# **NATIONAL INSTITUTE OF TECHNOLOGY KARNATAKA, SURATHKAL**

SCHOOL OF MANAGEMENT

COURSE OUTLINE

**Course Code** : SM 703 **Credits :** (3-0-0) 3

**Course Title**: Accounting and Financial Management.

**Semester** : I

**Course Pre-requisite** : NIL

**Course Instructor: Ruchi Mishra**

## Course Description

The aim of this course is to guide students in their acquisition of technical and problem-solving skills in the area of corporate external financial reporting. Corporate external financial reporting comprises financial reporting by reporting entities to external stakeholders. It is mandatory for reporting entities to report in accordance with the Indian accounting standards. Students in this course will gain skills in reading, interpreting and applying accounting standards. This course builds on introductory financial accounting, cost accounting and managerial accounting. The course also aims to impart the knowledge of important Methods and Techniques of costing. The course is essential for all individuals exposed to financial information in the workplace including accountants, auditors, financial analysts, managers, bankers and oversight bodies involved in the preparation or use of company financial statements.

**Objectives**

* To acquaint the students with the fundamental’s principles of financial, cost and management accounting.
* To enable the students to prepare, analyze and interpret financial statements and

To enable the students to take decisions using management accounting tools.

## Course Contents

Principles of Accounting - Concepts - Conventions - Principles. Accounting Systems as source of Financial Information for Decision Making. Financial Accounting - Financial Statements - Ratio Analysis. Inventory Management - Depreciation Policy. Cost Accounting - Classifications. Management Accounting - Cost for Profit Planning and Decision Making. Financial Decisions. Accounting Systems for Planning Control and Decision Making. Budgeting and Budgetary Control.

**Unit-I**: Book-Keeping and Accounting – Financial Accounting – Concepts and Conventions – Double Entry System – Preparation of Journal, Ledger and Trial Balance – Preparation of Final Accounts –Trading, Profit and Loss Account and Balance Sheet With Adjustment Entries, Simple Problems Only - Capital and Revenue Expenditure and Receipts.

**Unit-II** Depreciation – Causes – Methods of Calculating Depreciation – Straight Line Method, Diminishing Balance Method and Annuity Method. Ratio Analysis – Uses and Limitations – Classification of Ratios – Liquidity, Profitability, Financial and Turnover Ratios – Simple Problems Only.

**Unit-III** Financial Management- Comparative statements and Common size statement of financial statements, trend analysis. Capital Structure and Dividend Policy. Financial Decisions. Inventory Management, Cash Management, and Receivables Management.

**Unit-IV** Funds Flow Analysis – Funds from Operation, Sources and Uses of Funds, Preparation of Schedule of Changes in Working Capital and Funds Flow Statements – Uses and Limitations - Cash Flow Analysis – Cash from Operation – Preparation of Cash Flow Statement – Uses and Limitations – Distinction Between Funds Flow and Cash Flow – Only Simple Problems.

**Unit-V** Cost Accounting - Elements of Cost - Types of Costs, budgeting and budgetary control:- sales budget, cash budget, flexible budget, Variance Analysis – Material Variances – Labour Variances.

**Text Book Required**:

1. I.M. Pandey, Elements of Management Accounting. Vikas Publishing House. Khan and Jain, Financial
2. Management, Tata McGraw Hill Publication.
3. Prasanna Chandra, Financial Management, Tata McGraw Hill Publication. Van Horne James C., Financial
4. Management Policy, Prentice Hall of India.
5. Anthony & A. Alkinson, Robert S. Kaplan & S. Mark Young, Management Accounting 4th Ed.
6. Ther Robert S. Kalpan Series in Management Accounting

### Pedagogy

The instructional tools consist of lectures, demonstrations, case studies and group discussions etc.

### Assessment

Tests, quizzes, tutorials, assignments, group interaction and involvement in class discussion will be considered for continuous assessment.

### Weightage for Assessments

Mid – semester exams of 1 hour 30 minutes 25%

Continuous Assessment 25%

End – semester exams of 3 hours

(Entire portions) 50%

**100%**

### Your participation grade will suffer if you miss classes. Note that the quality of your participation is what counts, not the amount you participate in each class. Before entering the classroom, turn off your cell phones.

### Leave of Absence

Any leave of absence has to conform to regulations printed in the Curriculum.