

Approval: 2nd Adhoc Senate Meeting

HS205 Financial Accounting

Credit: 3-0-0-3

Prerequisite: Consent of the faculty member

Students intended for: B.Tech

Elective or Core: Elective

Semester: Even/Odd

Course objective: The objective of the course is to acquaint the students regarding various accounting concepts and its applications in managerial decision making.

Course content:

- Financial Accounting- concept, importance and scope, accounting principles, journal, ledger, trial balance, depreciation (straight line and diminishing balance methods), preparation of final accounts with adjustments. Analysis and interpretation of financial statements – meaning, importance and techniques, ratio analysis; fund flow analysis; cash flow analysis (AS-3). Cost accounting-meaning, importance, methods, techniques; classification of costs and cost sheet; inventory valuation; an elementary knowledge of activity based costing. Cost concepts, Direct & Indirect cost, Types of cost, full costing, overhead allocations, and preparation of cost sheet; Concept, distinctive features of Activity-Based Costing, Cost Drivers, Cost of Activities, and Cost object such as product, service, and customer; Product mix decisions, cost and financial profit reconciliation
- Management accounting- concept, need, importance and scope; Budgetary control- meaning, need, objectives, essentials of budgeting, different types of budgets; standard costing and variance analysis (materials, labour); marginal costing and its application in managerial decision making. Cost, Volume, Profit analysis, P/V ratio, analysis and implications, Concept and uses of contribution; Differential costing and incremental costing; concept, uses and applications; Method of calculation of these cost and its role in management decision making like sales, replacement, buying etc. Meaning, definition & objectives of fund flow statement, Meaning of funds & flow, Technique of preparation of fund flow statement-Sources of funds & application of fund, provision for income tax, proposed dividend, digging out hidden information, payment of dividend, purchase or sale of investments, uses of funds flow statement, limitations of funds flow statement, difference between: Schedule & Statement, Net profit & funds from operations, fund flow statement & income statement, fund flow statement & balance sheet.
- Meaning & objective of cash flow statement, Procedure of preparing cash flow statement-direct & indirect method, cash flows from operating activities, cash flow from investing activities, cash flows from financing activities, special aspects- provision for income tax, proposed dividend, provision for depreciation, depreciation on fixed assets, loss or profit on sale of fixed assets difference between fund flow statement & cash flow statement. Concept of standard costs, establishing various cost standards, calculation of Material Variance, Labour Variance, and

Overhead Variance, and its applications and implications. Concept and various approaches to responsibility accounting, concept of investment center, cost center, profit center and responsibility center and its managerial implications, Transfer Pricing – Multinational transfer pricing, market based transfer pricing, cost-based transfer pricing, Cost of Quality and Time.

Suggested Readings:

1. Khan, M.Y. and Jain, P.K., Management Accounting, TMH, New Delhi.
2. Singhal, A.K. and Ghosh Roy, H.J., Accounting for Managers, JBC Publishers and Distributors, New Delhi
3. Pandey, I.M., Management Accounting, Vikas Publishing House, New Delhi
4. Horngren, Sundem and Stratton, Introduction to Management Accounting, Pearson Education, New Delhi.
5. Anthony R. N. and Reece J. S., Management Accounting Principles, Homewood, Illinois, Richard D. Irwin, 1995.
6. Hansen & Mowen, Cost Management, Thomson Learning
7. Mittal, S. N., Management Accounting and Financial Management, Shree Mahavir Book Depot, New Delhi.
8. Jain, S. P. and Narang, K. L., Advanced Cost Accounting, Kalyani Publishers, Ludhiana.
9. Bhattacharyya S K and Dearden J- Accounting for Management (Vikas).
10. Williamson Duncan, Cost & Management Accounting, Wheeler Publishing, New Delhi,
11. Narayanswami - Financial Accounting: A Managerial Perspective (PHI, 2nd Edition).
12. Mukherjee - Financial Accounting for Management (TMH, 1st Edition).
13. Ramchandran & Kakani - Financial Accounting for Management (TMH, 2nd Edition).
14. Ghosh T P - Accounting and Finance for Managers (Taxman, 1st Edition).
15. Maheshwari S.N. & Maheshwari S K – An Introduction to Accountancy (Vikas, 9th Edition)
16. Gupta Ambrish - Financial Accounting for Management (Pearson Education, 2nd Edition)
17. Chowdhary Anil - Fundamentals of Accounting and Financial Analysis (Pearson Education, 1st Edition).