

IB146-15 Accounting for Business

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 a core module that introduces business students to the fundamentals of financial and management accounting and its broad range of users.

[Module web page](#)

Module aims

- To develop students' ability to prepare financial information in line with accepted accounting principles.
- To provide students with knowledge and understanding of the uses and applications of accounting information as a business tool in decision-making, planning and performance assessment.
- To develop students' awareness of the underpinning principles and limitations of accounting information and the impacts of these on its use.
- To enable students to analyse and interpret accounting information, in ways that support business decisions and management.

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.

- Financial and management accounting as important sources of business information – what is it, who needs it and why it is important.
- How accounting information is produced – use of technology and human practice – its nature and limitations.
- Financial accounting Key financial statements – Income Statement, Statement of Financial Position and Statement of Cash flows. Assets and liabilities; revenues and expenses; capital and reserves. Accounting equations. Key underpinning concepts and principles of financial accounting (e.g. going concern, money measurement, historic cost, accruals, prudence and objectivity), where judgement is used. Recognition issues (i.e. what's included in financial statements) – e.g. revenues. Measurement (valuation) issues – e.g. non-current assets, inventory, receivables. Differences between cash and profit and the importance of liquidity. Interpretation of financial statements and basic ratio analysis.
- Management accounting Cost-Volume-Profit Analysis for short-term decision making – cost behaviour, break-even, contribution, margin of safety, and limitations. Full Absorption Costing for decision making – cost categories (direct/indirect), allocation, apportionment and absorption of costs, over/under recovery of overheads, uses and limitations. Introduction to Activity Based Costing. Budgeting for planning and control – purposes, preparation and basic variance analysis.

Learning outcomes

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

- Explain the objectives of financial and management accounting as business tools, providing information for planning, decision making, control and the performance evaluation of management.
- Interpret the main financial statements drawing on appropriate accounting techniques.
- Explain the relevance of costs to the decision-making process and use a range of costing techniques to produce information that supports management decision-making.
- Understand how budgets are used for planning and control purposes, and the limitations of these.
- Appreciate the main underlying concepts and limitations of accounting information and the impact of these limitations on the use of such information.
- Appreciate the nature accounting information, and be able to describe the relationship between different branches of accounting (financial and management) and between different financial statements.
- Evaluate the underpinning principles of accountings and the limitations of accounting information.
- Apply management accounting concepts and practices to analyse business problems and inform their consideration.
- Interpret accounting information using a range of techniques including ratio analysis.

Indicative reading list

Core text:

Latest edition of: Atrill, P. and McLaney, E. Accounting and Finance for Non-Specialists.

Additional reading is identified as the latest edition of: Carey, M., Knowles, C. and Towers-Clark, J. (2017) Accounting: a smart approach (3rd edition). Oxford University Press: England. ISBN 978-0-19-874513-6

Subject specific skills

Use ratio analysis to interpret financial statements in order to evaluate a business' profitability, liquidity and asset management.

Understand the nature of costs and undertake the preparation of costing statements, using a range of costing approaches, and be able to extract this information to inform management decisions.

Prepare and analyse budgets, using basic variance analysis to support this analysis.

Transferable skills

Demonstrate financial awareness around the importance and relevance of accounting as a key business tool in decision making, planning and performance evaluation.

Be able to organise and use accounting information to support business problem solving and control.

Interpret financial statements to provide meaningful information to different business stakeholders. Effectively communicate the results of analyses of financial statements and costing information to a range of business users.

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

Reading of texts, articles and journals. Preparing for seminars.

Costs

No further costs have been identified for this module.

Assessment

You must pass all assessment components to pass the module.

Assessment group B

	Weighting	Study time
In-person Examination Exam	100%	
~Platforms - AEP		

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- Answerbook Green (8 page)
 - Students may use a calculator

Feedback on assessment

Feedback via my.wbs.

[Past exam papers for IB146](#)

Availability

Post-requisite modules

If you pass this module, you can take:

- IB396-15 Financial Statement Analysis and Security Valuation
- IB232-15 Management Accounting for Decision Making and Control
- IB234-15 Financial Reporting 2

Courses

This module is Core for:

- UIBA-N20B BSc in Management
 - Year 1 of N20B Management
 - Year 1 of N20B Management
 - Year 1 of N23K Management with Accounting
 - Year 1 of N234 Management with Digital Innovation
 - Year 1 of N235 Management with Entrepreneurship
 - Year 1 of N232 Management with Finance

- Year 1 of N252 Management with Marketing
- Year 1 of N23L Management with Strategy and Organisation
- Year 1 of UIBA-N1RA Undergraduate International Business with French
- Year 1 of UIBA-N1RB Undergraduate International Business with German
- Year 1 of UIBA-N1RC Undergraduate International Business with Italian
- Year 1 of UIBA-N1RD Undergraduate International Business with Spanish
- UIBA-N20F Undergraduate International Management
 - Year 1 of N20F International Management
 - Year 1 of N20F International Management
 - Year 1 of N20S International Management (with Accounting)
 - Year 1 of N20T International Management (with Chinese)
 - Year 1 of N20N International Management (with Digital Innovation)
 - Year 1 of N20P International Management (with Entrepreneurship)
 - Year 1 of N20M International Management (with Finance)
 - Year 1 of N20U International Management (with French)
 - Year 1 of N20L International Management (with Marketing)
 - Year 1 of N20V International Management (with Spanish)
 - Year 1 of N20W International Management (with Strategy and Organisation)
 - Year 1 of N20E Management (with Foundation Year)
 - Year 1 of N234 Management with Digital Innovation
- UIBA-N20E Undergraduate Management (with Foundation Year)
 - Year 2 of N20E Management (with Foundation Year)
 - Year 2 of N23N Management with Accounting (with Foundation Year and Placement Year)
 - Year 2 of N23M Management with Accounting (with Foundation Year)
 - Year 2 of N23E Management with Digital Innovation (with Foundation Year)
 - Year 2 of N23F Management with Entrepreneurship (with Foundation Year)
 - Year 2 of N23D Management with Finance (with Foundation Year)
 - Year 2 of N254 Management with Marketing (with Foundation Year)
 - Year 2 of N23P Management with Strategy and Organisation (with Foundation Year)

This module is Optional for:

- Year 1 of UGEA-RN21 Undergraduate German and Business Studies
- Year 1 of UIPA-L8N1 Undergraduate Global Sustainable Development and Business
- Year 1 of UIBA-MN3B Undergraduate Law and Business Studies