

# 17BB203-MANAGEMENT ACCOUNTING

## **Course Description and Objective:**

To impart basic knowledge of Management Accounting. Students will learn Marginal costing, its advantages and limitations, Budgetary control and its limitations, analysis and interpretation of financial statements for decision making, ratio analysis for decision making.

## **Learning Outcomes**

By the end of this course it is expected that the student will be able to:

1. Understand essentials of Management Accounting
2. Marginal costing, its advantages and limitations
3. Budgetary control and its limitations
4. Analysis and interpretation of financial statements for decision making
5. Ratio analysis for decision making

## **UNIT-I**

**- 12 Hrs**

**Management Accounting:** Need, Essentials of Management Accounting, Importance, Objectives, Scope, Functions, Advantages, Limitations, Distinction between Financial Accounting and Management Accounting, Distinction between Cost Accounting and Management Accounting.

## **UNIT-II**

**- 12 Hrs**

**Marginal Costing:** Meaning and Definition of Marginal cost and Marginal Costing, Contribution, Profit Volume Ratio, Advantages and limitations of Marginal Costing.

## **UNIT-III**

**- 12 Hrs**

**Budget and Budgetary Control:** Meaning, Objective, Limitations of Budget and Budgetary Control, Fixed and Flexible budgets.

## **UNIT-IV**

**- 12 Hrs**

**Analysis and Interpretation of Financial Statements:** Methods of Analysis, Comparative and Common Size Statement Analysis.

## **UNIT-V**

**- 12 Hrs**

**Ratio Analysis for decision-making:** Meaning, importance and merit & Demerits of Ratio analysis-Types of Ratios-Liquidity-Solvency-Profitability and Turnover.

## **Skill Development:**

*(These activities are only indicative, the Faculty member can innovate)*

1. Collect financial statements of any one organization for two years.
2. Calculation of ratios based on the above financial statement: Profitability ratios – Gross Profit Ratio – Net Profit Ratio – ROCE – Current Ratio – Liquid Ratio.
3. Draft imaginary Budget reports.
4. Draft an imaginary Management Report.

**Recommended Books:**

1. R. N. Anthony, G. A. Walsh:: Management Accounting.
2. M. Y. Khan, K. P. Jain:: Management Accounting.
3. M. Pandey::Management Accounting (Vikas).
4. J. Betty: Management Accounting.
5. Sr. K. Paul: Management Accounting.
6. S. N. Maheshwari:: Principles of Management Accounting.
7. R. K. Sharma and Shashi K. Gupta: Management Accounting.
8. Richard M. Lynch and Robert Williamson: Accounting for Management Planning and Control.
9. Horngren: Introduction to Management Accounting (Pearson).