis.
- Financial Analysis of any company using different techniques of Financial Statement Analysis.
- Inter-firm Comparison of Companies using different techniques of Financial Statement Analysis.
- Preparation of Budget for any activity or event to be organized.

**Areas of Practical Problems:**

Ratio Analysis  
Marginal Costing  
Cash Budget

**Allocation of Marks:**

Theory - 50%  
Practical Problems - 50%

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**Recommended Text Books:**

- Dr. Suhas Mahajan and Dr. Mahesh Kulkarni *Management Accounting* Nirali Prakashan 2015.
- Dr. N.M.Vechalekar *Financial Management* Nirali Prakashan 2012.
- M.G.Patkar *Management Accounting*, Phadke Prakashan, Kolhapur 2009.

**Reference Books:**

- Dr. S.N.Maheshwari, *Principles of Management Accounting* Sultanchand & Sons 2015.
- Murthy & Guruswamy, *Management Accounting* Tata McGraw Hill Publishing Co. Ltd. 2012.
- Horngren Charles T; Sundem Gary L; Stratton William O & Burgstahler David *Introduction To Management Accounting* Dorling Kindersley (India), 2009.
- Ashish K Bhattacharya, *Financial Accounting for Business Managers* Prentice-Hall India 2012.
- B.K.Chatterjee, *Cost and Management Accounting for Managers* Jaico Publishing House 1989.
- S.K.Bhattacharya & John Dearden, *Accounting for Management* Vikas Publishing House 2009.
- N Ramachandran & Ram Kumar Kakani, *Financial Accounting for Management* Tata McGraw Hill 2007.
- R. Narayanaswamy, *Financial Accounting – A Managerial Perspective* Prentice Hall of India 2015.
- Noreen, Brewer and Garrison, *Managerial Accounting for managers* Tata McGraw Hill, 2011.
- S.Kr.Paul, *Management Accounting* New Central Book Agency 2008.
- P.V.Khatri & Sudhanshu Verma, *Management Accounting* Global Vision Publishing House 2010.
- I.M. Pandey, *Management Accounting* Vikas Publishing House Pvt. Ltd. 2012.
- Khan & Jain, *Management Accounting* Tata McGraw Hill Publishing Co. Ltd. 2006.
- B.K.Chatterjee, *Cost and Management Accounting for Managers* Jaico Publishing House 1989.

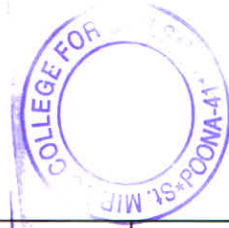
**E-resources:**

- Dr. Shipla Bhide, Ratio Analysis SPPU e-content Learning module <https://www.youtube.com/watch?v=h6Z7MIkWjI>
- Financial Statements as per Revised Schedule III of The Companies Act, 2013 <http://ebook.mca.gov.in/default.aspx>

**Journals:**

- The Management Accountant  
Archives available: <https://icmai.in/icmai/news/209.php>

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Industry Expert	CA Ms. Timsi Rajpal		Timsi Rajpal 5/6/21
Alumni	Ms. Devi Krishna		

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