



INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE

Post Graduate Programme in Business Leadership

Course Outline

Course Code and Course Title	Essentials of Financial Accounting, Analysis, and Costing
Course type	Compulsory
Pre-requisites (if any)	
Course Credit	3
Total no. of sessions	20
Session Duration	90 minutes
Quarter	I
Year and Batch	PGPBL-1 2019-20
Sections (if any)	Sec A & B

Instructor	<i>Qambar Abidi and Ram Kumar Kakani</i>
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Consultation Hours	Any time with prior appointment

Introduction

Accounting is the language of business. Managers, irrespective of their specializations, need to understand Accounting. Planning, controlling, and reporting in business uses accounting, and hence understanding the business requires an understanding of accounting. This foundational course on **Financial Accounting, Analysis, and Costing** is an enabler in that endeavor.

Cost Accounting is for internal stakeholders to enable managerial efficiencies; Financial Accounting is for reporting results of the business entity to the external stakeholders, This course aims at developing reasonable skills to understand, evaluate and use financial information aimed at both managers and external stakeholders.

Accounting is on a sound methodology. Understanding this methodology is essential for understanding accounts and business information. The emphasis in this course is on achieving conceptual clarity in accounting. Since the fiscal year 2016-17 onwards, India is implementing the Indian version of International Financial Reporting Standards (IFRS) called IndAS in a phased manner. This course is proposed based on IndAS (referred to as IFRS, as and when required).

Learning Outcomes/Course Objectives

By the end of the course, perhaps, one should have developed a basic understanding of both Financial Accounting and Cost Accounting, along with its analytical aspects. At the end of the course, the students would be able to:

- ❖ To create an awareness of the importance and usefulness of the accounting function
- ❖ To develop an understanding of the four modern types of financial statements and the principles-cum-concepts underlying them
- ❖ Understand the construction of financial statements and measurement of revenues, expenses, assets, and liabilities.

- ❖ To lay the foundation for developing skills to interpret Financial Statements
- ❖ Understand the basics of financial statement analysis techniques.
- ❖ Examining primary cost concepts, cost classification and costing systems
- ❖ Understand the relationship between financial statements and managerial accounting statements. Examine cost behavior, cost-volume-profit relationships as well as cost determination of cost objects.
- ❖ Develop an appreciation of the role and function of cost accounting in managerial decision making.

Pedagogical Methods:

“Essentials of Financial Accounting, Analysis, and Costing” is pedagogically dependent on mini-lectures, case analysis, continuous individual assignments, and vivid illustrations. Active participation by students is an essential feature of the course. A variety of cases & an individual comprehensive project are the principal pedagogical instruments.

Textbooks and Learning Materials

Text Book(s)

- ❖ Ramachandran, Neelakantan & Ram Kumar Kakani. *Financial Accounting for Management. 4th Edition*, McGraw-Hill Education, 2016. [Henceforth, referred to as **FAM**]
- ❖ Hilton, Ronald W. & Platt, David E. *Managerial Accounting: Creating Value in a Dynamic Business Environment. 10th Edition*, McGraw Hill Education, 2017. [Henceforth, referred to as **MA**]

Reference Book(s)

- ❖ Anthony, David F Hawkins, and Kenneth A Merchant: Accounting Text and Cases,
- ❖ Bhattacharya: Financial Accounting for Business Managers
- ❖ Bhattacharya: Principles and Practice of Cost Accounting
- ❖ Dutta: Cost Accounting: Principles and Practice
- ❖ Hilton, Maher & Selto: Cost Management: Strategies For Business Decisions
- ❖ Horngren: Introduction to Cost Accounting
- ❖ International GAAP: Generally Accepted Accounting Practice under International Financial Reporting Standards (IFRS), Ernst & Young (Editor), Wiley Publications
- ❖ Narayanaswamy: Financial Accounting: A Managerial Perspective
- ❖ Thompson: Management Accounting
- ❖ Warren, Fess, and Reeve: Accounting
- ❖ Weygandt, Jerry J., Paul D. Kimmel, and Donald E. Kieso: Financial accounting

Journals:

- ❖ The Chartered Accountant by ICAI
- ❖ The Management Accountant by ICWAI
- ❖ Accounting Review
- ❖ Journal of Business Finance and Accounting

Web Resources:

The following web-based resources have extensive information & data related to Accounting.

- ✓ Accounting Bodies: [ICAI](#) and [International Accounting Standards Board](#).
- ✓ Government & Related Institutional Websites: Securities and Exchange Board of India (SEBI), National Stock Exchange (NSE), and Bombay Stock Exchange (BSE).

- ✓ Financial Magazines / Financial Newspaper Websites: Business Standard, Hindu Business Line, Financial Express, Economic Times, etc.
- ✓ 'Investors Section' / 'Shareholders Section' of Company Websites: For instance: Infosys Ltd, Reliance Industries & Tata Steel.

Evaluation Components/Assessment of Student Learning

Assessment Tool	Percentage
END-TERM EXAMINATION	50%
Comprehensive Take-Home Assignment	25%
Class Participation & Related Weekly Home Work (<i>based on Annual Report</i>)	25%

Grading Pattern*

The grading pattern will be a normal distribution and is subject to compliance with the IIMK norms.

We are no Gods (i.e., perfect), and therefore, there are bound to be 'errors' in estimating the true worth of your answers (and hence, evaluation). However, I promise, the evaluation will be unbiased. Also, the 'errors' (if any) should cancel out over the length of the evaluation cycle.

Session Plan

Session Nos. (each of 1.5 hours)	No. of Sessions	Session-wise Plan	Suggested Reading
<i>Module 1: Financial accounting and analysis (Ram Kumar Kakani)</i>			
1-2	1	Introduction to Accounting with Case Discussion	Chapter 1 of FAM
3	1	Balance Sheet	Chapter 2 in FAM
4	2	Balance Sheet (Case Discussion)	Chapter 2 in FAM
5	1	Profit & Loss Account	Chapter 3 in FAM
6-7	2	Profit & Loss Account (Case Discussion)	Chapter 3 and 8 in FAM
8	1	Accounting Process using Equation Method (Illustration-Based)	Chapters 2-3, 5 in FAM
9	1	Statement of Changes in Equity	Chapter 6 in FAM

Session Nos. (each of 1.5 hours)	No. of Sessions	Session-wise Plan	Suggested Reading
10	1	Statement of Changes in Equity (Case Discussion)	Chapter 6 in FAM
11-12	2	Financial Statement Analysis	Chapter 7 in FAM
13	1	Cash Flow Statement	Chapter 4 in FAM
14	1	Cash Flow Statement (Case Discussion)	Chapter 4 in FAM
15	1	Annual Report Analysis (Case Discussion)	Chapters 9-10 in FAM
<i>Module 2: Cost and managerial accounting (Qambar Abidi)</i>			
16	1	Managerial accounting and cost management concepts	Chapter 1 and 2 in MA
17	1	Product costing and Process costing systems	Chapter 3 and 4 in MA
18	1	Activity-based costing	Chapter 5 in MA
19	1	Cost behavior and Cost-Volume-Profit analysis	Chapter 6 and 7 in MA
20	1	Relevant costs and Decision making	Chapter 14 in MA

Note:

- ◆ *Prior reading of the suggested reading material would help in the class discussion and assimilation process.*
- ◆ *The above sequence is tentative (and would be altered based on initial class experience).*
- ◆ *PowerPoint presentations & Excel Sheets Used (if any): Session-wise Pdf files would be e-mailed after the session.*