



MARRI LAXMAN REDDY INSTITUTE OF TECHNOLOGY AND MANAGEMENT

(AN AUTONOMOUS INSTITUTION)

(Approved by AICTE, New Delhi & Affiliated to JNTUH, Hyderabad)

Accredited by NAAC with 'A' Grade & Recognized Under Section 2(f) & 12(B) of the UGC act, 1956

COURSE CONTENT

FINANCIAL REPORTING AND ANALYSIS								
I Semester: MBA								
Course Code	Category	Hours/Week			Credits	Maximum Marks		
		L	T	P		C	CIE	SEE
25MB003	CORE	4	0	-	4	40	60	100
Contact Classes:60	Tutorial Classes: Nil	Practical Classes: Nil			Total Classes: 60			
Prerequisite: Basic Concepts of Accounting								

COURSE OVERVIEW:

Financial statements are essential for business organizations to interpret and analyze the financial growth of companies. This course focuses on the objectives and importance of financial accounting, accounting concepts and conventions, and the recording of transactions under the double-entry system. It covers the accounting process, including the preparation of journals, ledgers, trial balances, and final accounts, enabling students to understand the earning capacity and financial position of a business. The course also emphasizes the appreciation and use of financial statements as a means of business communication, and introduces analytical techniques such as inventory valuation, funds flow analysis, and cash flow statement preparation.

COURSE OBJECTIVES:

- To acquaint the students with various fundamental concepts and principles of accounting.
- To know the accounting process including journal entries, ledger posting and trial balance preparation in various managerial decisions.
- To compute depreciation and goodwill using appropriate valuation methods.
- To analyze financial statements using horizontal and vertical analysis techniques.
- To evaluate the financial performance of a company using various accounting ratios.

COURSE OUTCOMES: After Completion of the course, students should be able to

1. Understand the various fundamental concepts and principles of accounting.
2. Apply the accounting process including journal entries, ledger posting and trial balance preparation.
3. Analyze the depreciation and goodwill using appropriate valuation methods and assess their financial impact on organization.
4. Examine financial statements using horizontal and vertical analysis to interpret financial performance.
5. Assessing the firm's financial performance using ratio analysis for effective decision-making.

Unit – I: Introduction to Accounting: Importance, Objectives and Principles, Accounting Concepts and Conventions. Generally Accepted Accounting Principles (GAAP), their Implications on Accounting System, Double Entry System, Recording Business Transactions, Classification of accounts. Accounting cycle.

Unit – II: The Accounting Process: Overview, Books of Original Record, Journal, Ledger, Trial Balance, Classification of Capital and Revenue Expenses, Final Accounts Trading, P&L Account, Balance Sheet with Adjustments, Rectification of Errors.
Accounting from Incomplete Records, Advantages and Disadvantages of Single Entry and Double Entry System, Preparation of Accounts, and Ascertainment of Profit from Incomplete Records,

Unit – III: Valuation Models: Valuation of Assets, Tangible vs. Intangible Assets. Inventory Valuation: Methods of Inventory Valuation and Valuation of Goodwill, Methods of Valuation of Goodwill. Depreciation, Methods of Depreciation, their Impact on Measurement of Business Accounting.

Unit – IV: Financial Statement Analysis-I: Statement of Changes in Working Capital, Funds from Operations, Paid Cost and Unpaid Costs. Distinction between Cash Profits and Book Profits, Preparation and Analysis of Cash Flow Statement and Funds Flow Statement, Horizontal Analysis and Vertical Analysis of Company.

Unit – V: Financial Statement Analysis-II: Analysis and Interpretation of Financial Statements, Liquidity, Leverage, Solvency and Profitability Ratios, Valuation Ratios, Du Pont Chart, Accounting Standards Issued by ICAI, Focus on INDAS, International Financial Reporting Standards (IFRS).

TEXT BOOKS:

- S.N. Maheshwari, S. K. Maheshwari, Sharad K. Maheshwari, Accounting for Management, Vikas Publishing House, 5e, 2022.
- Narayanaswamy. R, Financial Accounting: A Managerial Perspective, PHI Learning, 7e, 2022.
- Ambrish Gupta, Financial Accounting for Management, Pearson Education, 7e, 2022.
- Raj Kumar Sah, Financial Accounting, Cengage Learning, 2e, 2020.

REFERENCE BOOKS:

- Dhanesh K. Khatri, Financial Accounting & Analysis, Tata McGraw-Hill Publishing Limited, 2015.
- V. Rajasekharan, R. Lalitha, Financial Accounting & Analysis, Pearson Education, 2015.

ELECTRONIC RESOURCES:

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

MATERIALS ONLINE:

1. Course template
2. Tutorial question bank
3. Tech talk and Concept Video topics
4. Open-ended experiments
5. Definitions and terminology
6. Assignments
7. Model question paper – I
8. Model question paper – II
9. Lecture notes
10. PowerPoint presentation
11. Drshya Siksha Sangrah (DSS) Videos

