



## Course information 2011–12

### AC1025 Principles of accounting

This course is designed to introduce you to accounting and financial management on which subsequent, more specialised accounting courses are based.

#### Prerequisite

None apply.

Please note that people who are professionally qualified in the accountancy field, who would now like to take a degree may apply for exemption from this paper.

#### Aims and objectives

This course provides an introduction to financial and management accounting. It is aimed at providing a broad understanding of the theory and practice of financial accounting, management accounting and financial management, both for non-specialist students and as a foundation for further study in the area.

This course does not focus on the technical aspects, but rather examines the basic principles and underlying concepts and the ways in which accounting statements and financial information can be used to improve the quality of decision-making.

#### Essential reading

Elisabetta Barone (compiled by), *Principles of Accounting*, Financial Times-Prentice Hall Custom Publication, Harlow, 2011

#### Assessment

This course is assessed by a three hour fifteen minute unseen written examination which includes reading time.

#### Learning outcomes

At the end of this course and having completed the essential reading and activities students should be able to:

- ✓ distinguish between different uses of accounting information and relate these uses to the needs of different groups of users
- ✓ explain and apply financial accounting concepts and conventions
- ✓ prepare the primary financial statements in accordance with the formats of IAS 1 and IAS 7
- ✓ analyse, interpret and communicate the information contained in the primary financial statements, and explain the limitations of such statements and their analysis
- ✓ categorise cost behaviour, and prepare and contrast inventory valuations under different costing methods
- ✓ describe the budgeting process and discuss the use of budgets in planning and control
- ✓ explain, discuss and apply relevant techniques to aid internal users in decision-making.

Students should consult the *Programme Regulations for degrees and diplomas in Economics, Management, Finance and the Social Sciences* that are reviewed annually. The Prerequisites, Exclusions, and Syllabus are subject to confirmation in the *Regulations*. Notice is also given in the *Regulations* of any courses which are being phased out and students are advised to check course availability.

## Syllabus

This is a description of the material to be examined, as published in the *Regulations*. On registration, students will receive a detailed subject guide which provides a framework for covering the topics in the syllabus and directions to the essential reading.

This course is designed to introduce you to financial and management accounting. Traditionally concerned with measuring, recording and reporting financial transactions and events, modern accounting provides a broad range of information for a wide variety of users. Financial accounting and reporting is primarily concerned with the needs of users outside the business, such as shareholders, regulators and creditors. In contrast, management accounting is concerned with the needs of users who are internal to the business, such as directors, managers, and employees.

The course is arranged in two sections. The first section introduces and explains financial accounting concepts and conventions, and provides a grounding in double-entry bookkeeping and the preparation of basic financial statements. The second section introduces a range of management accounting applications and techniques for planning, decision-making and control. Reference is made throughout to underlying theories and principles. Emphasis is placed on the ability to explain and interpret accounting information.

### Section 1

Statement of Financial Position, cash flow statements, and income statements: their construction, use and interpretation. Accounting concepts and conventions: their nature, purposes and limitations. The nature and capital structure of different forms of businesses including limited companies.

### Section 2

Cost behaviour, marginal and total absorption costing for stock. Introduction to budgetary planning and control, including standard costs, targets, and simple variance analysis. Techniques for short and long-term decision-making, including: C-V-P analysis, relevant costs, introduction to capital investment appraisal.