

VI SEMESTER

Course Code	Course Title	C	H	I	E	T
17U6KMC14	Management Accounting	5	90	25	75	100
Learning Objectives <ul style="list-style-type: none">• To gain knowledge on Management Accounting Principles and ability to prepare Cash flow and fund flow statements and interpret the financial statements in detail• To get basic understanding of marginal costing techniques and its applicability in business decision.• Ability to prepare variance analysis report and budgets						
Learning Outcomes: Ability to interpret financial statements and taking business decision based on marginal costing techniques. Preparation of budgets and variance reporting independently.						

Unit I

Introduction to Management Accounting and Analysis of Financial Statements

Introduction to Management Accounting – Meaning – Nature – Scope – Features – Objectives – Distinction between Financial Accounting and Cost Accounting and Management Accounting. Analysis & Interpretation of Financial Statements: Procedure –Comparative statements – Ratio analysis – Use and significance of ratio analysis- Classification of Ratios – Liquidity ratio –Profitability Ratio - Solvency Ratio - Activity ratios.

Unit II

Fund Flow Statement and Cash Flow Statement

Fund Flow Statement: Meaning – Concept – Flow of Funds – Uses – Significance - Limitations – Procedure - Schedule of Change in Working Capital - Statements of Sources and Application of Funds.

Cash Flow Statement (AS 7): Meaning – Difference between Fund Flow Statement and Cash Flow Statement – Uses – Significance – Limitations - Procedure.

Unit III

Marginal Costing

Meaning - Ascertainment – Break Even Analysis – Margin of Safety – Application of Marginal Costing - Key (or limiting) Factors – Make or buy decision – Selection of a suitable product- mix – Effect of changes in sales price – Maintaining a desired level of profits – Alternatives methods of production – Diversification of products – Alternative course of action – Level of Activity planning.

Unit IV

Standard Costing

Meaning - Analysis of Variances – Material Variance – Labour Variance – Overheads Variance - Sales variances.

Unit – V

Budgeting and Budgetary Control

Meaning – Need for budget – Budgetary control – Budget manual – Budget period – Key factor – Sales budget – Production Budget - Material budget - Cash budget – Flexible Budget - Master Budget – Zero base Budgeting.

Note: The Questions should be asked in the ratio of 80% Problems and 20% Theory.

Book for Study:

Murthy A. & S. Gurusamy, Management Accounting, Vijay Nicole Imprints Private Limited, Chennai.

Books for References:

1. R.S.N. Pillai, *Management Accounting*, Revised Edition 2015, S.Chand, New Delhi.
2. S.N. Maheshwari, *Management Accounting*, Seventeenth Revised Edition 2012, Sultan Chand & Sons, New Delhi.
3. T.S. Reddy & Y. Hari Prasad Reddy, *Cost and Management Accounting*, Forth Edition Margham Publications, Chennai.
4. www.icaai.org.in
5. www.icmai.in
6. www.icsi.edu.in