

INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR

PROGRAMME: PGDM Term -I COURSE: FINANCIAL ACCOUNTING & ANALYSIS CREDIT: 3

SESSION DURATION: 90 Minutes

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Course Introduction: Understanding a business requires a manager to hold knowledge in all functional domains. More so, an in depth understanding of the impact of a business transaction on the firm's value is critical to decision making. This course is designed to impart the student the basic understanding of accounting transactions.

Course Objectives:

- To expose the students to the basic accounting transactions
- To enable them to visualize the balance sheet after each business transaction
- To expose them to the recent accounting developments across the globe

Course Pedagogy:

The course requires ample practice with examples and cases. Therefore, the pedagogy will involve imparting the theoretical background before attempting examples. As this is the introductory course to have knowledge about how the accounting system works, emphasis will be laid on understanding the financial statements and basic accounting. Each session is supplemented with *Demonstration Cases, Mini Exercises and Problems*. These will be discussed and solved in the class. Assignments will be given at the specified intervals and the student is expected to attempt them and come prepared with their solutions. Instant feedback will be provided. During the course, reference shall be made to the financial statements of NTPC Ltd. and ITC Ltd.

Course Readings:

Text book (TB) Financial Accounting – Libby, Libby and Short, *McGraw Hill*

Reference book (RB) Financial Accounting for Managers – Sanjay Dhamija, *Pearson Education*.

Course Evaluation criteria:

Component	Weightage
Class Participation (The student is expected to come prepared in the class and involve in active discussion, preparing and discussing the assignments given)	10%
Quizzes (There will be TWO quizzes during the term. The quiz will consist of objective type, true/ false, fill-in the blanks type of questions.)	20%
Mid-Term Examination	30%
End-Term Examination	40%
TOTAL	100%

Session Plan:

Session No.	Topic	Readings
1-2	Introduction to Accounting <ul style="list-style-type: none"> • Users of Financial Statements • Three Forms of Financial Statements • Accounting Principles • The Accounting Equation • Types of finance decisions – Operating, Investing and Financing • GAAP, IFRS, Ind AS - Introduction 	TB Chapter 1
3-5	Financing & Investing Decisions – The Balance Sheet <ul style="list-style-type: none"> • The Accounting Equation • Components – Assets & Liabilities • Balance Sheet as <i>Source and Application of Funds</i> • Shareholder's Funds • Debt, their types and reporting • Exercises & Assignments for session nos. 1-5 	TB Chapter 2,8 & 9 Demonstration Case (p-73) Mini Exercises: M2-2 to M2-11 Exercises: E2-4, E2-8, E2-13 Problem P2-2
6	Discussion of Assignments and Exercises	
7-8	Reporting & Interpreting Owners' Equity <ul style="list-style-type: none"> • Ownership of an Organisation • Types of Shares • Authorised, Issued and Paid-up Capital • Stock Repurchase 	TB Chapter 11 Demonstration Case (p- 574) Mini Exercises: M11-3 & 5 Exercises: E11-3 to 5, 12 Problems: P11-2 to 4
9-11	Operating Decisions - The Income Statement <ul style="list-style-type: none"> • Accrual Accounting and Cash Accounting • Various measures of profit (EBITDA, EBITA, PBT & PAT) • Accounting for Revenue • Appropriation of Profit • Earnings Per Share – Basic & Diluted • Exercises & Assignments for session nos. 7-11 	TB Chapter 3 & 6 Demonstration Case (p-127) Mini Exercises: M6-1, M6-6 Exercises: E3-1, 2, 5,

		6; E6-6, 7, 16 Problems: P6-1, 3
12	Discussion of Assignments and Exercises & Quiz – I (covering sessions 1-11)	
13-14	Accounting for Inventories <ul style="list-style-type: none"> • Types of inventory & Cost of Goods Sold • Methods of Inventory Costing – LIFO & FIFO • Accounting – LOCOM Method 	TB Chapter 7 Demonstration Case (p-364) Mini Exercise: M7-1, 2, 3, 8, 9 Exercises: E7-2, 3, 5, 9, 10
15-17	Analysing Financial Statements – The Cash Flow Statement <ul style="list-style-type: none"> • Need for Cash Flow Statement • Components of Cash Flow Statement • Preparing Cash Flow Statement 	TB Chapter 13 Demonstration Case (p-676) Chapter Supplement B (p-681) Mini Exercises: M13-1,2,4-7 Exercises: E13-1,2,4,10,11,14,16 Evaluating CF Statement of NTPC Ltd. And HUL.
18-19	Analysing Financial Statements – Ratio Analysis <ul style="list-style-type: none"> • Use of ratios – inter-firm and intra-firm comparison • Types – Activity, Profitability, Leverage • Exercises & Assignments for session nos. 13-19 	TB Chapter 14 Mini Exercises: M14-1 to 10 Exercises: E14-1 to 6 Problems: P14-4, 5 Alternate Problems: AP14-4,5,7
20	Discussion of Assignments and Exercises & Quiz – II (covering sessions 13-19)	