

## MBAH 402: BUSINESS ACCOUNTING AND FINANCE

**Workload:** 4 hours per week - Total credits 04

**Examination :** 3 hours; 30 marks continuous evaluation & 70 marks final examination.

**Objectives:**

1. Explain basic accounting principles, Financial Statements features, and basic accounting terminology.
2. Explain and use of accounting equation and how the equation is related to the financial statements.
3. Prepare basic financial statements and explain how the basic statements express themselves.
4. To assess the plans for investments.
5. Analyzing the decision on capital structure and dividend.
6. To recognize an organization's work capital management.
7. To provide with the sources of finance.

**Course:** 1. Demonstrate theoretical knowledge and its application in real time accounting.

**Outcomes**

2. Demonstrate knowledge regarding accounting principles and its application.
3. Independently undertake financial statement analysis and take decisions.
4. Understand the basic financial concepts.
5. Evaluate the investment decisions.
6. Analyze the capital structure and dividend decisions.
7. Estimate working capital requirements.

**Pedagogy** Lectures, assignments, practical exercises, discussions, seminars.

**Module 1, Accounting Concepts, Principles, Bases and Policies:** Introduction to Financial, Cost and Management Accounting- Generally accepted accounting principles, Conventions and Concepts-Balance sheet and Profit & Loss account and related concepts - Introduction to inflation accounting- Introduction to human resources accounting- **Accounting Standards** - Scope and functions of Accounting Standards Board-International Financial Reporting System.

**Module 2, Accounting Mechanics:** Meaning of double entry accounting- Classification of accounts under Traditional approach and under Accounting Equation approach- Transactions and events-Meaning and roles of debit and credit- writing up Journals, passing journal entries, Introduction to various Secondary Books of account- Posting to Ledger- Depreciation methods and accounting- Preparing Trial balance, Adjustment entries

**Module 3, Company Accounts:** Final Accounts: Introduction , Adjustments before preparing final accounts , Depreciation , Bad Debts and accounting treatment of bad debts , Provision for doubtful debts , Reserves for Discount on Debtors and Creditors , Closing Stock-**Preparation of Trading Account**, Profit and Loss Account and Balance Sheet as Per Companies Act.

**Module 4, Financial Statement Analysis:** Meaning and type of Financial statement-Analysis and interpretation of financial statements-Types of financial analysis- Techniques of financial analysis- Limitations-Ratio Analysis, Meaning of Ratios, Classification of ratios, Advantages and Limitations, **Inter firm and Intra firm comparison using ratio analysis**, Meaning of Funds Flow statement, Preparation of Funds flow statement, Uses and limitations of funds flow statements- Cash flow analysis, preparation of Cash flow statement, Utility and Limitations of Cash flow statements.

**Module 5, Business Finance:** Introduction to Business Finance, Meaning and Definition of Financial Management, Objectives of Financial Management- (Profit Maximization and Wealth Maximization), Modern Approach to Financial Management- (Investment Decision, Financing Decision, Dividend Policy Decision), Finance and its relation with other disciplines, Functions of Finance Manager.

**Module 6, Working Capital Management:** Meaning of Working Capital, its components & types, Operating Cycle, Factors affecting working capital, Estimation of working capital requirement. (Total Cost Method & Cash Cost Method)

**Module 7, Capital Structure:** Meaning and Factors affecting Capital Structure, Different sources of finance. Concept and measurement of Cost of Capital (measurement of Specific Cost and WACC), Trading on Equity, Concept of Leverages and its types.

**Module 8, Capital Budgeting:** Meaning, Definition of Capital Budgeting, Time value of money. Tools of evaluation of the project based on traditional techniques and modern techniques - ARR, Payback Period, Discounted Payback Period, NPV, PI & IRR.

Reference Books:

1. Ghosh T.P., Financial Accounting for Management, TMH, 2000.
2. Khan and Jain, Accounting for Management TMH, 2001.
3. R. Narayanaswamy - Financial Accounting - A managerial perspective Prentice Hall India Pvt., Ltd., 2003
4. Prasanna Chandra. Financial Management, Tata McGraw Hill, New Delhi.
5. Khan and Jain, Financial Management,
6. I M Pandey, Financial Management, (Vikas Publishing House Pvt.Ltd)
7. Bhattacharya S.K., John Dearden - Accounting for Management text and cases - Vikas publishing house, New Delhi, 2001
8. S.N. Maheshwari- Principle of Management Accounting: Sultan Chand & Sons, New Delhi, 2010
9. Managerial Accounting, Dr. Mahesh Abale and Dr. ShriprakashSoni
10. Financial Accounting for Management: Shankarnarayanan, Ramanath- CENGAGE Learning
11. Financial Accounting for Managers, Sanjay Dhmiya, Pearson Publications
12. Ravi M. Kishore, Financial Management, Taxman Publications.
13. S.N. Maheshwari, Fundamentals of Financial Management- Sultan Chand Publications.
14. Financial Management, Shashi K. Gupta and R.K. Sharma (Kalyani Publication)
15. Basics of Financial Management, V.K. Saxena and C.D.Vashist (Sultan Chand & Sons)
16. Financial Management, A Contemporary Approach, Rajesh Kothari(SAGE)
17. Financial Management, Dr. Mahesh Abele & Dr. ShriprakashSoni (Himalaya Publishing House Pvt.Ltd.)
18. Working Capital Management, Theory and Practice, Dr. P. Periasamy (Himalaya Publishing House)
19. Financial Management, I M Pandey (Vikas Publishing House Pvt. .Ltd)
20. Fundamentals of Financial Management, A.P.Rao (Everest Publishing House)
21. Advanced Financial management, N.M.Vechalekar

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