

**INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR**  
**POST GRADUATE DIPLOMA IN MANAGEMENT**  
**FINANCIAL ACCOUNTING AND ANALYSIS (AC501)**  
**CREDIT: Full Credit (2 Credits)**  
**SESSION DURATION: 75 Minutes**

**TERM: I**

**YEAR: 2018-2020**

**BATCH: I (PGDM)**

**FACULTY:** Devesh Baid

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**Office hours:** 9.30 AM to 5.30 PM

**Consulting hours:** Prior Appointment

**Course Introduction:**

Accounting is a vital information system that communicates the financial performance and health of an organization to its stakeholders. The objective of this course is to familiarize the students with Financial Accounting language. The focus is on preparing, reading, understanding and analyzing financial statements of an organization. The course would look at Accounting from the perspective of decision-making needs of a manager rather than the record-keeping needs of an accountant. The course does not assume a prior knowledge or understanding of the Accounting discipline.

**Learning Outcomes:** After attending this course, the student is expected:

- LO1. To prepare Financial Statements
- LO2. To read and understand Financial Statements.
- LO3. To analyze various accounting policies.
- LO4. To analyze Financial Statements to understand performance of firm.

**Course Pedagogy:**

- The course will use combination of lecture, presentation, small problems, cases and games for delivering concepts. Lectures and presentations will be used to explain theory behind concepts while exercises, games, and cases will be used to demonstrate application of concepts. This reinforces learning in the minds of the participant.
- Every student will be required to prepare a note on review and analysis of annual reports of last 3 years of a company.
- Business game Monopoly will be played in or outside the classroom to make understand impact of business transactions on financial statements.

**Course Readings**

**Books:**

Financial Accounting: Fundamentals, Analysis and Reporting: Arora R K (2018): Wiley, 2<sup>nd</sup> Edition.

**Additional readings:**

Accounting: Text and Cases: Anthony R, Hawkins D, and Merchant K (2013): MC-Graw Hill publication. 13<sup>th</sup> Edition.

Financial Accounting: A Managerial Perspective: Narayanaswamy R (2005): Prentice-Hall of India Pvt. Ltd., New Delhi.

Accounting for Management: Text and Cases: Bhattacharya S K and Dearden J (2006): Vikas Publishing House Pvt Ltd, New Delhi.

**Course Evaluation criteria:**

- Class participation 10%
- Quizzes 15%
- Project - Annual Report Analysis 10%
- Mid Term 25%
- End Term 40%

**Session Plan:**

No.	Topic	Learning Outcomes	Reading
1.	<ul style="list-style-type: none"> <li>• Introduction to Accounting</li> </ul>	LO1	Reading: Chapter 1 Case: Barons Coburg
2-4	Preparing Balance Sheet <ul style="list-style-type: none"> <li>• Format</li> <li>• Types of Assets</li> <li>• Types of Liabilities</li> </ul>	LO1	Reading: Chapter 2 Case: Smoky Valley Cafe (A)
	Preparing Balance Sheet <ul style="list-style-type: none"> <li>• Money Measurement</li> <li>• Entity Concept</li> <li>• Cost Concept</li> <li>• Going Concern</li> <li>• Dual Aspect Concept</li> </ul>	LO1	Reading: Chapter 2 Case: Music Mart Inc
5-7.	Preparing Profit and Loss A/C <ul style="list-style-type: none"> <li>• Format</li> <li>• Revenues</li> <li>• Types of Expenses               <ul style="list-style-type: none"> <li>○ Product Expenses</li> <li>○ Period Expenses</li> </ul> </li> </ul>	LO1	Reading: Chapter 3: Case: Dispensers of California
	Preparing Profit and Loss A/C <ul style="list-style-type: none"> <li>• Periodicity</li> <li>• Realization</li> <li>• Matching</li> <li>• Conservatism</li> <li>• Consistency</li> <li>• Materiality</li> </ul>	LO1	Reading: Chapter 3:
8-9	Accounting Cycle <ul style="list-style-type: none"> <li>• Journal</li> <li>• Ledger</li> <li>• Trial Balance</li> <li>• Adjustment Entries</li> </ul>	LO1	Reading: Chapter 4 & 5 Practice Problems
10	Reading Financial Statements <ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Profit and Loss A/C</li> </ul>	LO2	Annual Report TBD
11.	Accounting Policies: Revenue <ul style="list-style-type: none"> <li>• Realized</li> <li>• Earned</li> </ul>	LO2,LO3	Case: Grennell Farm
12- 13	Accounting Policy: Inventory	LO2,LO3	Reading: Chapter 7

	<ul style="list-style-type: none"> <li>• Valuation</li> <li>• Recording</li> </ul>		Case: Browning Mfg. Company and Lewis Corporation
14-15	Accounting Policy: Tangible Assets <ul style="list-style-type: none"> <li>• Property, Plant &amp; Equipment</li> <li>• Depreciation</li> </ul>	LO2,LO3	Reading: Chapter 6 Practice Problems
16-17.	Preparing Cash Flow Statement <ul style="list-style-type: none"> <li>• Direct Method</li> <li>• Indirect Method</li> </ul>	LO2,LO4	Reading: Chapter 11 Practice Problems
	Analyzing Cash Flow Statement <ul style="list-style-type: none"> <li>• Cash from Operations</li> <li>• Cash from Investments</li> <li>• Cash from Financing</li> </ul>	LO2,LO4	Reading: Chapter 11: Case: Bharat Chemical Ltd
18-20	Financial Statement Analysis <ul style="list-style-type: none"> <li>• Common Size Statements</li> <li>• Ratio Analysis <ul style="list-style-type: none"> <li>○ Liquidity</li> <li>○ Solvency</li> </ul> </li> </ul>	LO2,LO4	Reading: Chapter 12 Case: Continental Eq Co.
	<ul style="list-style-type: none"> <li>• Ratio Analysis <ul style="list-style-type: none"> <li>○ Profitability</li> <li>○ Turnover</li> </ul> </li> <li>• Du-Pont Analysis</li> </ul>	LO2,LO4	Reading: Chapter 1