

COURSE TITLE	ADV. FINANCIAL ACCOUNTING
COURSE CODE	05FN0203
COURSE CREDITS	4

Objective:

- 1 To impart a thorough understanding of Accounting Standards and its importance.
- 2 To impart a thorough understanding of Cash Flow Statement and Revenue Recognition.
- 3 To impart a thorough understanding of applicability and methodologies for valuation and measurement of inventories.
- 4 To develop proficiency in identifying and categorizing cash flows into operating, financing, and investing activities.
- 5 To develop practical application fosters a deeper understanding of revenue recognition concepts and prepares students for real-world financial reporting challenges.

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

- 1 Student can empower with a comprehensive understanding and navigates through the conceptual foundations, practical applications, and nuanced differences between Accounting Standards and Indian Accounting Standards, focusing on their applicability and methodologies for valuation and measurement of inventories.
- 2 Student can embellish financial reporting comprehension, this study delves into the scope, benefits, and preparation methods of Cash Flow Statements, coupled with practical insights into operating, financing, and investing activities, as well as the conceptual framework and practical applications of Revenue Recognition principles in sales of goods and rendering services.
- 3 Students can gain a comprehensive understanding of accounting standards, recognizing their necessity and significance in ensuring uniformity and transparency in financial reporting practices.
- 4 Students can familiarize themselves with Indian Accounting Standards (Ind AS) and discern the distinctions between Accounting Standards (AS) and Ind AS.
- 5 Students can delve into the concept of inventory valuation, exploring its scope and various techniques for measuring inventories.
- 6 Students can explore the scope and benefits of Cash Flow Statements, learning methods for their preparation and analysis.

Pre-requisite of course:Functional Knowledge of Account

Teaching and Examination Scheme

Theory Hours	Tutorial Hours	Practical Hours	ESE	IA	CSE	Viva	Term Work
3	0	2	50	30	20	25	25

Contents : Unit	Topics	Contact Hours
1	Accounting Standards - Concept of Accounting Standards, Need & Importance of Accounting Standards , - Introduction of Indian Accounting Standards & difference between AS and Indian AS, Applicability of Indian AS	11
2	valuation of Inventories - Concept of Valuation of Inventories and Scope, Techniques for measurement of Inventories, Measurement of Inventories.	11
3	Cash Flow Statement - Scope & Benefits of Cash Flow Statement, Methods of Preparing Cash Flow , - Practical of Operating Activities, financing Activities and Investing Activities	11
4	Revenue Recognition - Concept of Revenue Recognition, Scope & Applicability, Practical of Sale of goods and rendering of services – Revenue recognition	12
Total Hours		45

Suggested List of Experiments:

Contents : Unit	Topics	Contact Hours
1	<p>Unit 1</p> <p>1. AS-2 (Inventories): A company has 100 units of inventory purchased at \$10 per unit. 50 units are sold at \$15 per unit. The remaining units are now estimated to have a net realizable value of \$8 per unit. Calculate the value of inventory to be reported in the financial statements according to AS-2. 2. AS-2 (Inventories): Explain the difference between the cost and net realizable value of inventory. How does this difference impact the valuation of inventory according to AS-2? 3. AS-2 (Inventories): Discuss the different methods of costing inventory (FIFO, LIFO, Weighted Average). Which method is generally preferred under Indian Accounting Standards? 4. AS-2 (Inventories): A company has inventory damaged in a fire. How should this inventory be valued and accounted for in the financial statements according to AS-2? 5. Indian Accounting Standards: What is the difference between Indian Accounting Standards (Ind AS) and Accounting Standards (AS)? Which set of standards are currently applicable in India? 6. Applicability of Indian AS: Explain the applicability of Indian Accounting Standards to different types of entities in India. 7. Valuation of Inventories: A company uses the FIFO method for inventory valuation. Explain how the cost of goods sold and ending inventory would be calculated under this method. 8. Cash Flow Statement: Define cash flow from operating activities, investing activities, and financing activities. Provide examples of each. 9. Cash Flow Statement: Explain the difference between the direct and indirect methods of preparing a cash flow statement. Which method is generally preferred under Indian Accounting Standards? 10. Operating Activities: A company reports net income of \$100,000. Depreciation expense for the period is \$20,000. Accounts receivable increased by \$10,000 during the period. Calculate the net cash provided by operating activities using the indirect method. 11. Investing Activities: A company purchases equipment for \$50,000 in cash. How would this transaction be reflected in the cash flow statement? 12. Financing Activities: A company issues \$100,000 of bonds payable. How would this transaction be reflected in the cash flow statement? 13. Cash Flow Statement: Analyze a given set of financial statements and prepare a cash flow statement using the indirect method.</p>	15

Suggested List of Experiments:

Contents : Unit	Topics	Contact Hours
2	Unit 2 1. Revenue Recognition: What are the key criteria for recognizing revenue under the accrual basis of accounting? 2. Revenue Recognition: Explain the five-step model for revenue recognition under IFRS 15. 3. Sale of Goods: A company sells goods on credit to a customer. When should the revenue from this sale be recognized? 4. Rendering of Services: A company provides consulting services to a client. When should the revenue from these services be recognized? 5. Revenue Recognition: A company enters into a contract to provide a complex service over a period of time. How should the revenue from this contract be recognized? 6. Revenue Recognition: A company offers a significant warranty on its products. How should the warranty costs be accounted for in revenue recognition? 7. Revenue Recognition: Analyze a given contract and determine the appropriate revenue recognition method. 8. Integrated Case: A company sells a product with a significant warranty. Analyze the impact of this warranty on the company's inventory valuation, cash flow statement, and revenue recognition. 9. Ethical Considerations: Discuss the ethical implications of manipulating inventory valuation or revenue recognition. 10. Impact of Accounting Standards: Explain how changes in accounting standards can impact a company's financial statements and decision-making. 11. Critical Thinking: Evaluate the effectiveness of current accounting standards in providing useful information to investors and other stakeholders.	15
Total Hours		30

Textbook :

- 1 Financial Accounting: An International Approach, Jagdish Kothari and Elisabetta Barone, McGraw-Hill Education, 2018

References:

- 1 Advanced Financial Accounting, Advanced Financial Accounting, Richard E. Baker, Valdean C. Lembke, and Thomas E. King, McGraw-Hill Education, 2022
- 2 Advanced Accounting, Advanced Accounting, Joe Ben Hoyle, Thomas Schaefer, and Timothy Douppnik, McGraw-Hill Education, 2022
- 3 Advanced Accounting, Advanced Accounting, Floyd A. Beams, Joseph H. Anthony, Bruce Bettinghaus, and Kenneth Smith, Pearson, 2022
- 4 Advanced Financial Accounting, Advanced Financial Accounting, Theodore Christensen, David Cottrell, and Cassy Budd, McGraw-Hill Education, 2022

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

Remember / Knowledge	Understand	Apply	Analyze	Evaluate	Higher order Thinking / Creative
20.00	30.00	25.00	25.00	15.00	0.00

Instructional Method:

- 1 Board Work
- 2 PPT
- 3 Demo

Supplementary Resources:

- 1 <https://www.investopedia.com/terms/f/financialaccounting.asp>
- 2 <https://www.accountingtools.com/>