

**INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR**  
**POST GRADUATE DIPLOMA IN MANAGEMENT**  
**FINANCIAL ACCOUNTING AND ANALYSIS (AC501)**  
**CREDIT: 2 Credits**  
**SESSION DURATION: 60 Minutes**

**TERM: I**  
**Year: 2019-20**  
**BATCH: I (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:**

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:

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

**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.

**Course Readings**

**Books:**

1. Financial Accounting: Fundamentals, Analysis and Reporting: Arora R K (2018): Wiley. Second Edition.

**Additional readings:**

1. Accounting: Text and Cases: Anthony R, Hawkins D, and Merchant K (2013): MC-Graw Hill publication. Thirteenth Edition.
2. Financial Accounting: A Managerial Perspective: Narayanaswamy R (2005): Prentice-Hall of India Pvt. Ltd., New Delhi.
3. Accounting for Management: Text and Cases: Bhattacharya S K and Dearden J (2006): Vikas Publishing House Pvt Ltd, New Delhi.

**Course Evaluation criteria:**

<b>Evaluation Component</b>	<b>Weightages</b>	<b>Learning Outcomes</b>
• Class Participation	10%	All LOs
• Quizzes	15%	All LOs
• Project - Annual Report Analysis	15%	LO2, LO3 & LO4
• Mid Term	20%	LO1 & LO2
• End Term	40%	LO3 & LO4

**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:**

<b>No.</b>	<b>Topic</b>	<b>Learning Outcomes</b>	<b>Reading</b>
1-2	• Introduction to Accounting	• LO 1	Reading: Chapter 1 Case: Barons Coburg
3-5	Preparing Balance Sheet <ul style="list-style-type: none"> <li>• Format</li> <li>• Types of Assets</li> <li>• Types of Liabilities</li> </ul>	• LO 1	Reading: Chapter 2 Case: Lone Pine 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>	• LO 1	Reading: Chapter 2 Case: Music Mart Inc Practice Set
	Practice Session - Preparing Balance Sheet	• LO 1	Practice Set Annual Report Presentation
6-8.	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>	• LO 1	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>	• LO 1	Reading: Chapter 3: Lone Pine Café (B)
	Practice Session - Preparing Profit and Loss A/C	• LO 1	Practice Set Annual Report Presentation
9-11	Accounting Cycle <ul style="list-style-type: none"> <li>• Journal</li> <li>• Ledger</li> </ul>	• LO 1	Reading: Chapter 4 & 5 Practice Problems

	Accounting Cycle <ul style="list-style-type: none"> <li>• Trial Balance</li> <li>• Adjustment Entries</li> </ul>		
	Practice Session - Preparing Books of Accounts		Practice Set Presentation
12	• Preparing Financial Statements	• LO 1	Comprehensive Exercise
<b>MID TERM</b>			
13-14	Accounting for Revenue <ul style="list-style-type: none"> <li>• Realized</li> <li>• Earned</li> </ul>	<ul style="list-style-type: none"> <li>• LO 2</li> <li>• LO 3</li> </ul>	Case: Grennell Farm
15-16	Accounting for Inventory <ul style="list-style-type: none"> <li>• Valuation</li> <li>• Recording</li> </ul>	<ul style="list-style-type: none"> <li>• LO 2</li> <li>• LO 3</li> </ul>	Reading: Chapter 7 Case: Browning Mfg. Company and Lewis Corporation
17-18	Accounting for Assets <ul style="list-style-type: none"> <li>• Property, Plant &amp; Equipment</li> <li>• Intangible Assets</li> <li>• Depreciation</li> </ul>	<ul style="list-style-type: none"> <li>• LO 2</li> <li>• LO 3</li> </ul>	Reading: Chapter 6 Practice Problems
19	Practice Session – Accounting for Revenue, Inventory and Assets.	<ul style="list-style-type: none"> <li>• LO 2</li> <li>• LO 3</li> </ul>	Practice Set Annual Report Presentation
20-22.	Preparing Cash Flow Statement <ul style="list-style-type: none"> <li>• Direct Method</li> <li>• Indirect Method</li> </ul>	<ul style="list-style-type: none"> <li>• LO 2</li> <li>• LO 4</li> </ul>	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>	<ul style="list-style-type: none"> <li>• LO 2</li> <li>• LO 4</li> </ul>	Reading: Chapter 11: Case: Bharat Chemical Ltd
	• Practice Session		Practice Set Annual Report Analysis Presentation
23-25	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>	<ul style="list-style-type: none"> <li>• LO 2</li> <li>• LO 4</li> </ul>	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> </ul>	<ul style="list-style-type: none"> <li>• LO 2</li> <li>• LO 4</li> </ul>	Reading: Chapter 12
	• Practice Session		Practice Set Annual Report Analysis Presentation