

# IB133-15 Foundations of Accounting

**26/27**

**Department**

Warwick Business School

**Level**

Undergraduate Level 1

**Module leader**

Richard White

**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.

This is an elective module designed specifically for non-WBS students. To find detailed availability and to apply for this module, log in to [my.wbs.ac.uk](http://my.wbs.ac.uk) using your normal IT login details and apply via the my.wbs module application system. Once you've secured a place on my.wbs you should apply via your home department's usual process, which usually takes place via eVision.

Note that you do not require the module leader's permission to study a WBS module, so please do not contact them to request it.

[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

[Reading lists can be found in Talis](#)

## 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**

<b>Type</b>	<b>Required</b>
Lectures	10 sessions of 1 hour (7%)
Seminars	9 sessions of 1 hour (6%)
Online learning (independent)	10 sessions of 1 hour (7%)
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.

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### **Assessment**

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

### **Assessment group B5**

Assessment component	Weighting	Study time	Eligible for self-certification
Centrally-timetabled examination (On-campus) Exam	100%	73 hours	No

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- Students may use a calculator
  - Answerbook Pink (12 page)

Reassessment component is the same

## 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:

- IB2AT-15 Applied Accounting Technology
- IB3K7-15 ESG Valuation and Investment
- IB396-15 Financial Statement Analysis and Security Valuation
- IB233-15 Financial Reporting 1

### Anti-requisite modules

If you take this module, you cannot also take:

- IB2D3-15 Accounting in Practice
- IB146-15 Accounting for Business
- IB124-15 Introduction to Financial Accounting

## Courses

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