



Course information 2019–20

AC1025 Principles of accounting

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.

Exemptions

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

- introduce you to the principles underlying accounting
- enable you to apply, interpret and explain key accounting techniques
- provide a broad understanding of the theory and practice of financial and management accounting.

Essential reading

Leiwy, D. and Perks, R. *Accounting: Understanding and Practice*, McGraw-Hill

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 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 appropriate *EMFSS Programme Regulations*, which are reviewed on an annual basis. The *Regulations* provide information on the availability of a course, where it can be placed on your programme's structure, and details of co-requisites and prerequisites.

Syllabus

This is a description of the material to be examined. 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 accounting and financial management. 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 and financial management 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 the primary financial statements. The second section introduces a range of applications and techniques for planning, decision-making and control.

Section 1 Financial accounting

Accounting harmonisation and International Financial Reporting Standards. Accounting concepts and conventions: their nature, purposes and limitations. How to prepare and interpret financial statements: 'Statement of Financial Position', income statement and statement of cash flows. Analysis and interpretation of financial statements.

Section 2 Management accounting and financial management

Cost behaviour, marginal and total absorption costing for inventory. Cost-volume-profit analysis. Introduction to budgetary planning and control, including standard costs, targets, and variance analysis. Making capital investment decisions.