

# IB146-15 Accounting for Business

**23/24**

**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

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## 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.

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## **Study**

### **Study time**

<b>Type</b>	<b>Required</b>
Lectures	10 sessions of 2 hours (26%)
Seminars	9 sessions of 1 hour (12%)
Private study	48 hours (62%)
Total	77 hours

### **Private study description**

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

## **Costs**

No further costs have been identified for this module.

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## **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](#)

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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

There is currently no information about the courses for which this module is core or optional.