

# GUJARAT TECHNOLOGICAL UNIVERSITY

## DIPLOMA IN COMMERCIAL PRACTICE

### SEMESTER: V

Subject Name: **Management Accounting**

Sr. No.	Course content
1	<b>Management Accounting:</b> <b>Nature and Scope:</b> <ul style="list-style-type: none"> <li>- Definition – Functions – Scope – Tools – Utility – Limitations</li> <li>- Management Accountant His Status &amp; Functions</li> <li>- Difference Between Management Accounting and Financial Accounting</li> </ul>
2	<b>Accounting Ratios:</b> Meaning – Utility - Limitations <ul style="list-style-type: none"> <li>• Classification of Ratios</li> <li>• Revenue Statement Ratios <ul style="list-style-type: none"> <li>- Gross Profit Ratio – Operating Ratio – Expense Ratio – Net Profit Ratio – Stock Turnover</li> </ul> </li> <li>• Balance Sheet Ratios <ul style="list-style-type: none"> <li>- Current Ratio – Liquid Ratio – Quick Ratio – Proprietary Ratio – Debt-Equity Ratio – Gearing Ratio</li> </ul> </li> <li>• Composite Ratios <ul style="list-style-type: none"> <li>- Return on Capital Employed – Return on Shareholders' Fund – Return on Equity Shareholders' Funds – Debtors' Turnover ( Debtors' Ratio) – Creditors' Turnover (Creditors' Ratio) – Fixed Assets Turnover – Total Assets Turnover</li> </ul> </li> <li>• Computation of above ratios and their brief interpretation</li> </ul>
3	<b>Cash Flow Statement:</b> <ul style="list-style-type: none"> <li>• Meaning – Sources of Cash and Application of Cash – Utility – Limitations</li> <li>• Difference Between Cash Flow Statement and Fund Flow Statements</li> <li>• Practical Problems on Cash Flow Statements</li> </ul>
4	<b>Budgetary Control:</b> <ul style="list-style-type: none"> <li>• Meaning of Budget</li> <li>• Meaning - Advantages - Limitations - Procedure of Budgetary Control</li> <li>• Types of Budgets</li> <li>• Practical Problems on Cash Budget, Sales Budget and Flexible Budget</li> <li>• Concept of Zero Base Budgeting</li> </ul>
5	<b>Marginal Costing:</b> <ul style="list-style-type: none"> <li>• Definition – Characteristics – Assumptions – Advantages – Limitations</li> <li>• Difference Between Marginal Costing and Absorption Costing</li> <li>• Terms Relating to marginal Costing Contribution – Profit – Break Even Point – Margin of Safety – P.V. Ratio –</li> </ul>

	<p>Key Factor</p> <p>Utility and Limitations of Break Even Analysis</p> <p>Practical Problems on Marginal Cost, B.E.P., Margin of Safety and P.V. Ratio</p>
6	<p><b>Decisions Involving Alternative Choices:</b></p> <ul style="list-style-type: none"> <li>• Concept of Decision Making, Relevant Costs and Differential Costs</li> <li>• Practical Problem on Following Decision Making <ul style="list-style-type: none"> <li>- Determination of Sales Mix</li> <li>- Exploring New Markets</li> <li>- Discontinuance of a Product Line</li> <li>- Make or Buy</li> <li>- Changes Versus Status Quo</li> <li>- Lease or Hire</li> </ul> </li> </ul>

**Note:** Elementary Level Should be Taken in to Consideration for the Subject.

### Reference Books:

1. Elements Management Accounting – S.N. Maheshwari – Sultan Chand & Sons, New Delhi.
2. Cost and Management Accounting – S.P.Iyengar – Sultan Chand & Sons, New Delhi.
3. Management Accounting – S.Kr.Paul – New Central Book Agency, Calcutta.
4. Management Accounting – Jain & Narang - Kalyani Publishers, Ludhiana.
5. Management Accounting – Pillai & Bagavathi – S. Chand & Co., New Delhi.
6. Management Accounting – Ahmed Nisar – Anmol Publication Pvt. Ltd., New Delhi.
7. Management Accounting – Gowda J.M. – Himalaya Publishing House, Mumbai.
8. Advanced Accountancy – 4 – Rana & Dalal – Sudhir Prakashan, Ahmedabad.