

**Course Outline<sup>‡</sup>****Management Accounting I****(Earlier known as, Business Financial Accounting)***For**BM – I, Term – I, 2016-17*Course Instructor: *Ram Kumar Kakani***Contact:**

Intercom – 3104; Email: kakani@xlri.ac.in; **in person – On class/session days *or* by fixing an appointment through email.**

**Course Objectives:**

Accounting is the language of business. 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, preparation of accounting numbers, their interpretation and to develop skills in reading annual reports among the students. The objective of the course is also to acquaint the students with the key financial accounting standards and financial reporting practices with emphasis on sound concepts along with their managerial (and governance-related) implications.

**Pedagogical Methods:**

Management Accounting I course is based on mini lectures, class discussions, case analysis and continuous group assignments. Active participation by students is an important feature of the course. A variety of cases and an individual comprehensive project are the key pedagogical instruments.

**Study Material**

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

<sup>‡</sup> I acknowledge the inputs of Prof. Sabyasachi Sengupta and others in preparing this course outline.

they are most welcome. They can get in touch with me. List of suggested readings are given in detail in the next few pages against each and every topic.

### Primary Teaching Book & Reading Material:

Ramachandran, Neelakantan, and Ram Kumar Kakani. *Financial Accounting for Management*. 4<sup>th</sup> Edition, McGraw-Hill Education, 2016. [Henceforth, referred as **FAM 4e**]

### Other Suggested Readings:

- ⌘ ‘Financial Accounting: A Managerial Perspective’ by Narayanswamy
- ⌘ ‘Modern Accountancy’ by Hanif & Mukherjee
- ⌘ ‘Financial Accounting for Business Managers’ by Bhattacharya
- ⌘ ‘Financial Accounting’ by Weygandt, Kieso, & Kimmel

All other good books on Financial Accounting – preferably, introductory. Thus, please check out ... library reference index numbers 657.30 to 658.15.

### Other Sources of Financial Accounting Information:

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

- ◆ **Accounting Bodies:** [ICAI](#), [Accounting Standards Board of India](#), [ICWAI](#), and [International Accounting Standards Board](#).
- ◆ **Government & Related Institutional Websites:** [Ministry of Company Affairs / Ministry of Finance](#), [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](#), [Wall Street Journal](#), [Financial Times](#), [Business Today](#), [Economic Times](#), etc.
- ◆ **Helpful Accounting Community Sites:** [CA Club India](#), [Chartered Club](#), etc.
- ◆ **‘Investors Section’ / ‘Shareholders Section’ of Company Websites:** For instance: [Infosys Ltd](#), [Reliance Industries](#) & [Tata Steel](#).

### System of Evaluation:

Method of Evaluation	Marks
A) Class Participation (largely a Group based continuous activity)	10
B) Quiz/ Test/ Surprise Quizzes*	30
C) Take Home Project	30
D) End-term Examination*	30

Note: \* indicates that some questions might carry negative marks

### 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: \*However, the above grading pattern is subject to the compliance with Institute’s norms (and thus, can be modified).

*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). However, I promise, evaluation will be unbiased. Also, the ‘errors’ (if any) should cancel out over the length of the evaluation cycle.*

## Session Plan:

Session Nos.	No. of Sessions	Session-wise Plan	Suggested Reading
1 & 2	2	Introduction to Accounting + Case Discussion	Chapter 1 of FAM 4e
3 & 4	2	Balance Sheet + Case Discussion	Chapter 2 in FAM 4e
5 & 6	2	Profit & Loss Account + Case Discussion	Chapter 3 in FAM 4e
7 & 8	2	Accounting Records + Practice Problems	Chapter 5 in FAM 4e
9	1	Cash Flow Statement - Introduction	Chapter 4 in FAM 4e
10 & 11	2	Accounting for Joint Stock Companies + Case Discussion	Chapter 6 in FAM 4e
12 & 13	2	Financial Statement Analysis + Case Discussion	Chapter 7 in FAM 4e
14 & 15	2	Methods of Depreciation & Inventory Valuation + Illustration on Manufacturing A/c, Trading A/c	Chapter 8 in FAM 4e
16	1	Cash Flow Statement Analysis: Case Discussion	Chapter 4 in FAM 4e
17 & 18	2	Accounting Standards + Case Discussion	Chapter 9 in FAM 4e
19	1	Accounting Standards & Variations in Presentation of "Statement of Equity" across nations	Class Notes
20	1	Creative Accounting and Good Governance	Chapter 10 in FAM 4e
21	1	Summarizing Financial Reporting Practices and Course Debrief	Chapter 10 in FAM 4e

### Note:

- ◆ The above sequence is tentative (and would be altered based on initial class experience).
- ◆ Additional video clips, 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 shall be confiscated and submitted to Dean's office within 7 (seven) working days; and (b) PowerPoint presentations & Excel Sheets: Session-wise Pdf files would be e-mailed after the session.

### Other Course Policies:

**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/group activity solutions and at other times I will allow people to volunteer to present their worked out solutions. Class participation marks, if any, will also be based on parameters such as participation in class discussion and such.

### Learning Goals:

At the end of this course the students should be able to learn the methodology behind generating accounting numbers; and lead to better judgement when it comes to taking managerial decisions based on accounting numbers. At the end of this course, successful students should be not only able to analyze the strengths and weakness of financial statements – but also apply the conceptual accounting framework to transactions and compare the reporting impact of the concepts applied.

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## **XLRI BM MANAGEMENT ACCOUNTING I Core Course**

Term I, AY 2016-17

### **ASSURANCE OF LEARNING (AOL)**

In this course, the students would be tested (primarily) on the following dimensions,

- ⌘ Decision Making Ability
- ⌘ Functional Knowledge (Conceptual Understanding & Practical Applications)

#### **Decision Making Ability**

The MANAC I Core Course is characterized by three (3) regular written examinations, namely, Quiz # I (Weightage 15%), Quiz # II (Weightage 15%), and End Tem Examination (Weightage 30%). It is also characterized by two continuous assessments - a group assignment (Weightage 10%) and an individual project (Weightage 30%). At least two written examinations would include one (1) question which would specifically tests the skills of students in respect of their ability to take decisions (in relation to Management Accounting concepts). Such questions would be so structured so as to enable the concerned students to demonstrate their skills in respect of the following three key parameters of a decision-making exercise,

- a) Appropriate visualization of the business problem
- b) Conducting critical analysis of the information provided
- c) Narrowing down on a suitable solution.

#### **Functional Knowledge**

The MANAC I Core Course is characterized by three (3) regular written examinations, namely, Quiz # I (Weightage 15%), Quiz # II (Weightage 15%), and End Tem Examination (Weightage 30 %). It is also characterized by two continuous assessments - a group assignment (Weightage 10%) and an individual project (Weightage 30%). The functional knowledge of the students would be tested across at least two components – one individual project and quiz (Quiz # 1). Their evaluation component would be so designed so as to ensure that students get adequate opportunity to demonstrate their skills in respect of the following two key attributes related to functional knowledge,

- a) Identifying conceptual frameworks
- b) Application of conceptual frameworks