

17BCAFNAT21(A): Financial Management

Teaching Hours: 4 Hrs/week

**Marks: Main Exam: 80
IA: 20**

UNIT I

10Hrs

The Role of Management Accounting, Management Accounting Framework, Functions of Management Accounting, Tools of Management Accounting, The Balanced Scorecard, Cost Management System, Value Added Concept, Merits of Management Accounting, Demerits of Management Accounting, Distinction between Management Accounting and Financial Accounting.

UNIT II

10Hrs

Financial Statement Analysis: Meaning of Ratio, Steps in Ratio Analysis, Classification of Ratios, Du Pont Chart, Solved Problems, Advantages of Ratio Analysis, Limitation of Ratio analysis

Funds Flow Analysis: Meaning of Funds Flow Statement, Ascertainment of flow of funds, Technique of preparing funds flow statement, Schedule of Changes in Working Capital, Adjusted Profit and Loss account, Funds Flow Statement.

UNIT III

10Hrs

Cash Flow Analysis: Meaning of Cash Flow Statement, Purpose of Cash Flow Statement, Preparation of Cash Flow Statement, Format of Cash Flow Statement, Cash Flow from Operating Activities, Cash Flow Statement under Direct Method, Different between Cash Flow Analysis and Fund Flow Analysis, Uses of Cash Flow Statement

Understanding Cost: Meaning of Cost, Objective of Costing, Methods of Costing, Technique of Costing, Classification of Cost, Elements of Cost, Statement of Cost Sheet, Solved Problems.

UNIT IV

10Hrs

Marginal Costing and Break Even Analysis: Introduction, Concept of Marginal Costing, Characteristics of Marginal Costing, Difference between Absorption Costing and Marginal Costing, Marginal Cost, Contribution, Cost Volume Profit (CVP) Analysis, Break Even Chart, Break Even Point, Profit Volume ratio or MCSR, Target profit, Margin of Safety, Application of Marginal cost, Limitations of Marginal cost, Solved Problems.

UNIT V

10Hrs

Joint Stock Company - Meaning, Definition, Objectives, Issue of Shares (Equity Shares & Preference shares), Preparation of final Accounts, Trading account, profit and loss account, profit & loss appropriation account & balance sheet.

Decisions Involving Alternative Choices: Decision Making, Types of Costs, Types of Choices Decisions, Make or Buy Decisions, Addition/Discontinuance of a Product line, Sell or Process Further, Operate or Shut down, Exploring New Markets, Maintaining a desired level of profit.

References:

1. I. M. Pandey, Financial Management, 9th Edition, Vikas Publishing.
2. Khanna and Jain, Financial Management, 5th edition, Tata McGrawHill

3. R K Sharma, Sashi K Gupta, Management Principles Accounting and Practices, Kalyani Publishers.
4. Maheshwari S.N., Principles of Management Accounting, 11th Edition, Sultan Chand & Sons.

Additional Reading:

5. James C., Van Horne, Financial Management and Policy, Prentice Hall.
6. Dr. S P Gupta, Management Accounting