

## **MB102. Accounting for Management**

### **Course Objective:**

- Preparing financial statements in accordance with appropriate standards.
- Interpreting the business implications of financial statement information
- Preparing accounting information for planning and control and for the evaluation of products, projects and divisions.

### **Unit-I: Introduction to Accounting:**

Meaning & Definition of Financial Accounting - Scope of Accounting Science, Accounting as a Business Information System, Accounting Concepts & Conventions, their Implication on Accounting System; Double Entry System, Recording Business Transactions, Classifications of Accounts, Accounting Equation , Static & Dynamic view.

### **Unit-II: Accounting Process:**

Accounting Process, Accounting Cycle Primary Entry (Journal) - Ledger Posting, Preparation of Trial Balance, Suspense Account; Preparation & Presentation of Financial Statement Capital and Revenue Expenditure , Measurement of Business Income, Profit & Loss Account ,Preparation of Balance Sheet, Provisions of the Indian Companies Act Regarding Preparation & Presentation of Financial Statements.

### **Unit-III: Valuation of Fixed Assets & Inventory:**

Valuation of Fixed Assets: Tangible versus Intangible Assets, Depreciation of Fixed Assets, Methods of Depreciation - Their Impact on Measurement of Business Income, Inventory Valuation: Inventory Concept, Methods of Inventory Valuation, LIFO Method & its Advantages, FIFO Method & its Advantages.

### **Unit-IV: Financial Analysis-I:**

Financial Statement Analysis - Ratio Analysis, Rational & Utility of Ratio Analysis, Classification of Ratios, Calculation and Interpretation of Ratios - Liquidity Ratios Activity Turnover Ratios Profitability Ratios, Leverage & Structural Ratios Diagnostic & Predictive Power of Ratios, Common Size Statement Analysis.

### **Unit-V: Financial Analysis-II:**

Funds Flow Analysis ,Concept of Funds Flow , Statement of Changes in Working Capital Funds from Business Operations, Statement of Sources & Uses of Funds , Advantages of Funds Flow Analysis, Cash Flow Statement, Cash from Operations.

### **Suggested Books:**

1. Earl K. Stice and James D Stice, " Financial Accounting - Reporting & Analysis".
2. S.P. Jain and K. L. Narang, "Financial Accounting and Analysis", Kalyani Publishers.
3. N. Ramachandran, Ramkumar Kakani, "Financial Accounting for Management".
4. Cael S. Warren, James M. Reeve, Jonathan E. Duchac, "Financial Accounting, Concepts, Methods & Applications".
5. Paresh Shah, "Basic Financial Accounting for Management", 2009 5th Ed. Oxford University Press.

**Course Outcome:**

- Recognize and understand ethical issues related to the accounting profession.
- Prepare financial statements in accordance with Generally Accepted Accounting Principles.
- Employ critical thinking skills to analyze financial data as well as the effects of differing financial accounting methods on the financial statements.
- Effectively define the needs of the various users of accounting data and demonstrate the ability to communicate such data effectively, as well as the ability to provide knowledgeable recommendations.
- Recognize circumstances providing for increased exposure to fraud and define preventative internal control measures.
- Apply appropriate judgment derived from knowledge of accounting theory, to financial analysis and decision making.
- The student will experience real-world learning and application of skills via their internship. Note: Specific outcomes will vary by assigned internship experience.