

Course Outline
ACCOUNTING FOR
MANAGEMENT (PART-I)¹
for
HRM-I Term-II (2011-12)

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Introduction and Course Objectives:

All managers (irrespective of their specialization areas) need to understand Finance and Accounting. In this course we'll get exposed to Accounting in detail (and will get introduced to Finance). We shall also try to show the linkage between the two. By the end of the course, you will have developed basic understanding about Financial Accounting and Cost Accounting.

Course Plan:

'Accounting For Management' course provides the necessary exposure to the students on the basics of accounting & its analysis. The course is divided into two parts.

- ✓ In the first part (call it, AFM-1) – we shall focus on inculcating a broad level of understanding of accounting principles & policies, accounting numbers and their process of generation among the HRM students. At the end of the AFM-1, one should be comfortable with understanding all the three financial statements and analyzing the cash flow statement.
- ✓ In the second part (call it, AFM-2) – the focus shall be on accounting analysis (especially financial statement analysis) & appreciating the uncharted waters of cost accounting including cost sheet appreciation. The objective of the courses includes

¹ I acknowledge the inputs of Prof. Prantik Ray and Shiv Shankar Kumar in preparing this document. The first part of the course is taught by self and the second part of the course is taught by Prof. Prantik Ray.

acquainting the students with the various financial accounting adjustments & popular financial reporting practices with emphasis on sound concepts and their managerial implications.

Course Objectives:

- ◆ To create an awareness of the importance and usefulness of the accounting function (largely part of AFM-1)
- ◆ To develop an understanding of the three financial statements and the principles and concepts underlying them (largely part of AFM-1)
- ◆ To lay foundation for developing skills to interpret Financial Statements (largely part of AFM-2)
- ◆ To create an awareness about cost accounting for cost management (largely part of AFM-2)

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, 3rd Edition, Tata McGraw-Hill Publications (Higher Education), 2011. [henceforth, referred as RK]²

Other Suggested Readings:

1. “Accounting Theory” by L S Porwal, McGraw Hill, 2007 [LSP]
2. “Corporate Accounting” by S N Maheshwari & S K Maheshwari, Vikas Publishing House, 2008 [Maheshwari]
3. “Financial Accounting” by Meigs, Williams, Haka & Bettner, McGraw-Hill, 2001 [MWHB]
4. “Accounting” by Anthony, Hawkins, & Merchant, McGraw Hill, 2007 [AHM]
5. “Essentials of Financial Accounting” by Asish K Bhattacharyya, PHI Learning Pvt Ltd, 2010 [AKB]
6. “Financial Accounting for Management” by Ambrish Gupta, Pearson, 2009 [AG]
7. “Financial Accounting: A Managerial Perspective” by R. Narayanswamy, PHI Learning Pvt Ltd, 2011 [RN]
8. “Financial Accounting” by Harrison & Horngren, Prentice Hall, 1998 [HH]
9. “Guide books for students on ‘Financial Accounting’ published by ICAI, ICFAI, etc.
10. “How to Read a Balance Sheet” by Ramachandran & Kakani, Finance Made Easy Series, Tata McGraw Hill Professional Publications, 2009 [FME BS]
11. “How to Read a Cash Flow Statement” by Ramachandran & Kakani, Finance Made Easy Series, Tata McGraw Hill Professional Publications, 2010 [FME CFS]
12. “How to Read a Profit & Loss Statement” by Ramachandran & Kakani, Finance Made Easy Series, Tata McGraw Hill Professional Publications, 2010 [FME PLS]
13. “Introduction to Financial Accounting” by Horngren, Sundem & Elliott, Prentice Hall, 2010 [HSE]

All other good books on Accounting (preferably, introductory)

² This is the prescribed text book for both the parts. Of course, additional materials would be given to you on the uncovered portions such as ‘Introduction to Cost Accounting’ and ‘Cost Sheet’.

Study Material

Students will be given a text book (**RK**) 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/Surprise Quizzes*	10
B) Take Home Assignment	15
C) Mid-term Examination*	25

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	0-10	10.1-18	18.1-21	21.1-23	23.1-25	25.1-31	31.1-36	36.1-41	41.1-50
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.

Please note that the final grade of the course will be based on your combined performance in both the parts of the course i.e., AFM-1 and AFM-2. Of course, we shall meet the norms of the institute and the final grades will be jointly discussed &-decided.

Sources of Financial Accounting Information:

Apart from **CMIE-PROWESS** and **REPORTJUNCTION.COM**, 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.

TOPICS TO BE COVERED (TENTATIVE):

Session-wise Plan	Suggested Reading
1. Introduction to Accounting (Including Case Discussion)	Chapter 1 in RK Chapter 1 in AKB; Chapter 1 in RN; Chapter 1 in AHM; Chapter 1 in MWHB
2. Balance Sheet	Chapter 2 in RK Chapters 2 & 5 in AKB; Chapter 2 in AHM; FME BS
3. Balance Sheet (Case Discussion)	Chapter 2 in RK Chapter 2 in AHM
4. Profit & Loss Account	Chapter 3 in RK Chapters 3 & 5 in AKB; Chapter 5 in RN; Chapter 3 in AHM; FME PLS
5. Profit & Loss Account (Case Discussion)	Chapter 3 in RK Chapter 3 in AHM
6. Funds and Cash Flow Statement	Chapter 4 in RK Chapter 13 in AKB; Chapter 12 in RN; Chapter 11 in AHM; Chapter 12 in MWHB; FME CFS
7. Funds and Cash Flow Statement (Case Discussion)	Chapter 4 in RK Chapter 11 in AHM
8. Accounting Records	Chapter 5 in RK Chapter 4 in AKB; Chapters 2,3 & 4 in RN; Chapter 4 in AHM
9. Accounts for Joint Stock Companies	Chapter 6 in RK Chapters 6 & 7 in AKB; Chapters 1,2,3 & 5 in Maheshwari
10. Understanding Annual Reports	Appendix A in RK Appendix A in MWHB

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.