

Veer Narmad South Gujarat University
Bachelor of Business Administration
Year – I (Semester – II) (W.E.F. AY2019-20)

Subject Name: Accounting for Managers

Subject Code: 203

Objective of the course:

- To acquaint the students with the concept of management accountancy
- To develop the ability to evaluate and use accounting data to aid in decision making for management as a whole

Pedagogy

Lectures, Numerical examples and case study

Course Content

Unit 1 Introduction of Management and Cost Accounting (10%)

Conceptual and meaning of Management Accounting (MA) and Cost Accounting (CA), advantages and limitations of MA and CA, difference between management accounting with financial and cost accounting, scope of management accounting, role of management accounting.

Unit 2: Analysis and interpretation of financial statement (35%)

Advantages and limitations of financial statement analysis, techniques of financial statement analysis: comparative financial statement, common size statement and trend percentage,

Ratio analysis: Advantages and limitation of ratio analysis, **Liquidity and solvency ratio:** current ratio, liquid ratio, acid test ratio, proprietary ratio, debt-equity ratio, capital gearing ratio, fixed assets to proprietary ratio, long term funds to fixed assets ratio, **Profitability ratio:** gross profit ratio, net profit ratio, return on capital employed ratio, return on shareholder's fund, **Efficiency ratio:** stock turnover ratio, debtors ratio, creditors ratio, operating ratio

Unit 3: Fund Flow Analysis (15%)

Preparation of statement showing changes in working capital, preparation of fund flow statement (Including additional information), and adjusted profit and loss account

Unit 4: Budget and Budgetary Control**(20%)**

Meaning, significance and limitations of budgetary control, cash budget, flexible budget and zero based budgeting,

Unit 5: Cost –Volume-Profit Analysis and Decision Making**(20%)**

Meaning and Significance of marginal costing, break even analysis (example including one key factor), differential cost, relative cost, analysis through case study in the following decision making areas: Make or buy decision, lease or buy, determination of product mix, adding or dropping a product line and expand or contract.

Suggested Readings:

1. *M. N. Arora, Cost and Management Accounting, Himalaya Publication House*
2. *Ravi M. Kishore, Cost and Management Accounting, Taxmann Publication*
3. *R. S. N. Pillai, Management Accounting, Sultan & Chand*
4. *N. Vinayakan and G. B. Gupta, Management Accounting*
5. *S. N. Maheshwar Grewal, Cost and Management Accounting*
6. *Khan and Jain, Management Accounting*