

INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR
POST GRADUATE DIPLOMA IN MANAGEMENT
FINANCIAL REPORTING ANALYSIS AND FORENSIC ACCOUNTING
CREDIT: Full Credit (3 Credits)
SESSION DURATION: 60 Minutes

TERM: IV

YEAR: 2017-2019

BATCH: II (PGDM)

FACULTY: Devesh Baid

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Office hours: 9.30 AM to 5.30 PM

Consulting hours: Prior Appointment

Course Introduction

The course is about reading and understanding information available in annual report and analyzing the financial statements to take suitable decisions. It also touches upon concepts of forensic accounting. This course will be very helpful for equity analysis, business valuation, and investment decisions.

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

- A. To read and understand annual reports.
- B. To understand implications of various accounting policies and information.
- C. To analyze financial statements.
- D. To understand advanced issues in accounting such as consolidation, leases, deferred taxes, etc.
- E. To reformulate financial statements to calculate NFA, NOA etc.
- F. To introduce students to concept of forensic accounting.

Course Pedagogy

1. The course will use combination of lecture, presentation, small problems, annual reports and cases for delivering concepts. Lectures and presentations will be used to explain theory behind concepts while exercises and cases will be used to demonstrate application of concepts. This reinforces learning in the minds of the participant.
2. Every student will be required to prepare a note on a specific accounting policy by reviewing annual reports of 30 companies.

Course Readings

Books:

Financial Accounting: Fundamentals, Analysis and Reporting: Arora R K (2017): Wiley

Reading material will be provided as a handout. In addition, course will use annual reports of companies and material available on various websites relating to accounting standards. Links for soft copies will be provided at appropriate time.

Additional Readings:

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

- The Analysis and Use of Financial Statements: White G, Sondhi A and Fried D (2002): Wiley, 3rd Edition.
- Financial Statement Analysis: Subramanyam R K, and Wild J J (2014): McGraw Hill. 10th Edition
- Essentials of Financial Accounting: Bhattacharya A (2017), PHI Learning Pvt Ltd
- Business Analysis and Valuation using Financial Statements: Palepu K G and Healy P M (2013), Cengage Learning, 5th Edition

Evaluation Criteria

- Class participation 20%
- Quizzes 20%
- Project - Annual Report Analysis 20%
- End Term 40%

Session Plan

No	Topic	Learning Outcomes	Exercise
1-2	Reading Annual Report: Director Report and Management Discussion and Analysis	A	Annual Report
3-6	Reading Annual Report: Financial Statements including Basic Accounting Policies – Revenue, Inventory, PPE, Intangibles etc.	A & B	Annual Report Practice Case
7-10	Analyzing Financial Statements: Common Size Statements, Ratio Analysis, DuPont Analysis, Scott Formula, Altman Z Score.	A & C	Annual Report Case: Identify the industries (B)
11-12	Reading Annual Report: Corporate Governance Report, Auditors Report and Related Party Transactions.	A & B	Annual Report
13-14	Contingent Liabilities, Other Items that affect Net Income and Owners Equity including Changes in Accounting Policies.	A & B	Annual Report
15-16	Accounting for Investments, Joint Ventures and Strategic Alliances. Consolidated Statements and Reporting Minority Interest Segment Reporting.	A & D	Annual Report Case: Productos Finas (AHM)
17-18	Accounting for Leases: Capital and Operating Leases	A & D	Annual Report Case: Levuka Sport Fishing Inc (HBS)
19-20	Accounting for Deferred Taxes	A & D	Annual Report Exercise: IIMA Note - Accounting for Deferred Taxes
21-22	Accounting for Mergers and Amalgamations	A & D	Annual Report Case: Hardin Tool Company (AHM)

23	Accounting for Foreign Currency Transactions and Financial Instruments (Derivatives)	A & D	Annual Report Exercises
24-26	Reformulating Balance Sheet and Income Statement and Analyzing Cash Flow Statement.	A & E	Annual Report
27-29	Forensic Accounting: Beneish M Score Benford's Law	A & F	Case: Using Accounting Analytics to make an Investment Decision (HBS).
30	Review and Winding Up	A To F	