



HIMACHAL PRADESH NATIONAL LAW UNIVERSITY, SHIMLA

Semester-III

B.B.A. LL.B Hons. (FYIP)
Management Accounting

Course Code: BBL-302
Credit-04

Brief Introduction of the Subject:

Management accounting involves the presentation of financial information for internal purposes to be used by management in making key business decisions. This course introduces Management accounting as the provision of Accounting Information for a company's internal users. It is the firm's internal accounting system and is designed to support the information needs of managers. Unlike financial accounting, management accounting is not bound by any formal criteria such as Generally Accepted Accounting Principles (GAAP).

Course Objectives:

1. The objective of the course is to give students a good understanding about the concepts and techniques of Management Accounting as it is an essential tool that enhances a manager's ability to make effective economic decisions.
2. To understand the liquidity position, efficiency of operations and to measure company's financial solvency or strength.
3. To discuss how budgeting helps managers in making decisions using an organization's financial data.
4. To learn how to make short term tactical decisions with the help of marginal costing.

Learning Outcomes:

After going through this subject student will be able to:

1. Critically analyse and provide recommendations to improve the operations of organizations through the application of management accounting techniques;
2. Calculate various accounting ratios, reports and relevant data;
3. Analyze cost-volume-profit techniques to determine optimal managerial decisions;
4. Prepare a master budget and demonstrate an understanding of the relationship between the components;
5. Apply cost accounting methods for both manufacturing and service industry.

Module-1
Introduction to Management Accounting

- 1.1 Introduction to Management Accounting: Meaning, Features and Scope;
- 1.2 Importance and Functions of Management Accounting, Role of Management Accountant in Decision Making;
- 1.3 Tools of Management Accounting, Merits of Management Accounting, Demerits of Management Accounting;
- 1.4 Relationship of Management Accounting with Other Branches of Accounting and Other Disciplines of Studies ;
- 1.5 Differences between Financial Accounting, Cost Accounting and Management Accounting.

Module-2
Ratio Analysis

- 2.1 Meaning, Concept, Nature and Interpretation of Ratios;
- 2.2 Use and Significance of Ratio Analysis, Limitations of Ratio Analysis;
- 2.3 Classification of Ratios: Liquidity Ratios, Solvency Ratios;
- 2.4 Activity Ratios and Profitability Ratios;
- 2.5 Guidelines or Precautions for Use of Ratios.

Module-3
Budgets and Budgetary Control

- 3.1 Meaning of Budget, Objectives of Budgetary Control and its use as a management tool ;
- 3.2 Functions of Budgets, Planning Process, Budgetary Process and Stages in Budget Process ;
- 3.3 Various Types of Budgets: Sales Budget, Production Budget, Cash Budget, Activity Based Budgeting, Fixed and Flexible Budgets Behavioral Aspects in Budgeting;
- 3.4 Zero Based Budgeting, Advantages and Limitations of ZBB and Difference between Budgets and Forecasts;
- 3.5 Preparation and Monitoring of Various Types of Budgets.

Module-4
Marginal Costing

- 4.1 Introduction, Concept of Marginal Costing, Characteristics of Marginal Costing;
- 4.2 Difference between Absorption Costing and Marginal Costing ;
- 4.3 Cost-Volume-Profit Analysis, Break Even Chart, Break Even Point, Profit Volume Ratio and Margin of Safety;

4.4 Make or Buy Decision, Change in Product Mix, Pricing Decisions, Exploring a New Market and Shut-down Decisions ;


4.5 Application of Marginal Costing, Limitations of Marginal cost.

Prescribed Books:

1. Shashi K. Gupta & R.K. Sharma, Accounting for Managerial Decisions, Kalyani Publishers, New Delhi, 13th Edition, 2021.
2. R.S.N. Pillai, Management Accounting, S. Chand, New Delhi, 4th Edition, 2010.
3. M.Y. Khan, Management Accounting, McGraw Hill Education; 7th Edition, 2017.

Reference Books:

1. RSN Pillai, Bagarathi & S. Uma, Fundamentals for Advanced Accounting, Vol I & II S, Chand, New Delhi, 3rd Edition, 2012.
2. Bhattacharya S.K. Accounting for Management, Vikas Publication, New Delhi, 3rd Edition, 2009.
3. Ramachandran T. Accounting for Management, SciTech Publications, Hyderabad, 4th Edition, 2021.


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