

FF No. : 654**Financial Management and Costing****Course Prerequisites:**

Basic concepts of cost, profit, loss, debit and credit.

Course Objectives:

Students will be able to:

1. Understand, analyze and interpret financial statements
2. Understand and concept of financial accounting for analysis of financial statements of a business.
3. Develop an ability of decision making about investments.

Credits: 2**Teaching Scheme Theory: 2 Hours/Week****Course Relevance:** Basic knowledge of Finance for working in a industry**SECTION-1**

1. Financial Statement Analysis- Nature and Scope of Finance Function; Financial goal profit vs. wealth, Maximization; Scope and Functions of Financial Management, Financial Planning and Forecasting. Budgets & Budgetary Control: Types of Budget, Preparation of Budgets: Operational & Financial Budgets, Financing and Dividend decisions. Types of accounts, bookkeeping, Profit and Loss Account and Balance Sheet, Cash Flow Statement

2. Capital Budgeting and ratio Analysis -Ratio Analysis Classification, Ratio Analysis and its limitations. Types of Ratios, Activity Turnover, Profitability, Liquidity, etc., B: Common Size Statement, Index Statement, Capital Budgeting - Nature of Investment decisions; Investment evaluation criteria - Non-DCF & DCF Techniques, PBP, Discounted PBP, PI, ARR, Annual Worth

3. Working Capital Management - Meaning, significance and types of working capital; calculating operating cycle period and estimation of working capital requirements; sources of working capital, NPV and IRR comparison; Capital rationing. Various committee reports on bank finance; Dimensions of working capital management.

SECTION-II

4. Introduction to concept of Cost and Overheads - Cost, Cost Centre, Cost Unit, Elements of Cost: Material Cost. Different methods of pricing of issue of materials Labour Cost: Direct & Indirect cost, Different methods, Direct Expenses: Constituents and Significance, Prime Cost, Classification: Production, Office & Administration, Selling & Distribution. Treatment of Overheads: Collection, Primary and Secondary Distribution and Absorption of Overheads Machine, Labour hour rate, Under/Over Absorption of Overheads, Preparation of Cost Sheet

5. Costing Methods - Job Costing, Unit Costing, Contract Costing, Process Costing, Activity Based Costing Simple numerical on various methods of costing to enable ascertain cost of product. Standard costing: Concept, Standard Cost, Standard costing. Calculation of Variance Numerical on calculation of variances, Variance – Variance Analysis

6. Marginal Costing and Break Even Analysis - Fixed & Variable (Marginal) Cost, Marginal Cost. Applications of Marginal Costing in Decision-making: Product Mix, Profit Planning, Make or Buy Decisions. Limiting Factor, Cost Volume Profit Analysis, Concept of Break-Even, P/V Ratio and Margin of Safety

List of Tutorials: (Any Three)

- 1.Capital financing
- 2.Working capital finance
- 3.Preparation of Journal entries, Ledgers
- 4.Profit and Loss Account and Balance Sheet
- 5.Ratio Analysis
- 6.Investment decisions
- 7.Product Costing
- 9.Service Costing.
- 10.Process Costing

List of Practicals: (Any Six)

1. Case study on sources of capital and working capital
2. Case study on assessment of working capital
3. Studying and understanding Financial Statements - Profit and Loss
4. Studying and understanding Financial Statements - Balance sheet
5. Studying and understanding various financial ratios used in practice
6. Studying and understanding various financial ratios for decision making
7. Case study on Analysis of published results of an organisation – Manufacturing
8. Case study on Analysis of published results of an organisation – Service industry
9. Prepare a cost sheet to estimate the cost of any product
10. Prepare a cost sheet any process
11. Case study on use Marginal Costing to determine Break Even Point and profitability
12. Case study on use Marginal Costing to determine profitability

List of Projects:

1. Budgeting including sources of capital financing
2. Budgeting including sources of working capital finance
3. Preparation of Journal entries, Ledgers
4. Preparation Profit and Loss Account and Balance Sheet
5. Preparation of Balance Sheet
6. Ratio Analysis based on real life data from project on Profit and loss and Balance sheet
7. Compare Analysis of published results of organisations to enable investment decision
8. Apply Product Costing to estimate cost of any process used in practice
9. Apply Service Costing to estimate cost of any process used in practice
10. Apply Process Costing to estimate cost of any process used in practice
11. Apply Standard Costing to estimate cost of any process used in practice
12. Apply Marginal Costing to determine Break Even Point and profitability

List of Course Seminar Topics:

1. Sources of Capital Financing
2. Working Capital Management
3. Profit and Loss Account
4. Balance Sheet
5. Turnover and Ratios
6. Taxation
7. Product Costing
8. Service Costing
9. Process Costing
10. Investment Decisions

List of Course Group Discussion Topics:

1. Sources of Capital Financing - Bank or Investors.
2. Working Capital Management - Which is better - Less or More?
3. Profit and Loss Account
4. Balance Sheet - Effect on share prices.
5. Turnover and Ratios - which should be focused on?
6. Taxation - Fair or Unfair in India
7. Product Costing - does it drive Profits or Markets?
8. Service Costing - Quality or Cost?
9. Process Costing - Automation or Manual Labour?
10. Investment Decisions - Guts or Statistics?

List of Home Assignments:**Design:**

1. Design a cost estimate for running a Shoe Company.
2. Design a cost estimate for running a Fabrication Shop.
3. Design a cost estimate for running an Online Book Company.
4. Design a cost estimate for running a Grocery Company.
5. Design a cost estimate for running a Data Science Company.

Case Studies :

1. Ratio Analysis based on real life data from project on Profit and loss and Balance sheet in any one sector Company (KPO/BPO, Manufacturing, Pharma,....
2. Compare Analysis of published results of organisations to enable investment decision
3. Apply Product Costing to estimate cost of any process used in any one sector Company (KPO/BPO, Manufacturing, Pharma,....
4. Apply Service Costing to estimate cost of any process used in any one sector Company (KPO/BPO, Manufacturing, Pharma,....
5. Apply Process Costing to estimate cost of any process used in any one sector Company (KPO/BPO, Manufacturing, Pharma,....

Blog

1. Taxation
2. Product Costing
3. Service Costing
4. Process Costing
5. Investment Decisions

Surveys

1. Interest Rates
2. Domestic Investment Decisions
3. Industrial Investment Decisions
4. Government Schemes
5. Suggestions about taxation.

Text Books:

1. Prasanna Chandra, Financial Management – Theory and Practice, Edition 8, 2011, Tata McGraw Hill Education,
2. B. K. Bhar, Cost Accounting– Methods and Problems, Academic Publishers, 1980
3. M. Y. Khan and P K Jain, Financial Management: Text, Problems and Cases, Tata McGraw Hill Education
4. Amitabha Mukherjee and Mohammed Hani, Modern Accountancy, Edition 2, 2002, Tata McGraw Hill Education

Reference Books:

1. Paresh P. Shah, Financial Management, Reprint No. 2 2011, Biztantra, New Delhi,
2. S. N. Maheshwari, Introduction to Accountancy, Edition 11, 2013, Vikas Publishing House
3. M. Y. Khan, P. K. Jain, Management Accounting –Text, Problems, Cases, Edition No. Tata McGraw Hill Publishers, 2013

Course Outcomes:

1. Understand and analyze financial statements and budgeting, interpret accounting ratios
2. Understand the concepts of Capital Budgeting and Working Capital management
3. Understand the mechanics of financial accounting for preparation of financial statements to ascertain the performance and financial position of a business
4. Classify, apply different types of costs and overheads to ascertain costs of a product/ process
5. Apply costing methods as per the suitability for various production processes and services.
6. Develop decision making of optimum product mix, profit planning, make or buy decisions

CO PO Map

CO 1,2,3,4,5,6 -> PO 1,6,7,8,9,10,11,12

Job Mapping:

Better growth opportunities for higher Management positions.