

<b>Unit Title</b>	Accounting Fundamentals
<b>Level</b>	1
<b>Reference No.</b> (showing level)	IAF-1-194 (previous unit)
<b>Value</b>	15 CAT points
<b>Pre-requisites</b>	None
<b>Student Study Hours</b>	Contact hours: 39 Student managed learning hours: 111
<b>Pre-requisite learning</b>	None
<b>Co-requisites</b>	None
<b>Excluded combinations</b>	None
<b>Unit co-ordinator</b>	Peter Blowes
<b>Subject Area</b>	BCIM / Accounting and Finance
<b>Short Description</b>	This unit introduces the basics of financial accounting and assumes no prior knowledge of the subject. It is directed at the understanding of accounting statements and the mechanics of their preparation. It also provides the foundation for later accounting units.
<b>Aim &amp; Learning Outcomes</b>	<p>The overall aim of the unit is to provide students with a broad understanding of the theory and practice of accounting and its place in the business environment, so they may understand both the output of accounting activity and the uses to which financial information is put.</p> <p><b>KNOWLEDGE AND UNDERSTANDING</b></p> <p>On completion of this unit students should be able to:</p> <ol style="list-style-type: none"> <li>Describe requirements of the users of financial accounts and discuss the extent to which the main accounting statements meet their needs.</li> <li>Explain specialised accounting terminology and demonstrate the purpose / use of maintaining and reconciling accounting systems.</li> <li>Describe and apply the concepts and regulatory framework underlying financial accounts.</li> <li>Make simple judgements on business profitability and solvency.</li> <li>Understand and describe the concepts underlying acquisition of non-current assets and compute depreciation using different methods.</li> <li>Compute stock valuations on different bases and explain their importance and implications; correctly show the effects of accruals and pre-payments on the final accounts; adjust for bad debts and provisions.</li> <li>Understand the composition and layout of limited company accounts for a single entity.</li> <li>Use accounting ratios for the analysis and interpretation of company accounts.</li> </ol>

	<p>ix. Understand the need for and construction of a cash flow Statement for a single entity.</p> <p><b>INTELLECTUAL SKILLS</b></p> <p>Students are expected to start to develop the following intellectual skills</p> <ul style="list-style-type: none"> <li>• Critical thinking</li> <li>• Independent learning and basic research skills</li> <li>• Understanding methodologies</li> </ul> <p><b>PRACTICAL SKILLS</b></p> <p>Students are expected to develop the following practical skills</p> <ul style="list-style-type: none"> <li>• Using of information technology</li> <li>• Effective written communication</li> </ul>
<b>Transferable Skills</b>	<p>During the course students are expected to develop the following transferable skills</p> <ul style="list-style-type: none"> <li>• Working effectively in groups</li> <li>• Time management</li> </ul>
<b>Teaching Style</b>	<p>The unit is presented in the form of lectures and seminars – a lecture to convey the main outline of the week’s topics, and a seminar, in which practical examples will be worked in class and difficult areas explained by the seminar tutor.</p> <p>Students should work through computer assisted learning packages on understanding accounts and book-keeping as part of their private study.</p>
<b>Summary Indicative Content</b>	<p><b>Conceptual and Regulatory Framework:</b>  Objectives of Accounting  Users of accounting information and needs  Concepts underlying Accounting  International Financial Reporting Standards and terminology of Accounting  Balance sheet equation and impact on transactions</p> <p><b>Accounting Systems:</b>  Recording transactions – including accounting for indirect taxes Balancing ‘T’ accounts, extracting a Trial Balance  Reconciliations</p> <p><b>Extraction of Final Accounts for a sole trader from a Trial Balance:</b>  Gross Profit and cost of sales  Stock Valuation  Accrued and prepaid income and expenses  Bad and doubtful debts  Asset valuation/Depreciation  Manufacturing Accounts</p> <p><b>Accounting and Limited Companies:</b>  Legal status of limited company &amp; comparisons with sole traders  The Companies Acts  Types of share capital &amp; Loan Finance  Accounting for Share Capital, Dividends and Accumulated Profits</p> <p><b>Appraisal of Business Performance:</b>  Introduction to ratio analysis</p>

	<p>Profitability, Liquidity &amp; Performance ratios</p> <p><b>Cash Flow Statements</b></p> <p><b>Accounting for charities – income and expenditure accounts</b></p> <p><b>Introduction to Auditing:</b>  External Audit  Internal Audit</p>
<b>Assessment Elements and weighting</b>	<ul style="list-style-type: none"> <li>• A group Coursework Assignment of approximately 2,300 words involving the use of ratios</li> <li>• One unseen 2 hour examination comprising:   Part 1 (compulsory) – 20 multiple choice questions carrying equal marks (30% of marks)  Part 2 (compulsory) – 1 question involving the extraction of a company profit and loss account and balance sheet from a Trial Balance and including appropriate adjustments (40% of marks) and 1 optional question (from 3) (30% of marks).</li> </ul> <p><b>Assessment Pass Mark: 40% for the unit with a minimum mark for each element of 30% (35% for students wanting to gain professional body exemptions).</b></p> <p><b>Weighting: 60% examination, 40% coursework</b></p>
<b>Indicative Sources (Reading lists)</b>	<p>Core: Wood Frank &amp; Sangster Alan: Business Accounting 1 &amp; 2 (latest editions), Prentice Hall, ISBN: 0-273-65552-3</p> <p>Additional:</p> <p>BPP or FTC Kaplan Publishing: Fundamentals of Financial Accounting (CIMA Paper CO2) manual – Latest Edition</p> <p>Dyson J R: Accounting for Non-Accounting Students, Latest Edition, Pearson Education</p> <p>Holmes, Sugden and Gee, Interpreting Company Reports and Accounts. Latest Edition. Pearson Education.</p> <p>McLaney Eddie &amp; Attil Peter: Accounting: An Introduction, Prentice Hall, ISBN: 0-13-989716-X</p>