



PRINCIPLES OF MANAGEMENT ACCOUNTING

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Sultan Chand and Sons
Sixteenth Revised Edition, 2006

Pages :713, Price Rs. : 190/-

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A modern small business information system delivers many kinds of useful information in real time to the people who are generating revenue to help do their job better, faster and easier. Organizations have inadequate information with which they have to plan, monitor, control performance and support enterprise decision-making. The normal Financial Accounting reporting periods are quarterly and annually but management cannot wait that long if it wants to discover and correct problems on a timely basis. One of the ways in which the financial data is expressed is through management accounting which literally means accounting which provides necessary information to the management for discharging its functions such as planning, organizing, directing and controlling.

Increasing competition fuelled by global growth and supply demands along with the continued influence of computing and communication technologies is driving the need for more knowledgeable and professional management practitioners. Provision of information for operational, tactical and strategic purposes that is consistent and draws on a single source is central to effective management accounting and to the development of a strong profession.

The book comprehensively covers various aspects of management accounting. The text matter as accompanied with various illustrations makes the book very interesting and user friendly. The book is divided into two volumes where the first volume covers the management accounting and the second volume is devoted to solutions to Scanner based on previous year's examination papers. This new sixteenth edition retains the strengths of prior editions, which include a strong user orientation, ease of understandability, wide range topic presentation, extensive use of real-world examples and excellent end-of-chapter materials while adding many updates and enhancements.

There are small segments of narratives and illustrations at the beginning of most chapters to provide guidance.

Management accounting provides students with an understanding of those concepts that are fundamental to the use of accounting. Starting with a macro view of accounting information, the author presents real financial statements and establishes how a financial statement communicates the financing, investing, and operating activities of a business to users of accounting information. The author motivates the students by grounding the discussion in the real world, showing them the relevance of the topics covered to their future career.

The first volume is divided into four sections. This text is indeed a thorough and comprehensive work with examples provided for almost every business scenario imaginable to challenge students of the above subjects.

Section A deals with the Fundamentals of accounting. It thoroughly defines management accounting while elaborating the need and scope of the same with a discussion of the financial accounting principles and standards. This section also discusses the various cost concepts, which form the actual basis of management accounting. This section is written in simple language and a lucid style. It presents the subject matter in a very concise manner and pays more attention to practice.

The second section B discusses the financial analysis techniques with a brief description of ratio analysis, funds flow analysis and cash flow analysis. This section also incorporates some of the most contemporary topics such as economic value added which helps analyse whether the firm is adding some enriching value to the product, service or industry.

Section C explains the aspects of planning and control. It covers major chapters such as budgetary control, standard costing, variance analysis, marginal costing, capital budgeting, etc. This section of the book is self-explanatory and contains problems of the latest question papers.

The last section contains accounting Standard 20, which is a new one that has been issued for Earnings Per Share. It also has the Appendices relevant for management accounting purposes. This includes recent value tables and compound value tables.

The book is designed for classroom use and is also valuable as self-teaching volume for businesspersons engaged in various fields. The sequencing of the chapters is done very logically so as to make the book simpler and reader friendly. This makes the book core text cum help book for various users.

Several end-of-chapter Exercises and Problems help students to respond to real-world information or situations. The strongest attribute of this text is that it gives a perfect history of the development of accounting theory. End of Chapter Questions for Discussion and Review are strategically placed in separate boxes within each chapter, immediately after the coverage of the concepts they refer to. This allows students to consider them without disrupting the flow of the text. In every case these questions now refer to a real-world company, event, or situation.

The book is highly recommended to the novice as well as the practitioner and regulator of financial risk management. The theory is presented in plain language and brilliantly interspersed with examples of how the craft evolved. A good primer, but also a good review of the state of the art.