



MYRA School of Business

Post Graduate Diploma in Management
AY 2017-18 TERM: 1
Financial Reporting and Analysis – MyC102

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COURSE DESCRIPTION

In Business, the accounting information is required by the insiders (Managers, Controlling owners) as well as outsiders (Banks, Public investors). Accounting is a system that provides information about the resources used and the outcomes obtained through using them. The accounting information is documented and summarized in financial statements to report the corporate performance. The managers find it useful in decision making; investors' in valuing the share prices and banks for lending purposes. Here, in this course we will learn about financial accounting for managerial purposes. A case based discussion approach is used to help us in building views and understand theory and practice of Financial Accounting.

COURSE OBJECTIVE

This course has following objectives

1. To enable the participants compatible while reading and interpreting accounting information.
2. To highlight the difference between rule and management discretion while treating and discussing the accounting policies for measuring the revenues, inventory, assets depreciation, liability and income taxes.
3. To develop competence level of the participants to analyse financial statements. To enable participants provide insights about company doings and intentions, i.e. firm behaviour, by doing an analysis of financial statements and reports, using appropriate techniques.

The audience of this course is first year PGDM participants. As a prerequisite, it is expected that participants have attended the Term-0 sessions on Financial Accounting Basics.

This course is spread into three modules and has a total of 20 sessions of two hours each. The first module explains the accounting process and accounting principles which are essential in the grounding of financial statements. Second module provides insights about accounting policies and standards. In essence, this module emphasizes the rules versus managerial choices/discretion while measuring the items like revenues, inventory, assets depreciation, liability and income taxes. Third module looks at tools available to analyse these statements.

The three modules are inter-linked and build stage-wise foundation in financial accounting for learning managers. In the first module we learn how to prepare the financial statements while the second module develops an understanding on how a manager reflects accounting numbers through using the trade-offs between the policies and managerial discretions. The third module helps you to make meaningful interpretation of the financial statements and understand the past and present financial status of a company.

To attend the sessions and taking full use of the course, a participant is required to be well prepared before coming to the class. Our pedagogy includes the lectures, case discussion and annual report discussions. The sessions which covers the case discussion, demands an advance case report submission and active participations in the class. This will turn up into the grade component. A group assignment is also required to be submitted. This is a group exercise and details about the same will be circulated through a separate email.

LEARNING OUTCOMES

After finishing this course, following outcomes are expected:

1. Participants have developed a foundation for the specialization in Finance & Accounting domain.
2. Participants have sound understanding of the financial statements and annual reports.
3. Participants are capable to think from various stakeholders (controlling shareholders, public investors, employees, financial analysts, banks, and acquirer) point of view and put forward their opinion and insights in this course & other finance electives.

TEXT-BOOK / MATERIALS

Accounting: Text and Cases (AHM)-13TH Edition - Robert N. Anthony, David F. Hawkins, Kenneth A. Merchant, Publisher Tata McGraw-Hill.

Accounting for Management: Text and Cases- 3rd Edition - S.K Bhattacharya & John Dearden, Vikas Publications.

Financial Statement Analysis (S&W) - K.R.Subramanyam & John Wild 10e Mcgraw Hill Education

Business Analysis and Valuation using Financial Statements (P&H)- Krishna Palepu & Paul Healy 5e Cengage Learning.

EVALUATION COMPONENT

Assessment Method	Weightage
Surprise Quizzes	20%
Case Analysis Submission and Class Participation	15%
Final Examination	50%
Group Term Paper	15%
Total	100%

SCHEDULE OF SESSIONS

Session No.	Session Content	Case*	Reading*
Module-I : Introduction and preparation of Financial Statements (Dr. PG)			
Session 1	Providing an overview of Financial Accounting and reporting		R1
Session 2	The preparation of Balance Sheet and importance of accounting principles underlying the Balance sheet.	C1	AHM: Chapter 2
Session 3	The preparation of Income statement and importance of principles in the accrual accounting.	C2	AHM: Chapter 3
Session 4	Bookkeeping, preparation of journal, ledger and trial balance		AHM: Chapter 4
Session 5	Case discussion	C3	
Session 6	Accounting and Financial Statements for services firms	C4	R2
Module-II : Accounting Policies and Managerial Discretion/Choices (Dr. PG)			
Session 7	Revenue recognition methods and its use under different conditions	AHM Case	AHM: Chapter 5
Session 8	Discussing the accounting inventory and explaining the value effect of various methods	C5	R3 and AHM:

	available.		Chapter 6
Session 9	Depreciation accounting methods for different assets and accounting standard.	C6	R4 and AHM: Chapter 7
Session 10	Accounting for long-lived assets and financial decisions.	C7	R5 and AHM: Chapter 7
Session 11	Accounting for the owner's equity.	C8	AHM: Chapter 9
Session 12	Lease accounting and its financial reporting	C9	R6
Session 13	Discussing the different situations for treatment of tax (deferred) and its reporting.	C10	
Module-III : Financial Statement Analysis (Dr. SK)			
Session 14	Overview of FSA-The big picture	Chap 1 P&H	
Session 15	Accounting Analysis-A/R,B/S & P/L Statement	Chap 3 P&H Chap 3,4,5 S&W	
Session 16	Financial Analysis- Common Size Ratios	Chap 5 P&H	
Session 17	Cash Flow Analysis - Construction, Use & Interpretation	Chap 5 P&H	
Session 18	Profitability Analysis ROIC,ROE,DuPont Analysis	Chap 7 S&W	
Session 19	Presentation of Assignment		
Session 20	Presentation of Assignment		

*The details of respective cases and pre-readings are provided in the document - "**Case and Reading List**". The details of the same will be provided through separate e-mail.

INSTRUCTIONS AND EXPECTATIONS

- a. A group of 5 participants will be formed for the group projects. The group details will be circulated through a separate e-mail.
- b. Sessions that include case discussion; students are required to be well prepared in advance. **A case summary report needs to submit before the commencement of the session through e-mail.** The deadline for this is **7:00 AM** on the session's day. Failing to do so will affect your grades.
- c. The group project and submission details will be provided to the participants through separate e-mail.
- d. Class participation is very important in case based discussions. The relevant participation will add to the final grade. **It is required that every participant is well prepared and read the Cases and Readings before attending the class.**
- e. In every session for first 5-10 minutes one participant of each group will have a surprise call and have to define the concept of previous session. **This will attract points adding to the Grade component - class participation.**
- f. The class attendance and discipline during sessions is to be followed by each participant. A constructive and well thought discussion is always welcome but should **avoid unnecessary talking or interference in the flow of discussions.**
- g. Academic honesty and integrity is highly valued and should be adhered by each of the participants. **Cheating, copying, or plagiarism during the course will immediately attract grade 'F'.** Definition of Plagiarism and how to overcome it is well defined in the programme manual.
- h. Participant (s) can have **meeting with the faculty through prior appointment** stating

the purpose of meeting.

- i. Students need to review financial reports of companies of interest regularly. Ideally, a participant should focus on one company at a time and explore thorough details about it. You can approach the instructor to finalize this and extend discussion through meeting.