

P.B.SIDDHARTHA COLLEGE OF ARTS &SCIENCE :: VIJAYAWADA-10..

(An Autonomous college in the jurisdiction of Krishna University, Machilipatnam)

MANAGEMENT ACCOUNTING AND PRACTICE

Semester:	VI	Credits :	4
Offered to	B.Com(General, Computers)	Course Code	COMSET12
Course Type	Core (Theory)	Year of Introduction	2022-23
Year of Revision:		Percentage of Revision:	
Hours Taught	75 hrs. Per Semester		
Course Prerequisites (if any):			

CO1: Students are able to understand the nature and scope of management accounting and differentiated management accounting, financial accounting and cost accounting.

(PO1) (PSO1)

CO2: Students will acquire knowledge of how to compute ratios and draw inferences.

(PO1) (PSO1)

CO3: The students will get knowledge of how to analyze the performance of the organization by preparing funds flow statement and cash flow statements (PO4) (PSO4)

CO4: students will be able to prepare cash budget, Fixed and flexible budget (PO5) (PSO4)

CO5: Students will get the capability of Management reporting. (PO5) (PSO4)

UNIT I: Introduction

Nature & Scope of Management Accounting – Management Accounting Principles – Significance of Management Accounting - Difference between management accounting, financial accounting and Cost accounting – Limitations of Management Accounting – Installation of Management Accounting – Tools of Management Accounting.

UNIT 2: Ratio Analysis

Meaning - Advantages and Limitation of Ratio Analysis – Types of Ratios – Profitability Ratios- Gross Profit Ratio (GPR) – Net Profit Ratio (NPR) – Operating Ratio – Solvency Ratios- Current Ratio – Liquidity Ratio – Debt-Equity Ratio-Turnover Ratios-Fixed Assets Turnover Ratio – Working Capital Turnover Ratio – Debtors Turnover Ratio – Creditors Turnover Ratio - Stock Turn Over Ratio - Return on Investment (ROI)-Calculation and interpretation.

UNIT 3: Fund Flow and Cash Flow Analysis as per AS3

Meaning and Concept of Working Capital (Fund) – Fund Flow Statement – Meaning and Uses of Funds Flow Statement – Preparation of Funds Flow Statement. Cash Flow Statement – Meaning and Uses of Cash Flow Statement – Preparation of Cash Flow Statement – Difference between Cash Flow Statement and Funds flow Statement.

UNIT 4: Budgeting and Budgetary Control

Meaning of Budget – Forecast and Budget - Elements of Budget – Features – objectives and budget procedure – Classification of Budgets - Meaning of Control – Meaning of Budgetary control – objectives of Budgetary control

system – Advantages and Limitations of Budgetary control system. Prepare cash budget, fixed budget and flexible budget.

UNIT 5: Management Reporting:

Reports - Meaning – Modes of Reporting – Requisites of a good report — Kinds of Reports – General formats of Reports - Need for Management Reporting- financial reporting Vs. Management Reporting - Strategies for Writing Effective Reporting.

Text Books:

Management Accounting and financial control S.N. Maheswari, Sultan Chand and Sons

References

1. Principles of Management Accounting by Manmohan & Goyal, Publisher: PHI Learning
2. Cost and Management Accounting by SP Jain and KL Narang
3. Cost and Management Accounting by M.N. Arora, Vikas Publishing House PVT ltd.,
4. Management Accounting: Text, Problems & Cases by Khan & Jain, Tata McGraw Hill(TMh)

Co-Curricular Activities

1. Seminars/Conference/ Workshops on management accountant profession, skillsrequired for Management accountant Professional Development, integration of technical and analytical s kills for effective job performance, Ethical behavior ofmanagement accountant.
2. On job work with ICMA professional duration of work be decided on the basis offeasibility and opportunity.
3. Interaction with Area Specific Experts.

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MANAGEMENT ACCOUNTING AND PRACTICE
COMSET12

Time: 3Hrs

Max Marls: 75

Section –A

Answer any Five of the following

5X5=25M

1. Explain the scope of management accounting
2. What are the limitations of Financial Accounting?
3. Define Funds Flow Statement.
4. Explain Classification of cash flows
5. Explain Liquidity Ratios.
6. Explain Break Even Analysis
7. Define Margin of Safety
8. What are the types of Financial Analysis

Section –B

Answer the following

5X10=50M

9. a) Define Management Accounting. What are the differences between Management Accounting and Financial Accounting

Accounting

Or

b) From the following information prepare a comparative Balance Sheet

Particulars	March 31 st 2020	March 31 st 2021
Equity Share Capital	4,00,000	6,00,000
Debentures	2,00,000	3,25,000
Sundry Creditors	2,55,000	1,17,000
Bank Over Draft	7,000	10,000
Total of the Liabilities	8,62,000	10,52,000
Plant and Machinery	1,00,000	2,00,000
Land and Buildings	3,60,000	5,40,000
Investments	2,70,000	1,70,000
Sundry Debtors	1,00,000	88,000
Cash in Hand	32,000	54,000
Total of Assets	8,62,000	10,52,000

10. a) What is meant by Ratio Analysis and Explain advantages and limitations of Ratio Analysis

Or

b) From the following data calculate

i) Gross Profit Ratio
Ratio

ii) Net Profit Ratio

iii) Net Operating Profit

Net sales	5,00,000
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Cost of goods sold	3,50,000
Selling Expenses	12,000
Administrative Expenses	8,000
Interest income	5,000
Loss on the sale of old machine	12,000

11. a) Define cash flow and what are the differences between funds flow and cash flow
Or

b) The Balance Sheet of ABC Ltd is as follows

Liabilities	2016	2017	Assets	2016	2017
Equity Capital	1,00,000	1,00,000	Cash	10,000	7,200
General Reserve	1,00,000	1,00,000	Debtors	70,000	76,800
Profit & Loss a/c	96,000	98,000	Stock	50,000	44,000
Current Liabilities	72,000	82,000	Land	40,000	60,000
Loan from Associate Company	-----	40,000	Buildings	1,00,000	1,10,000
Loan from Bank	62,000	50,000	Machinery	1,60,000	1,72,000
Totals	4,30,000	4,70,000	Totals	4,30,000	4,70,000

During the year Rs 52,000 was paid as dividends. You are required to prepare the Cash Flow Statement

12. a) What is a Budgetary Control System? State the advantages of Budgetary Control System in an organization?

Or

b) Z Ltd has prepared the budget for the production of 1,00,000 units from a costing period as under

Particulars	Per unit (Rs)
Raw Materials	10
Direct Labor	3
Direct Expenses	0.40
Works overhead(60% Fixed)	10
Administrative overheads (80% Fixed)	2
Sales overhead(50% Fixed)	1

Actual production in the period was only 60,000 units. Prepare Budgets for the original and revised levels of output.

13. a) Define Reports. What are the requisites of a good report?

Or

b) What are different strategies for writing an effective report?
