

# Accounting & Financial Management

## MNGT 4620

(Core)

### Course aims / objectives:

The aim of this course is to show how the effective use of financial information can improve organisational decision making. We therefore examine the design and operation of accounting systems. Users of accounting information are typically classified as either external users (eg, investors) or internal users (eg, managers). Different users have different interests and different decisions to make. Accordingly, their supporting accounting systems also differ. This course deals with the needs of these two main user groups.

The course develops:

- analytic skills associated with the interpretation of accounting reports;
- evaluation and judgmental skills associated with the use of accounting information in decision making; and
- technical and computational skills associated with the production of accounting information.

### Topics include:

#### Module 1: Nature and Objectives of External Financial Reporting

- Nature of accounting
- Principal Financial Statements
- The objective of financial reporting
- The regulatory environment
- Development of accounting principles and standards

#### Module 2: The Basic Financial Statements

- The accounting equation
- Assets: nature and recognition
- Liabilities: nature and recognition
- Shareholders equity
- Determination of profit
- Difference between profit and cash
- Relationship between the major financial statements
- The Annual report: a more detailed analysis
- Transaction analysis

#### Module 3: The Accounting Cycle

- What are accounting transactions
- Journal entries
- Posting to the general ledger
- Trial balance
- Financial statements

#### Module 4: Revenue and Expense Recognition in Accrual Accounting

- Conceptual foundation of accrual accounting
- Accrual accounting adjustments
- Accounting for inventory
- Depreciation
- Contra accounts
- Accounts receivable

#### Module 5: Cash Flow Statement

- Structure and purpose of the Cash Flow Statement

- Understanding cash flow from operations
- Cash flow statement procedures
- Liquidity and solvency issues

### **Module 6: Financial Statement Analysis**

- Purpose and framework for financial analysis
- Ratio analysis
- Risk analysis
- Common size financial statements
- Effective cash management

### **Module 7: Cost Volume-Profit Analysis**

- Introduction to management accounting
- Cost behaviour
- Cost volume-profit analysis

### **Module 8: Product and Service Costing**

- Use of product and service costs
- Cost types: product versus period
- Types of costing systems
- Job Costing
- Plant wide v. department overhead costs
- Activity based costing
- Segment profitability analysis

### **Module 9: Budgeting**

- Purpose of budgeting
- Profit planning
- Master budget
- Cash budgets and liquidity planning
- Flexible budgeting
- Performance reports