

# Accounting for Managers

Program in which it is offered: BBA

**Course Category: Core**

**Schedule of Offering:**

**Course Credit Structure: 4**

**Course Code: CK121**

- **Lecture: 3 hours**
- **Tutorial: 0**
- **Practical: 1 hour**

**Contact Hours per week: 4 hours**

**Instructor: Abha Mohan**

## 1. Introduction

This is a mandatory core course for BBA Degree Programme. This course will introduce the fundamentals of Business Accounting Practices, Financial Statement Analysis, Budgeting and its potential implication and Economic Financials. Furthermore it envisages and prepares a learner to understand with working knowledge and to execute business decisions. The learner will also be equipped with advanced tools using spreadsheet packages.

## 2. Course Objectives

- To further learn to prepare and analyse the financial statements to know the position of the company.
- To acquaint students with the concepts of cost and management accounting and its application for making business decisions.

## 3. Pre-requisites

Students should have attended the course on basic accounting.

## 4. Readings

### Recommended Texts:

1. S N Maheshwari, Suneel K Maheshwari & Sharad K Maheshwari, A Textbook for Accounting for Management, *Vikas Publishing House, New Delhi.*
2. M C Shukla, T S Grewal & S C Gupta, Advanced Accounts. Vol.-I, *S Chand and Company (Pvt.) Ltd, New Delhi.*
3. Horngren et al, Introduction to Management Accounting, *Pearson, New Delhi*
4. Khan and Jain, Management Accounting, Tata McGraw-Hill, New Delhi
5. Ramanathan, Accounting for Management, Oxford University Press

6. Timothy R Mayes & Todd M Shank, Financial Analysis with Microsoft Excel, Cengage Learning, New Delhi

## 5. Module-wise topics

### Module 1: Preparation of Financial Statements (12 hours)

#### Objective:

- To enable students to prepare the financial statements and to have a general understanding on the contents of financial statements of a Company.

#### Topics:

- Adjusting and Closing Entries
- Trading Account – Manufacturing Account
- Profit and Loss Account
- Balance Sheet
- Understanding contents of financial statements of a Joint Stock Company as per the Companies Act 2013
- Preparing Financial Statements using Advanced MS excel tools

### Module 2: Financial Statement Analysis and Interpretation (14 hours)

#### Objective:

- To learn various techniques of financial statement analysis to understand the financial position of the business.

#### Topics:

- Financial Statement Analysis – An Introduction
- Types of Financial Analysis
- Techniques of financial statement analysis: Horizontal analysis, Vertical analysis and Ratio Analysis
- Financial Ratios: Liquidity Ratios, Solvency Ratios, Profitability Ratios, and Turnover Ratios
- Du-Pont Analysis, Analysing the power of ratios in forecasting business failures using Altman Z-score.

### Module 3: Analysis of Cash Flow Statement (12 Hours)

#### Objective:

- To enable students to prepare and analyse cash flow statement

#### Topics:

- Cash Inflow and Cash Outflow – Operating, Investing and Finance Activities
- Preparation of Cash Flow Statement – Direct Method and Indirect Method

- Appreciating Cash flow statements using Advanced MS excel

#### **Module 4: Budgets and Budgetary Control (8 hours)**

##### **Objective:**

- To enable students to prepare various types of budgets and also to exercise budgetary control.

##### **Topics:**

- Budgets and its typologies
- Steps in Budgetary Control
- Fixed and Flexible Budgeting
- Cash Budget and other Functional Budgets
- Innovative Practices in Budgeting
- Budget preparation and Comparative Budgetary Analysis using Advanced MS excel.

#### **Module 5: Cost-Volume-Profit Analysis and Decision Making (14 hours)**

##### **Objective:**

- To understand the basic concepts in Costing.
- To learn the application of these concepts for decision making.

##### **Topics:**

- Cost concepts: Cost, Costing, Cost Control, and Cost Reduction
- Elements of Cost, Components of total Cost, Cost sheet
- Marginal Costing – Cost-Volume-Profit Analysis: Contribution, P/V Ratio, Margin of safety, Breakeven-point, Break-even Analysis, Break-even Chart
- Relevant Costs and Decision Making: Product Pricing (Excluding Transfer Pricing), Product Profitability, Determination of Sales Mix, Make or Buy, Exploring new markets, Shut down or continue, Choice of Market Strategies.
- Break Even Points in Excel.

### **6. Pedagogy**

The teaching methodology of this course will mainly be lecture oriented and problem solving through demonstrations and using MS Excel. More emphasis will be given on the business decision making. Learning through Business games along modular themes will be supplemented for effective learning.

### **7. Evaluation Pattern**

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|-------------------------------------|---|------|
| • Mid Term Examination              | : | 25%  |
| • Practical Problem Diary           | : | 20 % |
| • Students' Presentation (MS Excel) | : | 15 % |

- End-Term Examination : 40 %
- Total** : **100 %**