

INSTITUTE	FACULTY OF MANAGEMENT STUDIES
PROGRAM	BACHELOR OF BUSINESS ADMINISTRATION
SEMESTER	3
COURSE TITLE	UNDERSTANDING FINANCIAL STATEMENTS
COURSE CODE	04OE0005
COURSE CREDITS	3

Course Outcomes: After completion of this course, student will be able to:

- 1 Understanding of financial statements.
- 2 Explain the use of financial information to Value and Analyse firms
- 3 Analyse Financial Statements using comparative statements
- 4 Analyse Financial Statements using Ratio Analysis.

Pre-requisite of course:NONE

Teaching and Examination Scheme

Theory Hours	Tutorial Hours	Practical Hours	ESE	IA	CSE	Viva	Term Work
3	0	0	50	30	20	0	0

Contents : Unit	Topics	Contact Hours
1	Introduction of Financial statements & Income Statement Financial Statements, Importance, Various users of Financial Statements, Presentation of Financial Statements. Interrelation between Income Statement and Balance Sheet, Income Statement: manufacturing vs. Trade organizations. Vertical Vs Horizontal form, Components – Sales (Top line), Income from other sources, cost of goods sold, gross margin, EBITDA, EBITA, EBIT, EBT, EAT, Provisions, Earnings available to owners (Bottom Line)	12
2	Statement of Financial Position Meaning, Definition, and purpose, horizontal vs. vertical form. Assets - Fixed, tangible, Intangible assets. Current Assets – Cash, Debtors, Bills receivables, deferred payments, Bank balance, Stock/ Inventory, Tangible & Intangible Assets, Gross block, Net Block, Investments. Current assets: accounts receivables, Inventory, Loans and advances and others. Shareholders 'funds, Long term Loans. Current liabilities	8
3	Analysis & Interpretation of Financial Statements – I Analysing Financial Statements using Comparative Financial Statements, Common size Financial Statements and Trend Analysis	6

Contents : Unit	Topics	Contact Hours
4	Analysis & Interpretation of Financial Statements – II Analysing and Interpret Financial Statements using ratio analysis, Classification of financial ratios, Ratio Analysis-meaning, objectives, advantages and limitations, Liquidity and Solvency ratios, Profitability Ratios, Market Test Ratios	10
Total Hours		36

Textbook :

- 1 Finance made easy Series(Box set), N. Ramachandran and RamkumarKakakni, Mac-Graw hill publication, 2014
- 2 Management Accounting, Khan M.Y & Jain P. K, Mac-Graw hill publication, 2014

References:

- 1 Finance for Non-Finance, Finance for Non-Finance, Vishal Thakkar, TV18 Broad castLtd, 2014
- 2 Romancing Balance sheet for anyone who owns, runs or manages a business, Romancing Balance sheet for anyone who owns, runs or manages a business, Anil Lamba, CNBCTV18 Drawbridge Publication, 2016

Suggested Theory Distribution:

The suggested theory distribution as per Bloom’s taxonomy is as follows. This distribution serves as guidelines for teachers and students to achieve effective teaching-learning process

Distribution of Theory for course delivery and evaluation					
Remember / Knowledge	Understand	Apply	Analyze	Evaluate	Higher order Thinking
20.00	30.00	25.00	15.00	10.00	0.00

Instructional Method:

- 1 Theory