Accounting for Managerial Decisions

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Accounting for Managerial Decisions	**4**	**3**	**1**	**0**	**Pass in Class XII**	**NIL**

Learning Objectives
The course aims to enable students to acquire knowledge of concepts, methods and various techniques of accounting for the purpose of managerial planning, control and decision making.

Learning Outcomes
After completion of the course, learners will be able to:
1. Analyse fundamentals of accounting and its branches.
2. Examine financial statements and their uses in managerial decision making.
3. Explore the budgetary control system as a tool of managerial planning and control.
4. Utilize the concept of cost-volume-profit analysis for use in short-term decision making.
5. Evaluate the concept of relevant cost and make decisions related to different business situations using marginal costing and differential costing techniques.

Course Contents:
Unit 1: Fundamentals of Accounting (9 hours)
An Overview of Accounting: meaning, scope, objectives, accounting as part of information system, branches of accounting. Financial accounting process, accounting concepts, accounting standards. Basic cost concepts, cost classification, cost sheet, an overview of various types of costing methods.

Unit 2: Financial Statements and their Analysis (9 hours)
Understanding of financial statements. Interpretation of financial statements with the help of ratio analysis (liquidity ratios, profitability ratios, turnover ratios and solvency ratios) and cash flow analysis.

Unit 3: Budgetary Control System (9 hours)
Concept of budget, budgeting and budgetary control; objectives, merits and limitations; Functional Budgets; Fixed and Flexible budgeting.

Unit 4: Cost Volume Profit Analysis and Decision Making (18 hours)
Concept of marginal cost and marginal costing, marginal costing equation and contribution margin, Cost-volume-profit analysis; Break-even Analysis, Profit-volume ratio, break-even point, angle of incidence, margin of safety, key factor. Steps in decision making process. Concept of relevant costs. Solving various short -term decision making problems using marginal costing and differential costing techniques – Profitable product mix, Acceptance or rejection of special/ export offers, Make or buy, Addition or elimination of a product line, and pricing decisions.

Note: Use of Spreadsheet should be encouraged for doing basic calculations for various topics in the course and giving students subject related assignments for their internal assessment purposes.

Exercises

The learners are required to

1. Identifying the costs of different business activities.
2. Prepare financial statements for manufacturing or service organisation
3. Identify budgeting decisions of different firms
4. Identify cost volume profit analysis of different firms.
5. Generate accounting reports for decision making in specific situations

Suggested Readings

- Arora, M.N. (2023). Management Accounting. New Delhi, Himalaya Publishing House.
- Goel, R. K. & Goel I. (2019). Concept Building Approach to Management Accounting. Cengage.
- Goel, R. K. & Goel I. Concept Building Approach to Cost Accounting. Cengage
- Goyal, B.K and Tiwari, H. N. (2023). Financial Accounting. New Delhi, Taxmann.
- Kishore, R. M. (2020). Financial Management. New Delhi ,Taxmann
- Monga, J.R. & Bahadur, R. (2019). Basic Financial Accounting. New Delhi, SCHOLAR Tech Press.
- Singh, S. (2016). Management Accounting. New Delhi, PHI Learning Pvt. Limited
- Singh, S. (2018). Elements of Cost Accounting. New Delhi, Kitab Mahal.
- Singh, S.K. & Gupta, L. (2010). Basic Management Accounting: Theory and Practice. New Delhi, A.K. Publications.
- Tulsian, P.C. & Tulsian, B. (2015). Advanced Management Accounting. New Delhi, S.Chand.
- Tulsian, P.C. (2016). Cost Accounting. New Delhi. S.Chand.

Additional Readings:

- Myer, J. N. (1969). Financial Statement Analysis. New York: USA, Prentice-Hall.
- Drury,C. (2018). Management and Cost Accounting. Thomson Learning.
- Gibson, C. H. (2014). Analysis of Financial Statement. Cengage Learning
- Horngren, C. T., Foster, G., & Datar, M.S. (2008). Cost Accounting: A Managerial Emphasis. New Delhi, Prentice Hall of India Ltd.
- Usry, M. F., & Hammer, L.H. (1991). Cost Accounting: Planning and Control. South Western Publishing Co.

Note: Suggested readings will be updated by the Department of Commerce and uploaded on Department's website.