

## **SYLLABUS**

### **Module Objectives**

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The course is an introductory course about the role of accounting in decision-making. It aims to give participants a practical grasp of accounting concepts from two perspectives: external and internal. Firstly, the basics of financial accounting concepts and the analysis of published financial statements will be considered as applicable to an external user of accounting information. Secondly, the management (or managerial) accounting perspective will cover the elements related to the use of accounting information for internal purposes, such as costing of products/services, relevant costs/benefits in decision-making, and the appraisal of divisional/managerial performance using financial and non-financial metrics. While the course brings forward, and relies on, a great deal of technical terms, it strives to avoid unnecessary jargon, and seeks to relate as much as possible to the participants' daily experiences as well as examples coming from various resources such as annual reports, business and general newspapers, advertising, books and videos. The over-riding objective is that managers should be able to properly discern and interpret accounting information, and contribute to discussions or decision making based on, or about, accounting data. Although there will be computational aspects within the course, the focus will not be on the preparation of financial statements but on the interpretation and analysis of the resulting numbers.

The financial accounting part of the course will be one-day long and aims at developing the participants' understanding of the information contained within the primary financial statements (as per International Financial Reporting Standards - IFRS) i.e. the statement of financial position (i.e. balance sheet), the income statement, and the cash-flow statement and within the annual report in general. There will be a group activity to present the following morning. The remaining time will be devoted to cost and management accounting topics. By the end of the module, students will be able to:

- (a) Explain the purpose, underlying assumptions and limitations of key corporate financial accounting statements, namely the Income statement, Statement of Financial Position (Balance sheet) and Cash flow statement.
- (b) Apply the fundamental concepts of financial accounting to assess how particular transactions should be accounted for and the consequences thereof.
- (c) Apply financial analysis techniques to evaluate a company's performance by relying on information from accounting and other related statements.

(d) Explain and apply the main types of cost classifications in a number of decision making situations (e.g. break even, cost-volume-profit analysis, pricing, short term decision making)

(e) Explain the concept of management control systems and their role in organisations.

(f) Calculate divisional performance using financial metrics and evaluate the validity and usefulness of these measures in a given setting.

(g) Explain and critically discuss the role of performance management frameworks in companies, such as the Balanced Scorecard.

## Course Work

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The course is based on a mix of lectures, discussions, in-class exercises and case studies. In-class learning must be complemented by readings and internet resources (see below). You must make sure you have a calculator (no smartphone allowed) and preferably the one you will use in the examination.

## Evaluation

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A two-hour examination will be carried out a few weeks after the end of the course (date to be confirmed by the School).

Participants will be evaluated accordingly:

- Final Examination (numerical and essay questions)      100%

## Readings

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- Jones M., Accounting (2nd edition), Wiley, 2006.
- Drury, C., Management Accounting for Business Decisions, Thomson, 2005.
- **Dyson J.R., Accounting for Non-accounting Students (8th edition), 2010 (copy to be circulated via Cotrugli).**

Students should carry out a preliminary reading of the following chapters, noting down any difficult terminologies or concepts. The detailed references for the textbooks are available below).

	Drury	Jones	Dyson (8th edition)
1. Introduction to accounting	-	Ch. 1	<b>Ch.1</b>
2. Financial accounting conventions	-	Ch. 2	<b>Ch. 2, 3</b>
3. Form and content of financial statements	-	Ch. 4, 5, 6 & 8	<b>Ch. 4, 5, 7, 8, 9</b>
4. Interpretation of financial statements	-	Ch. 8, 9, 12 & 13	<b>Ch.10</b>
5. Introduction to management accounting and cost classification	Ch. 1 & 2	Ch. 15 & 16	<b>Ch. 12, 13 &amp; 14</b>
6. Cost-volume-profit analysis	Ch. 3	Ch. 19	<b>Ch. 17</b>
7. Relevant costs and decision making	Ch. 4 & 7	Ch. 19	<b>Ch. 18</b>
8. Performance measures and the balanced scorecard	Ch. 13, 16 & 22	Ch. 20	-

In preparation for the financial analysis topic, students should access the website of a UK company (Next Plc) and its annual report (Financial Year ended January 2018). Read the annual report with a view to familiarise yourself with the business of the company and its financial information How relevant is one's understanding of (financial) accounting? Access the report here: <https://www.nextplc.co.uk/investors/reports-and-presentations/2017-18>

**How relevant is the analysis of financial accounts today? Consider reading these articles:**

<https://leftfootforward.org/2018/01/carillion-was-in-dire-financial-trouble-why-did-the-government-keep-awarding-it-contracts/>

<https://www.theguardian.com/business/2019/mar/15/patisserie-valerie-accounts-black-hole-94m-say-kpmg>

<https://economia.icaew.com/news/december-2018/sfos-case-against-ex-tesco-executives-collapses>

**Furthermore, the state of financial accounting and auditing in countries is regularly reviewed by the World Bank (known as ROSC reports), accessible for many countries in the region and in a useful snapshot of country-level practices and progress:**

<http://documents.worldbank.org/curated/en/docsearch/document-type/904555>

Course Schedule (may be subject to change)

Day 1 – 19 April 2019	
<b>Time</b>	
9:00 – 11:00	<ul style="list-style-type: none"> <li>• Session 1: Introduction to accounting, role and purpose of accounting.</li> <li>• Financial accounting fundamentals and conventions.</li> </ul>
<b>11:00 – 11:15</b>	<b>BREAK</b>
11:15 – 12:45	<ul style="list-style-type: none"> <li>• Session 2: Form and content of company financial statements (including relevant accounting terminologies, vocabulary, depreciation) – using the case of Next PLC.</li> </ul>
<b>12:45 – 14:00</b>	<b>LUNCH</b>
14:00 – 16:00	<ul style="list-style-type: none"> <li>• Session 3: How to interpret financial statements – applying the financial analysis framework.</li> </ul>
<b>16:00 – 16:15</b>	<b>BREAK</b>
16:15 – 17:30	<ul style="list-style-type: none"> <li>• Practical exercises – financial analysis</li> </ul>
<b>Assessed task</b>	<b>To prepare a short report and poster presentation in teams for the following day</b>
Day 2 – 20 April 2019	
<b>Time</b>	
9:00 – 10:30	<ul style="list-style-type: none"> <li>• Poster presentation and report submission.</li> </ul>
<b>10:30 – 10:45</b>	<b>BREAK</b>
10:45 – 12:45	<ul style="list-style-type: none"> <li>• Session 4: Introduction to cost and management accounting</li> <li>• Session 5: Cost behaviour and cost volume profit analysis.</li> </ul>
<b>12:45 – 14:00</b>	<b>LUNCH</b>
14:00 – 16:00	<ul style="list-style-type: none"> <li>• Session 6: Multiple break-even point; relevant costs and decision-making</li> </ul>
<b>16:00 – 16:15</b>	<b>BREAK</b>
16:15 – 17:30	<ul style="list-style-type: none"> <li>• Session 6 continued and exercises</li> </ul>
<b>Assessed task</b>	<b>Preparation for team ‘pub’ quiz the following day</b>
Day 3 – 21 April 2019	
<b>Time</b>	
9:00 – 10:00	<ul style="list-style-type: none"> <li>• Team ‘pub quiz’ assessment</li> </ul>
10:00 – 11:00	<ul style="list-style-type: none"> <li>• Session 7: Management control and financial performance measures.</li> </ul>
<b>11:00 – 11:15</b>	<b>BREAK</b>
11:15 – 12:45	<ul style="list-style-type: none"> <li>• Session 7: Management control and financial performance measures (continued)</li> <li>• Session 8: Performance management using non-financial measures.</li> </ul>
<b>12:45 – 14:00</b>	<b>LUNCH</b>
14:00 – 15:00	<ul style="list-style-type: none"> <li>• Practical exercises</li> </ul>
<b>15:00 – 15:30</b>	<b>Examination Guidance &amp; closing</b>

## Other course policies

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### **Attendance:**

Given that a substantial amount of knowledge will be acquired in class through individual and team discussions, attendance will be considered a crucial issue in this course. If a participant needs to be absent in some session, it should be communicate it to the instructor well in advance.

### **Punctuality:**

Problem formulation is made at the beginning of the class. That activity determines and shapes the rest of the class analysis and discussion. So, being late in the session will strongly limit the student's ability to actively participate and share his/her thoughts. Furthermore, to leave the class before its end is unacceptable either.

### **Individual Participation:**

One of the basic skills of any person in the business world is the ability to communicate his/her ideas in an organized and intelligible fashion. For that reason, class participation becomes a fundamental expected attitude in the course participants. Highly valued comments and contributions include: focusing in topics not fully discussed yet, sharing different perspectives in the analysis, commenting working experiences related to the cases under study, and applying theories/frameworks/models that may help find a solution to the problem.

Had a participant not being able to prepare for class discussion, he/she is expected to communicate it to the instructor at the beginning of the class.

### **Academic Integrity:**

COTRUGLI Business School support and expect the highest standards of academic honesty. Just as integrity is valued in the workplace, it is also the foundation for how we should conduct ourselves during the course. Academic misconduct will not be tolerated. As such, students should not share any information regarding exams or presentations. Copying work of other participants, especially during the period before and after the residency, is a serious offense.

Discussion of individual assignments is encouraged, but the end product is expected to be an individual's effort. It is the responsibility of the course participants to contact the instructor with any question they might have of what constitutes appropriate ethical standards.

**NOTE:** The content of the syllabus might be modified during the course to better meet the needs and expectations of the participants. Complementary material will be distributed during the classes.

## Professor's Profile

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**PROFESSOR:** Teerooven Soobaroyen

**AFFILIATIONS:**

University of Essex

**EXPERTISE:**

Financial Accounting and Reporting, Corporate Governance Management Accounting and Control

**BIOGRAPHY & PROFESSIONAL ACTIVITIES:**

Teerooven has over 20 years' experience in teaching, advisory and research activities and is since 2016, Professor of Accounting at the University of Essex. He has held academic positions at the University of Mauritius, Aberystwyth University (Wales, UK), and until 2015 was a Reader (Associate Professor) in Accounting at the University of Southampton. He has taught financial accounting and management accounting at undergraduate and at Masters/MBA level for many years.

He has published several research articles in internationally recognised peer-refereed journals such as *Accounting Forum*, *Critical Perspectives on Accounting*, *Financial Accountability and Management*, *Accounting and Business Research*, *Journal of Business Ethics*, *Corporate Governance: International Review*, and *Accounting, Auditing and Accountability Journal*. His work and research interests, presented at a number of international conferences and funded by external bodies (such as the *Chartered Institute of Management Accountants*; *Leadership Foundation for Higher Education*), are related to the areas of corporate governance implementation, governance and board dynamics in higher education institutions, corporate social and environmental accounting and accounting & accountability in non-profit organisations.

Google Scholar record and citations:

<https://scholar.google.com/citations?user=KFoUd3EAAAAJ&hl=en>