

COURSE SYLLABUS

COURSE TITLE:	ANALYTICAL ACCOUNTING	COURSE CODE:	ACCT127
PREREQUISITES:	ACCT111	SEMESTER:	SPRING 2017
INSTRUCTOR:	MR CHRIS FITZSIMONS	CREDITS:	3
EMAIL:	c.fitzsimons@exterieur.groupe-igs.fr	SCHEDULE:	Fridays 11:30-14:00

COURSE DESCRIPTION:

This highly practical and calculation-based course is designed to go beyond the recording of transactions into decision-making, planning and control from the perspective of a manager in a modern business context. We will emphasize the impact of behavioural matters and the international context of global business on the calculations involved.

Students who have studied financial accounting in other institutions should carefully check the syllabus of ACCT111 to ensure they are in compliance with ACCT127 requirements.

COURSE OBJECTIVES:

This course is structured into two themes (judging business performance and decision-making), the respective objectives of which are to show students:

1. how Luca Pacioli's 15th century double-entry logic provides a contemporary language for judging performance competitive firms in areas such as profitability, solvency, liquidity and cashflow in increasingly globalized and benchmarked markets;
2. that managers too will be benchmarked on their performance, need to learn how to take financial decisions and can learn to use accounting information to their advantage!

Presence in class is mandatory. More than 2 absences will lead to a failing grade.

EXPECTED LEARNING OUTCOMES:

By the end of the class, the students should be able to understand:

- The significance of ratio analysis of financial statements
- Techniques for cashflow analysis using "indirect" and "direct" methods;
- Cost behaviour at different levels of activity as part of "cost-volume- profit analysis";
- Calculation of sales price based on cost and the notion of minimum acceptable sales price;
- Principles of budget and forecast information;
- Tools for judging actual performance in decentralized operations;
- Tools for measuring actual against target performance.

MANDATORY TEXTBOOK

Reeve, Warren, Duchac *Principles of Financial and Managerial Accounting*

ISBN-13: 978-1-111-57953-1



The course textbook must be brought to class and is mandatory during the in-class assignment and class participation practice exercises.

EVALUATIONS:

The final grade will be determined as follows:

- 25% class performance;
- 25% in-class assignment;
- 50% final exam;

Due to the importance of the group dynamic, active participation in class exercises is graded at the end of each semester. Non programmable calculators without graphic display must be provided by and brought to class **by students**. Mobile phones **must not be brought to class** or examinations and will be subject to confiscation if used.

COURSE SCHEDULE:

WEEK	CLASSWORK	TOPIC
Session 1 3 February	Practice exercises	Judging Business Performance I- Profitability Evolution: how Luca Pacioli's aristocratic owner gave way to "shareholders" and "stakeholders" and how relative profitability became important. Horizontal and vertical analysis. Vertical analysis of profitability with typical ratios. Definitions of profit and earnings. Return on assets and return on investment. Earnings per share and P/E ratios from actual financial statements. Accounting for taxation.
Session 2 10 February	Practice exercises	Judging Business Performance II- Leverage The importance of capital structure: the debt: equity mix. The effect of debt on earnings per share EPS.
Session 3 17 February	Practice exercises	Judging Business Performance III- Liquidity The concept of the operating and cash cycles in a business. Current assets versus current liabilities. Can the business meet its short term commitments? <i>Reeve et al.</i> chapter 14.
Session 4 24 February	Practice exercises	Judging Business Performance IV- Statement of cashflows Preparation under the indirect method. <i>Reeve et al.</i> chapter 14.
Session 5 3 March	In-class assignment	Judging Business Performance V- Statement of cashflows Preparation under the direct method. <i>Reeve et al.</i> chapter 14.

Session 6 10 March	Practice exercises	Forecasting Business Performance I- Making a plan Making a budget: key planning tool. <i>Reeve et al.</i> Ch. 21.
Session 7 17 March	90 minutes, then review	MID TERM EXAM
Session 8 31 March	Practice exercises	Forecasting Business Performance II-- Efficiency and effectiveness Monitoring actual and forecast performance by calculating variances against budget as a key control tool: direct materials, direct labor and variable overheads. Standard costs. <i>Reeve et al.</i> Chapter 22
Session 9 7 April	Practice exercises	Forecasting Business Performance III- Building up sales price from cost Job-Order Costing in industries such as construction, movies, aircraft and professional services. Working from cost to sales price on a mark-up basis. <i>Reeve et al.</i> Chapter 17.
Session 10 14 April	Practice exercises	Forecasting Business Performance IV- How low can our sales price be? Review of midterm. Fixed and variable behaviour of costs. Volume produced as the primary driver of cost. Variable costing and Contribution margin. Based on our knowledge of cost, how do we reach decisions on whether we can accept a particular sales price? Break-even point. <i>Reeve et al.</i> Chapter 19-20
Session 11 21 April	Practice exercises	Judging Managerial Performance V- Optimizing decision making Variable costing as the basis of relevant costs in decision making. Transfer Pricing of transactions in global businesses. Ethical issue- multinationals may sometimes use their management accounting knowledge to manipulate the amount of tax they pay in a particular country. <i>Reeve et al.</i> Chapter 23.
Session 12 28 April	Practice exam questions	Staying balanced! Exam preparation Review of the course.

Final Exams will be scheduled by the administration and will be posted by 31 March 2017. The last day of the semester is 12 May 2017. DO NOT PLAN ANY TRAVEL BEFORE THIS DATE AS THERE ARE NO MAKE-UP EXAMS.