

FSC101 Accounting for Management [4 Credits]

Learning Objective: *To give an in-depth understanding of use of Accounting Information in Managerial Decision. To familiarize students with basics of financial, cost and management accounting, To equip them techniques of business decisions based on accounting information, To use financial data in decision making*

UNIT 1: Introduction to Managerial Accounting (12 Hours)

Meaning, definition and needs of accounting business decisions; forms of accounting and users of accounting information; accounting standardization and role of AICPA; framework of accounting postulates; principles, conventions, concepts, procedures, methods etc; accounting equations and types of accounts, rule of recording business transactions. Difference between cost accounting and management accounting, Relationship between Financial Accounting and Management Accounting, Need, Importance, Limitations of Management Accounting.

UNIT 2: Preparation of Accounting Records and Financial Statement Analysis (12 Hours)

Preparation of basic accounts - journal to trial balance, income statement, position statements (P&L A/C and Balance Sheet) and adjustment entries; presentation of financial statements as per Schedule III of Companies Act 2013, i.e. common sized statement; comparative statement and trend percentages; legal requirements relating to accounting, Reading of annual report (*Including Practical Problems*)

Financial Statement Analysis -Ratio analysis, its meaning and uses; study of liquidity ratios and leverage ratios; study of profitability ratios and activity ratios; meaning, uses and preparation of functions flow statements; meaning, uses and preparation of cash flow statements. (*Including Practical Problems*)

UNIT 3: Cost Control and Decision Making (12 Hours)

Marginal Costing – Definition – Marginal Costing Vs Absorption Costing – Contribution – P/V Ratio – Margin of Safety — Cost – Profit – Volume Analysis – Computation of Break Even Point (BEP) – Composite Break – Even Point – Contribution – Angle of Incidence – (Including Problems) **Standard Costing and Variance Analysis** – Types of Standards – Standard Costing and Estimated Costing – Advantages – Limitations – Setting of Standards – Analysis of Different types of Material, Labour, Overhead Variances and Sales Variances (*Including Practical Problems*)

Decision making: Costs for decision making, variable costing and differential analysis as aids in making decisions – fixation of selling price, Problem of key or Limiting Factor - Export Decisions –, make or buy, product mix, operate or shut down, sell or process further (*Including Practical Problems*)

UNIT 4: Budgetary Control and Performance Evaluation (12 Hours)

Introduction – Definition – Budget – Budgeting – Budget Control – Characteristics -Meaning – Objectives – Requisites – Advantages – limitations – Steps involved in Budgetary Control - Essentials – Advantages – Budgetary Control Vs Standard Costing - Classification of Budgets – Functional Budgets – Sales Budget – Production Budget – Direct Material Budget – Direct Labor Budget – Manufacturing Overhead Budget – Capital Expenditure Budget – Cash Budget – Master Budget – Flexible Budget – Zero Based Budgeting (*Including Practical Problems*)

UNIT 5: Contemporary Developments in Accounting (12 Hours)

Introduction: Recent developments in Accounting- Environmental Accounting, Inflation Accounting, Human Resource Accounting and Forensic Accounting. Value Chain Analysis – Activity Based Accounting – Target Costing – Life Cycle Costing – Balance Score Card – Value Added Statement

International Accounting Standards Board (IASB) –Indian Accounting Standards. – Need and Significance of IFRS- IFRS Vs IAS – Adaptability and limitations of IFRS in India

Suggested Readings:

1. Khan & Jain Management Accounting 3rd Ed
2. Khan & Jain Theory & Problems in Management & Cost Accounting -
3. Jan Williams, Financial and Managerial Accounting – The basis for business Decisions, 13th edition, Tata McGraw Hill Publishers, 2010.
4. Singhvi Bodhanwala, Management Accounting -Text and cases, PHI Learning, 2008.
5. Ravi M.Kishore Advanced Management Accounting – Taxman Publication
6. Kaplan & Atkinson, Advanced Management Accounting, Prentice Hall of India – 2010
7. S.N.Maheswari – Management Accounting, Sultan Chand, New Delhi – 2012.