

IB133-15 Foundations of Accounting

21/22

Department

Warwick Business School

Level

Undergraduate Level 1

Module leader

Louise Gracia

Credit value

15

Module duration

10 weeks

Assessment

100% exam

Study location

University of Warwick main campus, Coventry

Description

Introductory description

This is an elective module available for non-WBS students.

The module aims to provide students with a broad introduction to financial and management accounting from a managerial or user perspective rather than that of an accounting specialist.

[Module web page](#)

Module aims

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Outline syllabus

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

- Measuring and reporting financial position: overview of the main financial statements; classification of assets and liabilities; accounting conventions and concepts; basic construction and meaning of the statement of financial position.

- Measuring and reporting financial performance: the relationship between the income statement and the statement of financial position; recognising revenue and expenses; layout of income statement; depreciation; cost of sales; basic construction and understanding of an income statement (profit and loss account).
- Measuring and reporting cash flows: the importance of cash flow; differences between cash and profit; construction and analysis of basic cash flow statements.
- Analysing and interpreting financial statements: using various ratios to enable a firm's performance to be analysed and compared to its peers or its own performance over time; limitations of ratio analysis.
- Cost-volume-profit analysis: classification of costs; break -even analysis; using relevant costs to inform short -term decision-making.
- Full costing in single and multi-product businesses; total absorption costing; introduction to activity-based costing.
- Budgeting: the relationship between budgeting and strategy; how budgets link to each other; preparation of budgets; introduction to variance analysis; using budgets as control devices – behavioural considerations

Learning outcomes

By the end of the module, students should be able to:

- Explain the nature and purpose of the three main financial statements; explain accounting conventions used in their construction.
- Identify major categories of ratios used for analysis purposes.
- Distinguish between fixed and variable costs; identify costs which are relevant to marginal decisions; find break-even points and margins of safety; explain weaknesses in break-even analysis; and demonstrate how marginal analysis can be used in short-term decision-making.
- Calculate important ratios using financial statement information.
- Explain the problems involved in charging full costs in a multi-product environment; and describe the role and nature of activity-based costing.
- Explain the relationship between budgets, strategic objectives and strategic plans; describe how various budgets are interlinked in a business.
- Interpret ratios in order to analyse position of firm, demonstrating understanding of the limitations of this type of analysis.

Indicative reading list

P Atrill and E McLaney, Accounting and Finance for non-Specialists (7th edition), Financial Times/Prentice Hall, 2011.

Subject specific skills

Construct simple versions of the three main financial statements from relevant information provided.

Use traditional full-costing techniques to deduce the full cost of a unit of output in both a single-product and a multi-product environment.

Construct budgets from relevant data; and flex budgets to take account of changes in output.

Transferable skills

Provide clear written explanations of various aspects of the module, including: the use of budgets as tools for achieving organisational objectives; the advantages and disadvantages of activity-based costing in comparison to traditional costing; the uses and limitations of ratio analysis; the (intended and unintended) consequences of imposing accounting conventions on the preparation of financial statements.

Manage their own learning, completing tasks in advance of seminars and reading the relevant chapters from their text book each week.

Study

Study time

Type	Required
Lectures	10 sessions of 2 hours (13%)
Seminars	9 sessions of 1 hour (6%)
Private study	48 hours (32%)
Assessment	73 hours (49%)
Total	150 hours

Private study description

Private Study.

Costs

No further costs have been identified for this module.

Assessment

You do not need to pass all assessment components to pass the module.

Assessment group B2

	Weighting	Study time
Online Examination	100%	73 hours
Exam		

- Online examination: No Answerbook required

Feedback on assessment

Summary feedback on examination performance will be posted on my.wbs. Individual written feedback will not be given, but formative verbal feedback will be provided to students within seminar sessions.

[Past exam papers for IB133](#)

Availability

Post-requisite modules

If you pass this module, you can take:

- IB396-15 Financial Statement Analysis and Security Valuation
- IB234-15 Financial Reporting 2

Courses

This module is Core optional for:

- Year 1 of UGEA-RN21 Undergraduate German and Business Studies
- Year 1 of UIPA-L8N1 Undergraduate Global Sustainable Development and Business
- Year 2 of UMAA-G1NC Undergraduate Mathematics and Business Studies
- Year 2 of UMAA-G1N2 Undergraduate Mathematics and Business Studies (with Intercalated Year)
- Year 2 of UPXA-F3N1 Undergraduate Physics and Business Studies
- Year 2 of UPXA-F3N2 Undergraduate Physics with Business Studies

This module is Optional for:

- UECA-3 Undergraduate Economics 3 Year Variants
 - Year 1 of L116 Economics and Industrial Organization
 - Year 1 of L116 Economics and Industrial Organization
- USTA-GG14 Undergraduate Mathematics and Statistics (BSc)
 - Year 2 of GG14 Mathematics and Statistics
 - Year 2 of GG14 Mathematics and Statistics
- USTA-Y602 Undergraduate Mathematics, Operational Research, Statistics and Economics
 - Year 2 of Y602 Mathematics, Operational Research, Stats, Economics

- Year 2 of Y602 Mathematics, Operational Research, Stats, Economics

This module is Core option list C for:

- Year 2 of UPHA-F3N1 Undergraduate Physics and Business Studies

This module is Option list A for:

- Year 3 of UESA-HN12 BEng Engineering Business Management

This module is Option list B for:

- Year 2 of UESA-HN15 BEng Engineering Business Management
- Year 2 of UMAA-G105 Undergraduate Master of Mathematics (with Intercalated Year)
- UMAA-G100 Undergraduate Mathematics (BSc)
 - Year 2 of G100 Mathematics
 - Year 2 of G100 Mathematics
 - Year 2 of G100 Mathematics
- UMAA-G103 Undergraduate Mathematics (MMath)
 - Year 2 of G100 Mathematics
 - Year 2 of G103 Mathematics (MMath)
 - Year 2 of G103 Mathematics (MMath)
- Year 2 of UMAA-G106 Undergraduate Mathematics (MMath) with Study in Europe
- Year 2 of UMAA-G1NC Undergraduate Mathematics and Business Studies
- Year 2 of UMAA-G1N2 Undergraduate Mathematics and Business Studies (with Intercalated Year)
- Year 2 of UMAA-GL11 Undergraduate Mathematics and Economics
- Year 2 of UECA-GL12 Undergraduate Mathematics and Economics (with Intercalated Year)
- Year 2 of UMAA-G101 Undergraduate Mathematics with Intercalated Year
- USTA-Y602 Undergraduate Mathematics, Operational Research, Statistics and Economics
 - Year 2 of Y602 Mathematics, Operational Research, Stats, Economics
 - Year 2 of Y602 Mathematics, Operational Research, Stats, Economics

This module is Option list G for:

- UPHA-V7ML Undergraduate Philosophy, Politics and Economics
 - Year 1 of V7ML Philosophy, Politics and Economics (Tripartite)
 - Year 1 of V7ML Philosophy, Politics and Economics (Tripartite)
 - Year 1 of V7ML Philosophy, Politics and Economics (Tripartite)
- USX2-Y202 Undergraduate Social Studies [2 + 2]
 - Year 3 of Y202 Social Studies [2 + 2]
 - Year 3 of Y202 Social Studies [2 + 2]