

SEMESTER-I

COURSE 1: ACCOUNTING FOR MANAGERS

Theory

Credits: 4

4 hrs/week

Course Objectives

This course is designed to:

- Familiarize students with the fundamental principles and concepts of accounting.
- Equip learners with the skills to prepare and interpret financial statements.
- Help students use accounting information for managerial decision-making.
- Provide practical exposure to cost and management accounting tools.
- Develop analytical skills for financial statement analysis and budgeting.

Course Outcomes (COs)

Upon completion of this course, students will be able to:

CO1: Understand the principles of financial and managerial accounting.

CO2: Prepare and interpret basic financial statements.

CO3: Apply cost accounting techniques in managerial contexts.

CO4: Use financial information for decision-making and control.

CO5: Analyze financial statements for assessing organizational performance.

Unit I: Introduction to Accounting and Financial Statements

Meaning, Objectives, Functions and Importance of Accounting – Accounting Concepts and Conventions – Users of Accounting Information – Distinction between Financial Accounting, Cost Accounting, and Management Accounting – Introduction to Financial Statements: Trading Account, Profit and Loss Account, and Balance Sheet – Limitations of Financial Statements.

Unit II: Financial Statement Analysis

Meaning and Purpose of Financial Statement Analysis – Types of Analysis: Vertical, Horizontal and Trend Analysis

Unit III: Cost Concepts and Classification

Meaning of Cost and Cost Accounting – Elements of Cost: Direct Material, Direct Labour, Direct Expenses, and Overheads – Cost Classification: Fixed, Variable, Semi-variable – Functional Classification of Costs – Preparation of Cost Sheet

Unit IV: Marginal Costing and Break-Even Analysis

Concept of Marginal Cost and Marginal Costing – Contribution – Profit-Volume Ratio – Break-even Point – Margin of Safety – Cost-Volume-Profit (CVP) Analysis

Unit V: Budgeting and Budgetary Control

Meaning and Objectives of Budgeting – Types of Budgets: Functional Budgets, Cash Budget, Flexible Budget, Master Budget – Preparation of Budgets – Budgetary Control: Meaning, Advantages and Limitations – Zero-Based Budgeting and Performance Budgeting (Conceptual overview only).

Student-Centric Activities

- Prepare final accounts from a given trial balance and present Trading, Profit & Loss Account, and Balance Sheet for a fictional firm.
- Create a detailed cost sheet using hypothetical data on materials, labor, and overheads to understand cost classification.
- Use Excel to compute and plot Break-even Charts to analyze cost-volume-profit relationships.
- Form groups to prepare functional budgets (sales, cash, production) and present a comparative analysis of budgeted vs. actual figures.
- Analyze financial statements of a real-life listed company and calculate key financial ratios for decision-making insights.

Recommended Textbooks

1. Maheshwari, S.N. & Maheshwari, S.K. (2022). An Introduction to Accountancy. Vikas Publishing House.
2. Jain, S.P. & Narang, K.L. (2022). Cost and Management Accounting. Kalyani Publishers.
3. Khan, M.Y. & Jain, P.K. (2022). Management Accounting. McGraw Hill Education.
4. Tulsian, P.C. (2022). Financial Accounting for Managers. Pearson Education.
5. Horngren, C.T., Sundem, G.L., & Stratton, W.O. (2021). Introduction to Management Accounting. Pearson.