



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 ACCOUNTING AND ANALYSIS								
I SEMESTER								
Course Code	Category	Hours/Week			Credits	Maximum Marks		
20MBA002	CORE	L	T	P	C	CIE	SEE	Total
		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. Define key elements of financial accounting, its categories, guiding principles, GAAP standards and procedural steps.
2. Prepare financial records, final accounts and depreciation calculations.
3. Construct accounting principles for preparing inventory valuation, share issuance and financial statements.
4. Evaluate cash flow and funds flow statements for confirming operational cash and accounting profits.
5. Formulate financial statements through ratio analysis with different methods

Unit – I: Introduction to Accounting: 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.

Unit – II: The Accounting Process: Books of original record: journal and subsidiary books, ledger, trial balance, classification of capital and revenue expenses, 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).

Unit – III: Inventory Evaluation: Books of original record: journal and subsidiary books, ledger, trial balance, classification of capital and revenue expenses, 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).

Unit – IV: Financial Analysis: 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).

Unit – V: Financial Statements and Ratio Analysis: 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), du pont chart, accounting standards issued by the institute of chartered accounts of India (ICAI). Latest Amendments in Financial Accounting.

TEXT BOOKS:

- S.P. Jain and K.L. Narang, “Financial Accounting” Kalyani Publishers, 10th Revised Edition, 2010.
- S.P. Jain and K.L. Narang, “Cost & Management Accounting”, Kalyani Publishers, 10th Revised Edition, 2010.
- Shashi.K. Gupta and R.K. Sharma, “Advanced Management Accounting” Kalayani publishers, 2nd Revised Edition, 2003.
- S.N. Maheswari, “Financial Accounting”, IBH Publications, 7th Edition, 2015.
- Tulsian P.C., "Financial Accounting", Pearson Education, Revised 1st Edition, 2013.
- Ashish K. Bhattacharya, Financial Accounting & Analysis, PHI,2012.

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
3. <http://www.free-management-ebooks.com/skills-finance.html>
4. <http://www.amazon.com/Financial-Reporting-Analysis-Lawrence-Revsine-book/dp/B005KLBKDS>

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

