

**INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR**  
**POST GRADUATE DIPLOMA IN MANAGEMENT**  
**FINANCIAL REPORTING ANALYSIS AND FORENSIC ACCOUNTING (FN633)**  
**CREDIT: Full Credit (3 Credits)**  
**SESSION DURATION: 60 Minutes**

**TERM: IV**  
**Year: 2019-20**  
**BATCH: II (PGDM)**

**FACULTY:** Devesh Baid  
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**Office hours:** 9.30 AM to 5.30 PM (**Office:** Faculty Block B)  
**Consulting hours:** Prior Intimation

**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:

- To read and understand annual reports (LO1).
- To understand implications of various accounting policies and information (LO2).
- To analyze financial statements (LO3).
- To reformulate financial statements to calculate NFA, NOA etc. (LO4).
- To understand advanced issues in accounting such as consolidation, leases, deferred taxes, etc. (LO5).
- To introduce students to concept of forensic accounting (LO6).

**Course Pedagogy**

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.

Every student will be required to prepare a note on a specific accounting policy by reviewing annual reports of at least two companies.

**Course Readings**

**Books:**

1. 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:**

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

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

### Evaluation Criteria

Evaluation Component	Weightages	Learning Outcomes
• Class Participation	20%	All LOs
• Quizzes (Two)	20%	All LOs
• Project - Annual Report Analysis	20%	LO2, LO3, LO4 & LO5
• End Term	40%	All LOs

### Plagiarism:

We are committed to upholding the highest standards of academic integrity and honesty. Plagiarism is the use of or presentation of ideas, works that are not one's own and which are not common knowledge, without granting credit to the originator. You may refer the already available content just for your reference and to get the basic ideas. Only 20% of such content is acceptable, above that comes under the definition of Plagiarism which is unacceptable in IMI and will be treated seriously. All such cases will be referred to the appropriate body of the Institute for suitable disciplinary action.

### Session Plan

Session No.	Topic	Learning Outcomes	Reading
1-2	Introduction, Structure of Annual Report, Review of Basic Concepts.	• LO 1	Annual Report
3-4	Reading Annual Report: Financial Statements including Basic Accounting Policies – Revenue, Inventory, PPE, Intangibles etc.	• LO 1 • LO 2	Annual Report
5-6	Reformulating Financial Statements.	• LO 1 • LO 5	Annual Report
7-10	Analyzing Financial Statements: Performance Chart, DuPont Analysis, Scott Formula, Altman Z Score.	• LO 1 • LO 3	Annual Report Case: Identify the industries (B)
11-12	Reading Annual Report: Director Report and Management Discussion and Analysis	• LO 1	Annual Report
13-14	Reading Annual Report: Corporate Governance Report, Business Responsibility Reports, Auditors Report	• LO 1 • LO 2	Annual Report
15-16	Contingent Liabilities, Other Items that affect Net Income and Owners Equity including Changes in Accounting Policies.	• LO 1 • LO 2	Annual Report
17-18	Accounting for Investments, Joint Ventures and Strategic Alliances,	• LO 1 • LO 4	Annual Report Case: Productos Finas (AHM)

	Consolidated Statements, Minority Interest, Segment Reporting.		
19-20	Accounting for Leases: Capital and Operating Leases	<ul style="list-style-type: none"> <li>• LO 1</li> <li>• LO 4</li> </ul>	Annual Report Case: Levuka Sport Fishing Inc (HBS)
21-22	Accounting for Deferred Taxes	<ul style="list-style-type: none"> <li>• LO 1</li> <li>• LO 4</li> </ul>	Annual Report Exercise: IIMA Note - Accounting for Deferred Taxes
23-24	Accounting for Mergers and Amalgamations	<ul style="list-style-type: none"> <li>• LO 1</li> <li>• LO 4</li> </ul>	Annual Report Case: Hardin Tool Company (AHM)
25	Accounting for Foreign Currency Transactions and Financial Instruments	<ul style="list-style-type: none"> <li>• LO 1</li> <li>• LO 4</li> </ul>	Annual Report Exercises
26-27	Forensic Accounting: Beneish M Score	<ul style="list-style-type: none"> <li>• LO 1</li> <li>• LO 6</li> </ul>	Case: Using Accounting Analytics to make an Investment Decision (HBS).
28-29	Forensic Accounting: Benford's Law	<ul style="list-style-type: none"> <li>• LO 1</li> <li>• LO 6</li> </ul>	Case: Using Accounting Analytics to make an Investment Decision (HBS).
30	Review and Winding Up		