

# IB133-15 Foundations of Accounting

**23/24**

**Department**

Warwick Business School

**Level**

Undergraduate Level 1

**Module leader**

Sadia Khan

**Credit value**

15

**Module duration**

10 weeks

**Assessment**

100% exam

**Study location**

University of Warwick main campus, Coventry

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## Description

### Introductory description

This module forms part of the Business & Management pathway 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

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.

### 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.

1. 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.

2. 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).
3. Measuring and reporting cash flows: the importance of cash flow; differences between cash and profit; construction and analysis of basic cash flow statements.
4. 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.
5. Cost-volume-profit analysis: classification of costs; break -even analysis; using relevant costs to inform short -term decision making.
6. Full costing in single and multi-product businesses; total absorption costing; introduction to activity -based costing.
7. 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 importance of financial and management accounting as business tools and the nature and the importance of accounting information to a broad range of users.
- Prepare basic financial statements, including the Income Statement and Statement of Financial Position, acknowledging the links between these statements of financial performance and position.
- Understand and apply a range of basic accounting tools to assist management decision-making, planning, control and performance appraisal.
- Identify the limitations of accounting information and explain the implications of these for the analysis, interpretation and use of that information.
- Interpret and comment on a range of different types of accounting information and effectively communicate results or responses to user groups using appropriate financial language.
- Interpret ratios in order to analyse position of firm, demonstrating understanding of the limitations of this type of analysis.
- Calculate important ratios using financial statement information

## **Indicative reading list**

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

## **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.

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## Study

### Study time

| Type                          | Required                    |
|-------------------------------|-----------------------------|
| Lectures                      | 10 sessions of 1 hour (13%) |
| Seminars                      | 9 sessions of 1 hour (12%)  |
| Online learning (independent) | 10 sessions of 1 hour (13%) |
| Private study                 | 48 hours (62%)              |
| Total                         | 77 hours                    |

### Private study description

Private Study.

## Costs

No further costs have been identified for this module.

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## Assessment

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

### Assessment group B3

|                    | Weighting | Study time |
|--------------------|-----------|------------|
| Online Examination | 100%      | 73 hours   |
| Exam               |           |            |
| ~Platforms - AEP   |           |            |

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## Weighting

## Study time

- Online examination: No Answerbook required

## Feedback on assessment

In class and on my.wbs

[Past exam papers for IB133](#)

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## Availability

### Post-requisite modules

If you pass this module, you can take:

- IB233-15 Financial Reporting 1
- IB230-15 Accounting in Context
- IB337-15 Business Taxation
- IB396-15 Financial Statement Analysis and Security Valuation
- IB232-15 Management Accounting for Decision Making and Control

## 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-G1N2 Undergraduate Mathematics and Business Studies (with Intercalated Year)
- Year 2 of UPXA-F3N1 Undergraduate Physics and Business Studies

This module is Optional for:

- UECA-3 Undergraduate Economics 3 Year Variants
  - Year 1 of L100 Economics
  - Year 1 of L100 Economics
  - Year 1 of L100 Economics
  - Year 1 of L116 Economics and Industrial Organization
  - Year 1 of L116 Economics and Industrial Organization
- UECA-LM1D Undergraduate Economics, Politics and International Studies
  - Year 1 of LM1D Economics, Politics and International Studies
  - Year 1 of LM1D Economics, Politics and International Studies
- Year 1 of UPHA-L1CA Undergraduate Economics, Psychology and Philosophy

This module is Unusual option for:

- Year 1 of UPHA-L1CA Undergraduate Economics, Psychology and Philosophy

This module is Core option list C for:

- Year 2 of UPXA-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 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]