

MANAGEMENT

ACCOUNTING I

Course Outline

for

BM I 2010-11

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School of Business & Human Resources

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Course Objectives:

The course provides necessary exposure to the students on the basics of financial accounting. It is to inculcate a broad level of understanding of accounting principles & policies, accounting numbers and their interpretation among the PGP students. The objective of the course is also to acquaint the students with the various financial accounting standards, transactions, adjustments, & financial reporting practices with emphasis on sound concepts and their managerial implications.

Pedagogical Methods:

The course is based on classes, cases, and project work. Active participation by students is an important feature of the course. A variety of quizzes, take home assignments, tests, and case studies are the main pedagogical instruments.

Primary Teaching Book & Reading Material:

- ◆ “Financial Accounting for Management” by Ramachandran & Kakani, 2nd Edition, Tata McGraw Hill Publications (Higher Education), 2007. [henceforth, referred as FAM 2e]

And

- ◆ “How to Read a Cash Flow Statement” by Ramachandran & Kakani, Finance Made Easy Series, Tata McGraw Hill Professional Publications, 2010. [henceforth, referred as FME CFS]

Other Suggested Readings:

- ✓ ‘Accounting Analysis’ (all Volumes) by GDSIL, CRISIL
- ✓ ‘Accounting Theory’ by Porwal
- ✓ ‘Accounting: Text and Cases’ by Anthony, Hawkins, & Merchant
- ✓ ‘Consolidated Financial Statements’ by Juan
- ✓ ‘Corporate Financial Accounting’ by Reeve
- ✓ ‘Financial Accounting for Business Managers’ by Bhattacharya
- ✓ ‘Financial Accounting for Management’ by Gupta
- ✓ ‘Financial Accounting: A Managerial Perspective’ by Narayanswamy
- ✓ ‘Financial Accounting’ by Harrison & Horngren
- ✓ ‘Financial Accounting’ by Stiles & Stiles
- ✓ ‘Financial Accounting’ by Weygandt, Kieso, & Kimmel
- ✓ ‘Financial Statement Analysis’ by Foster
- ✓ ‘Fundamentals for Financial Accounting’ by Sehgal & Sehgal
- ✓ ‘How to Read a Balance Sheet’ by Ramachandran & Kakani, Finance Made Easy Series, Tata McGraw Hill Professional Publications [henceforth, referred as FME BS]
- ✓ ‘How to Read a Profit & Loss Statement’ by Ramachandran & Kakani, Finance Made Easy Series, Tata McGraw Hill Professional Publications [henceforth, referred as FME PLS]
- ✓ ‘Introduction to Accounting’ by Marriot
- ✓ ‘Introduction to Financial Accounting’ by Horngren, Sydem & Elliott
- ✓ ‘Modern Accountancy’ by Hanif & Mukherjee
- ✓ Guide books for students on ‘Financial Accounting’ published by ICAI, ICFAI, etc.
- ✓ Schaum Series on Accounting I & II

All other good books on Financial Accounting (preferably, introductory)

Study Material

Students will be given text books as part of the course material. It may be noted that the book material should not be considered as exhaustive under any circumstances. Cases, articles, and additional notes would be emailed to you or distributed in the class from time to time. Should the student feel the need more reading material (or detailed notes) for a particular topic – they can get in touch with me.

Other Course Policies:

Students are expected to have their own calculators during the class/ examinations.

Exams → End-term exam will typically have cases/ problems followed by questions. The end-term exam will be comprehensive meaning you will be responsible for all the material covered in the course.

Class Participation → I will sometimes randomly call on people to present their case/assignment solutions and at other times I will allow people to volunteer to present their worked out solutions. Class participation marks will also be based on participation in class discussion, attendance, and being on time.

System of Evaluation

Method of Evaluation	Marks
A) Class Attendance/ Participation & Case Submissions	10
B) Mid-term Examination/ Surprise Quizzes*	20
C) Take Home Assignment	30
D) End-term Examination*	40

Note:

- ◆ Component (A) could be merged with other components at a later point;
- ◆ * *indicates* that some questions might carry negative marks

I am no *God* (i.e., perfect) and therefore there are bound to be ‘errors’ in estimating the true worth of your answers (and hence, evaluation). But, I promise, evaluation will be unbiased. Also, the ‘errors’ (if any) should cancel out over the length of the evaluation cycle.

Grading Pattern

Range of Marks	0-30	31-35	35-40	41-45	46-50	51-60	61-70	71-80	81-100
Grades	F	D	D +	C	C +	B	B +	A	A +

Note: Adjustments in the above could be made to meet the norms of the institute.

Topics to be covered (tentative):

Session-wise Plan	Suggested Reading
1. Introduction to Accounting	Chapter 1 of FAM 2e Supporting Materials by email
2. Introduction to Accounting (Case Discussion)	Chapter 1 of FAM 2e
3. Balance Sheet	FME BLS Chapter 2 in FAM 2e
4. Balance Sheet (Case Discussion)	Chapter 2 in FAM 2e
5. Profit & Loss Account	FME PLS Chapter 3 in FAM 2e
6. Profit & Loss Account (Case Discussion)	Chapter 3 in FAM 2e
7. Funds and Cash Flow Statement	FME CFS Chapter 4 in FAM 2e
8. Funds and Cash Flow Statement (Case Discussion)	Chapter 4 in FAM 2e

Session-wise Plan	Suggested Reading
9. Accounting Records	Chapter 5 in FAM 2e
10. Accounting Records (Practice Problems)	Chapter 5 in FAM 2e
11. Accounts for Joint Stock Companies	Chapter 6 in FAM 2e
12. Accounts for Joint Stock Companies (Case Discussion)	Chapter 6 in FAM 2e
13. Financial Statement Analysis	Chapter 7 in FAM 2e
14. Financial Statement Analysis (Case Discussion)	Chapter 7 in FAM 2e
15. Methods of Depreciation & Inventory Valuation	Chapter 8 in FAM 2e
16. Bills of Exchange, and Other Financial Securities	Chapter 8 in FAM 2e
17. Accounting Standards	Chapter 9 in FAM 2e
18. Accounting Standards (Case Discussion)	Chapter 9 in FAM 2e
19. Understanding Annual Reports (Comprehensive Case)	Appendix 1 in FAM 2e
20. Creative Accounting and Corporate Governance	Class Notes and Supporting Material by Email

Note:

- ◆ *Please note that the above sequence is tentative (and would be altered based on initial class experience).*
- ◆ *Additional lecture sessions, guest lectures by practitioners, & tutorial sessions would be arranged on request.*
- ◆ *Class discipline rules include – (a) No usage of laptops or other electronic items (except calculators) – essentially any item that could disturb others in the classroom; (b) Mobile: If a student gets caught having a mobile (or similar instrument) in the classroom then that student gets minus five marks and rest of the students in the same row get minus two marks each (some peer monitoring there ©!); and (c) PowerPoint presentations: Session-wise Pdf files would be e-mailed after the session.*

Other Sources of Financial Accounting Information:

Apart from **CMIE-PROWESS**, the following sources have wide information about corporate world accounting, accounting standards, and related life worlds.

- ◆ **Government Websites:** Ministry of Company Affairs / Ministry of Finance (*.nic.in) and Securities and Exchange Board of India (SEBI)
- ◆ **Accounting Bodies and Stock Exchange Websites:** Institute Chartered Accountants of India, International Accounting Standards Board, Financial Accounting Standards Board, ICWAI, National Stock Exchange (NSE), and Bombay Stock Exchange (BSE)
- ◆ **Financial Magazines / Newspaper Websites:** Business Standard, Hindu Business Line, Financial Express, Wall Street Journal, Financial Times, Business Today, Economic Times, Economist, etc.