



INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal - 500 043, Hyderabad, Telangana

COURSE CONTENT

FINANCIAL REPORTING AND ANALYSIS								
I Semester: MBA								
Course Code	Category	Hours / Week			Credits	Maximum Marks		
CMBE02	Core	L	T	P	C	CIA	SEE	Total
		4	0	-	4	40	60	100
Contact Classes: 45	Tutorial Classes: Nil	Practical Classes: Nil			Total Classes: 45			
Prerequisite: Basic Concepts of Accounting								
SDGs Mapped: SDG 9 (Industry, Innovation and Infrastructure), SDG 12 (Responsible Consumption & Production)								

I. COURSE OVERVIEW:

Financial statements are very useful to the business concerns to interpret and analyze the financial growth of different companies. The course focuses on the objectives and importance of financial accounting, accounting concepts, accounting conventions, method of recording transactions under double entry system, accounting process like journal, ledger, trial balance and final accounts that enable students to understand earning position and financial position of business concern. This course includes appreciate and use financial statements as means of business communication. This course uses the analytical techniques of inventory valuation, funds flow and cash flow statements.

II. COURSES OBJECTIVES:

The students will try to learn:

- I. The principles of accounting and utilization of financial information for decision making and forward planning for future.
- II. The financial statements for knowing earning capacity and financial position of the business concern with confidence.
- III. The inventory valuation of different companies and make analysis of financial accounts.
- IV. The significance of financial statements as means of business communication.
- V. The analytical techniques and arriving at conclusions from financial information for the purpose of decision making

III. COURSE OUTCOMES:

At the end of the course students should be able to:

- CO1 Explain the principles, concepts, and conventions of accounting and their role in financial reporting.
- CO2 Apply the accounting process for recording, classifying, and summarizing financial transactions and compute depreciation using different methods to reflect asset valuation accurately.
- CO3 Evaluate inventory valuation methods and share capital transactions in business accounting.
- CO4 Describe the features, significance and classification of shares and debentures to maintain records for issue of shares at par and discount.
- CO5 Prepare and analyze funds flow and cash flow statements for financial planning.
- CO6 Evaluate the financial health of an organization using ratio analysis and interpretation of financial statements.

IV. COURSE CONTENT:

MODULE - I: INTRODUCTION TO ACCOUNTING (08)

Definitions, meaning, Importance, limitations, objectives, functions of financial accounting and classification of accounts, principles of accounts, accounting concepts and conventions, the generally accepted accounting principles (GAAP), their implications on accounting system; advantages and limitations of double entry system, accounting cycle.

MODULE - II: THE ACCOUNTING PROCESS (10)

Books of original record: journal and subsidiary books, ledger, trial balance, final accounts with adjustments: Methods of depreciation: Meaning, definitions, causes of depreciation, methods of depreciation like fixed installment method, diminishing balance method, annuity method and depreciation fund method (simple problems).

MODULE - III: INVENTORY VALUATION (09)

Meaning, objectives of inventory valuation, methods, merits and demerits of inventory valuation methods like FIFO method, LIFO method, weighted average method, simple average method (problems).

Issue of shares: entries for issue of shares at par, issue of shares at discount and premium, calls in arrears, forfeiture of shares, reissue of forfeiture of shares (problems).

MODULE - IV: FINANCIAL ANALYSIS (09)

Meaning, definitions, significance, limitations of funds flow and cash flow statements, Statement showing changes in working capital, funds from operations, distinction between funds flow and cash flow statements, funds flow and income statement, funds flow and balance sheet, cash profits and book profits; preparation and analysis of funds flow statement and cash flow statement (problems).

MODULE - V: FINANCIAL STATEMENTS AND RATIO ANALYSIS (09)

Analysis and interpretation of financial statements from investor and company point of view, horizontal analysis and vertical analysis of company financial statements; meaning, definitions, significance and limitations of ratio analysis; types of ratios like liquidity, leverage, solvency and profitability ratios (problems).

V. TEXTBOOKS:

1. S.N. Maheswari, S. K. Maheshwari, Sharad K. Maheshwari, Accounting for Management, Vikas Publishing House, 5e, 2022.
2. Narayana Swamy R, "Financial Accounting: A Management Perspective", Prentice Hall of India, Delhi, 4th edition, 2022.
3. Paresh Shah, "Financial Accounting for Management", Oxford University Press, 3rd edition, 2019.
4. Prter & Norton, "Financial Accounting", Cengage publications, 9th edition, 2017.

VI. REFERENCE BOOKS:

1. V.Rajasekharam "Financial Accounting and Analysis" Pearson Education, 13th edition, 2012.
 2. Ranjan Kumar Bai: "Financial Accounting and Analysis", S.Chand, 1st revised edition, 2012.
 3. S.N.Maheswari and S.K.Maheswari, "Financial Accounting", Vikas publications, 4th edition, 2009.
 4. Hanif and Mukarjee, "Financial Accounting", Tata McGraw Hill Ltd., 2nd edition, 2011.
- Tulsian P.C., "Financial Accounting", Pearson Education, Revised 1st edition, 2013.

VII. WEB REFERENCES:

1. http://www.koledza.lv/best/download/biblioteka/Financial_Accounting.pdf.
2. http://www.tutorialspoint.com/accounting_basics/accounting_basics_tutorial.pdf.

VIII. E-TEXT BOOKS:

1. <http://www.free-management-ebooks.com/skills-finance.html>.
2. <http://www.amazon.com/Financial-Reporting-Analysis-Lawrence-Revsine-book/dp/B005KLBRDS>.