

“Suggested Discussion to Cases” in Financial Accounting for Management by Ramachandran & Kakani; Authored by Ram Kumar Kakani & Tanmoy Chatterjee, “Copyright with McGraw-Hill Education (India) Ltd., 2007”

CHAPTER I

Case Hints: Please remember that case hints are helpful for identifying the right approach for solving the case. You should approach the case based on the hints & come to a better solution.

Case 1 : Warren Buffet Investment Club

This is an open ended case to let the students know the importance of accounts and accountancy related measures. It also forces students to look around their business environment and evaluate the multiple factors in decision making and decide on a set of decisive factors.

Try to identify the factors through which you can identify whether your business is doing well or not (consider yourself as the entrepreneur). Try to explore the common terminologies used to indicate whether any business is profitable or not.

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Case 2 : Graham, Fisher, and Soros

This case is made to capture the pluses and minuses of all the three types of business organizations, namely, Sole Proprietorship, Partnership, and Limited Liability Corporation (LLC). The case has three friends of different beliefs planning for different types of businesses.

The case details the following three points on the friends:

- ◆ Graham was very ambitious and always thought of growing fast → A Retail Chain of Pan Shops across the country
- ◆ Fisher was not ambitious and believed in being self-reliant → Sponge Iron Unit
- ◆ Soros was a team member → Event Management Firm

(a) Given the limited amount of information about each person, one can state that any firm that operates in a wide range across several locations is normally getting incorporated as LLC. Small & medium scale ventures (industries) can be started as sole proprietorship or partnership. Try to see in your surrounding how businesses in the similar line have been owned.

(b) The type of business being taken up does influence on the type of business entity being selected for the venture. Try to explain why ownership pattern changes with type of business & scale. Do you see any correlation between performance of a firm & its ownership pattern?

(c) Try to enlist the external factors which influence the decision on type of business entity.

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Case 3 : Parris Hilton Marries Swami Nathan

A)

This problem has been prepared to enhance the conceptual learning from the last section of the chapter 1 and also it's is an extension of the illustration discussed in table 1.3

Looking into the finer aspects of the cases, we can deduce that the album manufactured by two people in two different years can be different due to scope of differences in the individual abilities.

B)

Come up with your innovative suggestion how profitability can be measured? Is it bench marked with something else or an absolute figure? Also consider how employee incentives can be linked with profitability.