

Course Outline[‡]

Accounting For Management

For

HRM – I, Term – I, 2016-17

Course Instructor: Ram Kumar Kakani & Prantik Ray

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Introduction:

All managers (irrespective of their specializations) need to understand Finance and Accounting. By the end of the course, perhaps, you will have developed basic understanding about Financial Accounting and Cost Accounting. ‘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 AFM-1, I expect that, you should be comfortable with glancing through (and appreciating) the basic financial statements and (preliminarily) analyzing them.
- ✓ 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 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)*

[‡] The first part of the course is taught by self and the second part of the course is taught by Prof. Prantik Ray.

- ◆ To develop an understanding of the three types of financial statements and the principles-cum-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:

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

Primary Teaching Book & Reading Material:

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

Other Suggested Readings:

- ⌘ ‘How to ‘Read a ‘Balance Sheet’/‘Profit & Loss Statement’/‘Cash Flow Statement’/‘Analyze Financial Statements’ by Ramachandran & Kakani, Finance Made Easy Series
- ⌘ ‘Introduction to Financial Accounting’ by Horngren, Sundem & Elliott
- ⌘ ‘Financial Accounting: A Managerial Perspective’ by Narayanswamy
- ⌘ ‘Financial Accounting for Business Managers’ by Bhattacharya

All other good introductory books on Accounting; 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 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](#).

System of Evaluation:

Method of Evaluation	AFM-1 Marks	AFM-2 Marks	Full Course Marks
A) Class Participation (largely a Group based continuous activity)	15	15	30
B) Quiz/ Test/ Surprise Quizzes*	15	15	30
C) Mid-term Examination*	20		20
D) End-term Examination		20	20
Total	50	50	100

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).

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. We shall meet the norms of the institute and the final grades will be jointly discussed & decided.

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, we 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	1	Introduction to Accounting + Case Discussion	Chapter 1 of FAM 4e
2	1	Balance Sheet	Chapter 2 in FAM 4e
3	1	Balance Sheet (Case Discussion)	Chapter 2 in FAM 4e
4	1	Profit & Loss Account	Chapter 3 in FAM 4e
5	1	Profit & Loss Account (Case Discussion)	Chapter 3 in FAM 4e
6	1	Cash Flow Statement	Chapter 4 in FAM 4e
7	1	Cash Flow Statement (Case Discussion)	Chapter 4 in FAM 4e
8	1	Accounting Records Using Equation Method	Chapters 2-5 in FAM 4e

Session Nos.	No. of Sessions	Session-wise Plan	Suggested Reading
9	1	Accounting for Joint Stock Companies	Chapter 6 in FAM 4e
10	1	Understanding Annual Reports	Chapters 1-6, especially 6 + class notes
11,12,13	3	Financial Statement Analysis	Chapter 7 in FAM 4e
14,15	2	Plugging the loopholes in Balance Sheet and Income Statement	Chapters 2-3, 5 and 10 in FAM 4e
16	1	Fixed Asset Accounting	Chapters 8-9 in FAM 4e
17	1	Inventory Accounting	Chapters 8-9 in FAM 4e
18,19	2	A Primer in Management Accounting	Separate Materials to be distributed
20	1	Emerging Areas and Conclusions	Separate Materials to be distributed

Note:

- ◆ *The above sequence is tentative (and would be altered based on initial class experience).*
- ◆ *Additional 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 understand the basic financial statements; and lead to better judgment 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 basic analysis in terms of the strengths and weakness of financial statements – but also apply the conceptual accounting framework to simple transactions and compare the reporting impact of the concepts applied.

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XLRI HRM ACCOUNTING FOR MANAGEMENT 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 AFM (Part-I) Core Course is characterized by two (2) regular written examinations, namely, Quiz (Weightage 30%), and Mid Tem Examination (Weightage 40%). It is also characterized by one continuous assessment - a group assignment (Weightage 30%). Both the 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 'Accounting For Management' 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 preliminary analysis of the information provided
- c) Narrowing down on a suitable solution.

Functional Knowledge

The AFM (Part-I) Core Course is characterized by two (2) regular written examinations, namely, Quiz (Weightage 30%) and Mid Tem Examination (Weightage 40%). It is also characterized by one continuous assessment - a group assignment (Weightage 30%). Both the written examinations would include one (1) question which would specifically tests the skills of students in respect of their functional knowledge of the students. 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