



**FIRST SEMESTER 2024-25**

Course Handout Part II

26-07-2025

In addition to part-I (General Handout for all courses appended to the timetable) this portion gives further specific details regarding the course.

**Course No.**

: ECON F212

**Course Title**

: FUNDAMENTALS OF FINANCE & ACCOUNTING

**Instructor-in-charge**

: Thota Nagaraju ([nagaraju@hyderabad.bits-pilani.ac.in](mailto:nagaraju@hyderabad.bits-pilani.ac.in))

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**1. Scope and Objective:**

This course is an introduction to the reporting system used by businesses to convey financial information to users external to the enterprise and the basics of financial markets and financial management. In the first part of the course, primary emphasis will be on understanding the financial reports that are the end products of the accounting system- what they tell us about a business enterprise. The accounting principles, conventions and concepts underlying financial reporting will be examined with the objective of developing ability to interpret and analyze financial statements. The second part will emphasize the financial markets; financial market reforms; primary and secondary markets; sources of investment information; portfolio selection, preliminary concepts of financial management etc.

**Learning Outcomes**

No	At the end of the course, the students will be able to;
L01	Interpret, identify, classify elements of the financial accounting transactions and summarize it
L02	Construct classified Balance Sheet, Profit & Loss Account and Cash Flow Statements
L03	Measure, analyze, and evaluate the financial statements and business performance of a firm
L04	Examine the structure and components of the Indian financial system, including its role and significance in the economy.
L05	Explore the determinants of interest rates and their influence on the valuation of financial securities, enhancing decision-making skills in investments and financial planning.
L06	Develop knowledge of various financial markets (money, bond, mortgage, stock, foreign exchange, and derivatives) and the structure of key financial institutions such as insurance companies, investment banks, mutual funds, hedge funds, and pension funds.

**Course Objectives**

No	
C01	Demystify the components and elements of the financial statements.
C02	Learn to prepare financial statements from information and interpret transactions.

<b>C03</b>	Explain the tools and techniques of financial statement analysis.
<b>C04</b>	Understanding the Indian Financial System
<b>C05</b>	Analyzing Interest Rates and Security Valuation
<b>C06</b>	Exploring Financial Markets and Institutions

## 2. Text Book

T1	Financial Accounting – A Managerial Perspective, R. Narayanaswamy, PHI, 5 <sup>th</sup> edition, 2014.
T2	Accounting Text & Cases, Robert Anthony, David Hawkins, Kenneth Merchant, 13 <sup>th</sup> edition, 2013 (For select cases & Management Accounting)
T3	Financial Markets and Institutions, Anthony Saunders and Marcia Cornett, McGraw Hill, 5th Edition

\*If you are not able to find a copy of Text Book, feel free to get any one of the three reference books mentioned below.

## 3. Reference Book(s)

R1	Introduction to financial accounting Horngren, C. T., Sundem, G. L, Elliott, John A and Philbrick, Donna R (). Introduction to financial accounting. 11th Edition, Prentice Hall.
R2	Financial Accounting: A Managerial Emphasis, Ashok Banerjee, Excel Books; 3rd Revised edition, 2009
R3	P. C. Tulsian, Financial Accounting, Tata McGraw Hill, latest edition
R4	Bhole, L.M.and Jitendra Mahakud, “Financial Institutions & Markets: Structure, Growth and Innovations” Tata McGraw Hill, 5th edition, 2009

## 4. Course Plan: Study Modules and Learning Outcomes:

Module No	Module Title	Objectives	Learning outcome (You should be able to answer these questions after the module)	No of Sessions
1: Preparation of Financial Statements	Introduction to Accounting	To understand importance of financial and management accounting in business as a source of value creation	Is accounting mere a historic record of transactions or can it create value for business?	1
	Generally Accepted Accounting Principles (GAAP)	To understand underlying principles of financial accounting	What is the philosophy behind record keeping? Are there any guiding principles for transaction recording?	1
	Journal	To learn the process of recording business transactions in first book of entry called ‘Journal’	How do they record every small business transaction? Are there any rules? Is there a scientific method for recording transactions?	3

Ledger	To learn to classify transactions recorded in Journal using ‘ledger posting’ process	The transactions can differ in type and nature. How do they account for that?	2
Trial balance	To learn to prepare ‘trial balance statement’ (using records from ledger) to get a summarize state of business transactions	It must be difficult to go through thousands of transaction records. Can one just have a summary of transactions like a bird’s eye view?	2
Final Accounts	To learn the process of preparation of ‘Profit and Loss Account’ and ‘Balance Sheet’ using summary of accounts provided by trial balance	What is the result of all transactions that took place during a year - profit or loss? How much does the business own and how much does it owe?	3
Cash flows statement	To learn the process of preparation of ‘Cash Flow Statement’ using data supplied by ‘Income Statement’ and ‘Balance Sheet’	Are you saying profit earned does not equal cash earned? How are these two different? Does that mean the transactions that do not involve cash?	3

2.	Financial Statements Analysis and Interpretation	Financial Statements Preparation, Analysis and Interpretations	To learn to examine financial health of business by converting data exhibited in ‘Income Statement’ and ‘Balance Sheet’ into useful information	How efficiently is business being run? Is the financial position of business healthy or critical? Is it headed for insolvency? What areas need immediate attention?	6
	Assessing Quality of Financial Reporting		To learn to identify accounting red flags wherein there is scope of noise and bias due to rigidity in accounting rules	How to deal with accounting noise and biases while analysing final health of an organization (How to undo accounting distortions)?	1
3	Introduction to Financial System		To learn and examine the structure of Indian Financial System	Know the concepts and structure of financial system – understand its components, functions and effects.	1
4	Determinants of Interest rates and Interest rates and Security Valuation		To learn the determinants of Interest rates and its impact on the security valuation	Know the demand and supply factors of interest rate, time value of money, PV, FV and annuities and interest rate impact on bonds and equity prices.	3
5	Securities Markets	Money Markets		To learn structure of short-term money markets, instruments and participants.	2
		Bond Markets		To learn structure of different	4

		bonds and participants of bond markets.	
	Mortgage markets	To learn structure of mortgage, instruments and participants.	1
	Stock Markets	To learn long-term securities, markets structure, instruments and participants and basics of Risk & Return	3
	Foreign Exchange Rates	To learn concepts and mechanisms of Forex Market, and exchange rate determination	2
	Derivatives securities markets	To understand the nature of derivative products such as forwards, futures, options and swaps.	2
6	Other Financial Institutions	To learn structure insurance, investment banks, mutual funds, hedge funds and pension funds	Understand effect of short-term money market on financial system.
		Total Sessions	42

#### **4. Evaluation Scheme:**

S.No .	Components	Duration	Weightage (%)	Date, Time & Venue	Nature of Component
1	Mid-Semester Exam	90 Mins	35	04/10 - 3.30 - 5.00PM	CB
2	Exit tests		10		OB
3	Assignment		10		OB
4	Comprehensive Exam	3 hours	45	16/12 AN	CB

#### **5. Important Note on Minimum Cut-off for valid grade**

A student should obtain 30% of the average of the 'A' graders in the class, or 40% of the median marks of the class or 20% of the overall marks, whichever is lower to clear the course. If the above requirement is not met, the students will be awarded 'NC'.

**6. Chamber Consolation Hour:** To be announced in the class.

**7. Notices:** Notices, if any, would be put on LMS.

**8. Make-up Policy:** Students should submit their makeup requests (except in case of medical exigency) with the IC at least 6 hours before the exam.

- For medical exigencies, the following are applicable.
- In the case of hospitalization (24-48 hours or more), a make-up request shall be placed by the student, or a parent, or a friend at the earliest.
- In case of consultation with the Doctor within the campus (i.e., in the Medical Center), the student should submit the Medical Certificate (**yellow slip**) issued by BITS Medical Center.
- Makeup for any reasons other than the above: Students shall submit their requests to the IC as soon as possible.
- **No make-up shall be granted for exit tests.** There shall be 8-10 exit tests and best n-2 shall be considered for grading.
- The details of the assignment will be posted on LMS by 15th September 2025. The deadline for submission of the assignment will be 5:00 PM on **15th November 2025**.  
**No extension of the deadline will be possible**

**9. Academic Honesty and Integrity Policy:** Academic honesty and integrity are to be maintained by all the students throughout the semester and no type of academic dishonesty is acceptable.

**Instructor in Charge  
FIN F212  
INSTRUCTOR-IN-CHARGE**