



Indian Institute of Management, Ahmedabad
Course Outline for Financial Reporting & Analysis (2008-10)

Instructors
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COURSE OBJECTIVES

Every organisation uses various types of resources to accomplish its one or more objectives. **Accounting** is an information system that provides information about the amounts of these resources, the means of financing them, and the results achieved through using them. This information is required by various stakeholders like shareholders, employees, suppliers, financial institutions, customers, and statutory agencies.

This Course enables the students to develop an ability to understand various financial statements and to analyze and interpret the data contained in these statements for improved decision-making. The course is divided into 2 modules of 15 and 15 sessions each.

Module 1 covers the framework of accounting concepts; mechanics related to preparation of the balance sheet, income statement, cash flow statements, computation of ratios and also covers basic analysis of the annual report. Module 2 covers evaluating managerial choices of alternative accounting practices, issues in accounting policy, accounting standards and their impact on the financial statements.

TEXT:

Accounting: Text and Cases (12th Edition)

Robert N Anthony, David F Hawkins and Kenneth A Merchant (AHM)

EVALUATION

Class Participation and Attendance	10%
Quizzes	30%
Examinations	60%

All quizzes will be surprise quizzes and will have equal weightage. The number of quizzes reckoned for evaluation in the course would be one less than the number of quizzes administered. Request of re-evaluation of quizzes would not be normally entertained. For students who might not be able to keep pace with the class, remedial sessions may be offered. These sessions would be offered only on specific request of the student body.

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MODULE I: FRAMEWORK OF ACCOUNTING CONCEPTS & MECHANICS

Session Schedule

Session 1	Balance Sheet Reading: (1) AHM: Chapter 1: The Nature and Purpose of accounting (2) AHM: Chapter 2: Basic Accounting Concepts: The Balance Sheet Case: Lone Pine Café (A) (Case # 2 -3)
Session 2 &3	Income Statement Reading: (1) AHM: Chapter 3: Basic Accounting Concepts: The Income Statement Case: Symphony Theatre [IIMA]
Session 4	Integration of Accounts Case: Chemalite Inc. 9-I77-078
Session 5	Case: Jindal Manufacturing (IIMA)
Session 6 &7	Case: Birla 3M [IIMA]
Session 8 &9	Cash Flows Reading: AHM: Chapter 11: Statement of Cash Flows Case: Chemalite Inc [B] [9-I95-I30]
Session 10	Case: Statements of Cash Flows: Three Examples [9-I93-I03]
Session 11-12	Session Understanding of Annual Report Reading: AHM: Chapter 14: Understanding Financial Statement Colgate Palmolive Case 9-I96-II6 Annual Report of Pantaloon Retail India 2006-07
Session 13-14	Financial Statement Analysis Reading: (1) AHM: Chapter 13: Financial Statement Analysis (2) Financial Statement and Ratio Analysis [9-I01-029] Case: Financial Analysis of Pantaloon Retail India Using data from Prowess (Introduction to Prowess)
Session 15	Overview of the Module, Review and Outstanding Issues
Exam.	

MODULE2: ACCOUNTING POLICIES, STANDARDS & THEIR IMPACT ON FINANCIAL STATEMENTS

Session Schedule

Session 16	Revenue Recognition Reading: Revenue Recognition and Reporting [9-101-050] Case: Bausch and Lomb Inc [9-101-010]
Session 17	Revenue Recognition Case: Boston Automation [9-103-041]
Session 18	Inventory Reading: Question of LIFO/FIFO which is Preferable [9-104-087] Case: Rent-Way Inc [9-101-089]
Session 19	Inventory Case: Seitel Inc [9-100-022]
Session 20	Asset Reporting Reading: Asset Reporting [9-101-014] Case: Microsoft's Financial Reporting Strategy [9-100-027]
Session 21	Depreciation Reading: Long Lived Fixed Assets [9-195-264] Case: Depreciation at Delta and Singapore Airlines [9-198-001]
Session 22	Accounting for Fixed Assets Case: Land Securities Group [A] [9-105-014]
Session 23	Accounting for Liabilities Reading: Liability Reporting [9-101-016] Case: Accounting for the Intel Pentium Chip Flaw [9-101-072]
Session 24	Accounting for Liabilities [Off Balance Sheet] Case: Accounting for Frequent Fliers [9-192-040]
Session 25	Lease Accounting Reading: Lease Accounting and Analysis [9-100-003] Problem: A Note on Comdisco's Lease Accounting [9-196-122]
Session 26 & 27	Deferred Taxes Reading: Accounting for Deferred Taxes (by Shailesh Gandhi) Case: Daizy Healthcare [B] [IIMA]
Session 28 & 29	Consolidation Reading: AHM: Chapter 12: Acquisitions and Consolidated Statements Case: Coca Cola A [9-100-001]
Session 30	Review and Feedback