This unit introduces the elements of both financial and management accounting with two primary objectives. The first is to provide the skills necessary to read and interpret company financial reports. Topics include the definition and measurement of assets, liabilities, revenue and expenses; balance sheets; profit and loss statements; and cash flows. The second objective is to provide an introduction to the use of cost information for making operating and strategic decisions within an organisation. Topics include the definition of various cost types; the identification of cost behaviour; types of costing systems; and the use of cost information in simple decision models.
Contact details

<table>
<thead>
<tr>
<th>Lecturer</th>
<th>Virgilio C. Avila</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-mail:</td>
<td><a href="mailto:vcavila@yahoo.com">vcavila@yahoo.com</a></td>
</tr>
<tr>
<td>Telephone</td>
<td>0927-3178934</td>
</tr>
</tbody>
</table>

Lecture times: As per schedule
Lecture venue: 26th Floor, IIAP
Ayala-Life FGU Centre, Makati City

Your lecturer

VIRGILIO C. AVILA, MBA, CPA

Ver graduated as a magna cum laude from the University of the East with a degree of BSBA major in Accounting. He received his MBA degree with high distinction from the Graduate School of Business of the DLSU Professional Schools, Inc.

A 14th placer in the CPA board exam, he started his career at SGV and Co. To broaden his experience, he had also worked in an international trading corporation, an insurance brokerage company, and a management consultancy firm. He used to be the financial controller of a publicly listed real estate firm where he managed four departments under the finance division.

He now works as a financial consultant. He is also a lecturer and a regular training facilitator at the School of Management of the University of Asia and the Pacific. He is likewise a part-time faculty at the Graduate School of Business of the DLSU Professional Schools, Inc. He co-authored a textbook in accounting entitled Accounting: Concepts, Principles, and Applications.
Introduction
“The ability to understand and make use of financial data is the cornerstone of business strategy and business decision making in all its forms.”

Welcome to Accounting 455.502 a course offered by the Graduate School of Management at UWA. This course is a core unit in the MBA, the MBA (Advanced) and the MBA (International) and is usually one of the first courses students will complete as part of each of these Awards.

The use of financial information permeates all aspects of business decisions irrespective of the nature of a business entity. Successful business managers are those who understand the financial implications of their decisions and actions. This is not to say that all managers must possess accounting skills. Rather managers must be able to understand and use accounting information in a way that enhances both their own effectiveness and that of the business organisation to which they belong.

This course will therefore introduce and emphasise the use of accounting information in decision making. The course will provide participants with an introduction to the preparation of various types of financial statements in order to assist in understanding the structure and basis of these statements. However, the main emphasis will be on the use of the financial statements by managers.

The first part of the programme will provide the skills necessary to read and interpret those financial statements, which are normally prepared for users external to the entity, i.e. the Statement of Financial Performance (Income Statement), the Statement of Financial Position (Balance Sheet), and the Statement of Cash Flows. We will then look at questions relating to the performance of the entity. In order to obtain a better understanding of the usefulness of the information provided in these statements we will also examine the conceptual basis for financial accounting.

The second part of the programme will focus primarily on the types of accounting information made available within the entity. Topics in the second part of the unit include the use of accounting information in planning, control, decision making, and performance measurement. One important lesson to be learned from this part of the course is that accounting information may be constructed and used in different ways for different purposes.

The goal of the unit
Accounting 455.502 has two goals. The first is to develop your ability to interpret and use corporate financial statements. The second is to develop your understanding of the basis for preparation and use of internal accounting information.

Broad learning outcomes
On completion of this unit, you should be able to:

- Understand the concepts and be aware of the major requirements impacting upon the preparation of conventional financial statements;
- Analyse and interpret information contained in those financial statements (with particular emphasis on using ratio analysis and cash flow analysis) bearing in mind the inherent limitations of such information;
- Understand the different purposes for preparing accounting information for internal users;
- Explain and apply the different concepts of costs to business decisions; and
- Understand the uses and issues associated with budgets as a management tool.

Prerequisites
Nil
Software requirements
Wordprocessing and spreadsheet packages will be useful.

Resources
Your key resources for this unit are:
1 this Student Guide;
2 the Accounting Session Guide;
3 the textbook;
4 the lecturer and the tutor;
5 your fellow students;

The Student Guide and Session Guide are provided through your enrolment in Accounting 502. You are required to purchase the textbook. Bring the guides and textbook to each class.

Student Guide
This student guide is your course outline. It summarises the aims and objectives of the unit and gives an overview of what to expect in each class session. It also contains details of the method of course assessment and contains assignment material. You should familiarise yourself with the guide before the first session. If you have any questions about the guide or about aspects of the course not covered in the guide please raise them in the first session.

Session Guide
The Session Guide is the first place you should go to when you prepare for, and review, each class. The Session Guide contains the objectives of each session, an outline of class activities, preparatory and follow-up activities, lecture notes and other necessary materials. Bring the session guide to each class.

Class Schedule
The Lecture Outline provides details of the topics to be covered in each lecture and the major references. Reference is made to the text Bazley, Hancock, Berry and Jarvis (BHBJ) and to articles that have been assigned for reading. Copies of these articles are provided as an appendix to the Session Guide. To properly prepare for the lectures you should:

• read the assigned material in the text prior to coming to class;
• answer the review questions at the end of each chapter prior to coming to class - suggested solutions to these review questions are provided as an appendix to the Session Guide. The review questions cover the basic concepts. It is extremely important that you understand these basic concepts - anything that is unclear can be brought up in class discussions; and
• read any additional articles/readings assigned;

The Tutorial Outline provides the topics to be reviewed in each tutorial. At the end of each chapter in the text are: review questions; problems for discussion and analysis; and case studies (do not confuse these with the case studies in the text). The last column of the Tutorial Outline lists the problems and cases from the text that you should prepare answers to prior to the tutorial. To properly prepare for the tutorials you should:

• review the assigned chapters from the text;
• review your lecture notes from the relevant block teaching session;
• prepare answers to the tutorial questions listed for discussion;
• review any additional articles/readings assigned; and
• make a note of any questions you wish to ask your tutor.
Recommended/required text(s)

Additional/Suggested/Alternate text(s)
Nil

Book Web Site

This is the address for the web site for the text book. At this site you will find a tab, with ‘Student Resources’, click on that. Once in that section click on ‘Mycourse’. You will need to register yourself as a new user (use whatever username and password you like). After that you will be asked for an Acess Number, use the ISBN number located on the bar code on the back cover of the text. Once you have registered and logged in, click on Enter A Course. This will put you at Chapter One. If you scroll down, you will see the online practice test at the bottom of the page. Click on that and you can take the test. On the left handside is a button called the Table of Contents. Click on that to go to other chapters.

The student resources contains a review of each chapter and a practice test which you can take as many times as you like. The questions in the test are randomly numbered and so each time you take the test the questions are assigned different numbers. Your answers will be marked each time and you will receive a feedback about your performance. It is a very useful way to test your understanding of the material covered in each chapter of the book.

Key dates
10th November Mid-term exam
17th December Final exam
## ACCOUNTING 502 LECTURE OUTLINE

Quarter 4, 2005  
V. C. Avila

<table>
<thead>
<tr>
<th>Session</th>
<th>Date</th>
<th>Topic</th>
<th>Reference (BHBJ)</th>
<th>Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6 Oct (6-7 pm)</td>
<td>Introduction to Accounting</td>
<td>Chapter 1</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>6 Oct (7-9 pm)</td>
<td>The Conceptual Framework</td>
<td>Chapter 2</td>
<td>IASC Framework</td>
</tr>
<tr>
<td>3</td>
<td>7 Oct (6-7 pm)</td>
<td>Wealth and the Measurement of Profit</td>
<td>Chapter 3</td>
<td>IASC Framework</td>
</tr>
<tr>
<td>4</td>
<td>7 Oct (7-9 pm)</td>
<td>The Statement of Financial Position</td>
<td>Chapter 4</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>8 Oct (9-11 am)</td>
<td>The Statement of Financial Performance</td>
<td>Chapter 5</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>8 Oct (11-12 nn)(1-3 pm)</td>
<td>Introduction to the Worksheet</td>
<td>Chapter 6</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>8 Oct (3-5 pm)</td>
<td>Inventories and Work in Progress</td>
<td>Chapter 7</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>8 Oct (5-6 pm)</td>
<td>Debtors, Creditors, Accruals and Prepayments</td>
<td>Chapter 8</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>19 Oct (6-9 pm)</td>
<td>Tutorials</td>
<td>Review of Chapters 1-5</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>28 Oct (6-9 pm)</td>
<td>Tutorials</td>
<td>Review of Chapters 6-8</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>10 Nov (6-9 pm)</td>
<td><strong>Mid-Term Exam</strong></td>
<td></td>
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<tr>
<td>12</td>
<td>11 Nov (6-7 pm)</td>
<td>Non-Current Assets and Depreciation</td>
<td>Chapter 9</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>11 Nov (7-9 pm)</td>
<td>Cash Flow Statement and Other Issues</td>
<td>Chapter 12</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>12 Nov (9-11 am)</td>
<td>Financial Statement Analysis</td>
<td>Chapter 14</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>12 Nov (11-12 nn)</td>
<td>Internal Users, Internal Information, Planning and Control</td>
<td>Chapter 15</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>12 Nov (1-2 pm)</td>
<td>Cost Behavior</td>
<td>Chapter 17</td>
<td></td>
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<tr>
<td>17</td>
<td>12 Nov (2-3 pm)</td>
<td>Cost-Volume-Profit Analysis</td>
<td>Chapter 17</td>
<td></td>
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<tr>
<td>18</td>
<td>12 Nov (3-4 pm)</td>
<td>Accounting for Decision Making: Without Resource Constraints</td>
<td>Chapter 19</td>
<td></td>
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<tr>
<td>19</td>
<td>12 Nov (4-6 pm)</td>
<td>Accounting for Decision Making: Resource Constraints and Mutual Exclusion</td>
<td>Chapter 20</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>23 Nov (6-9 pm)</td>
<td>Tutorials</td>
<td>Review of Chapters 9, 12, 14 and 15</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>7 Dec (6-9 pm)</td>
<td>Tutorials</td>
<td>Review of Chapters 17, 19, and 20</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>17 Dec (9-12 nn)</td>
<td><strong>Final Exam</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Attendance
Participation in class, whether it be listening to a lecture or getting involved in other activities, is an important part of the learning process. For this reason the GSM has decided not to move to on-line teaching. It is, therefore, important that you attend classes (and be on time).

More formally, the University regulations state that ‘to complete a course or unit a student shall attend prescribed classes, lectures seminars and tutorials. Students whose attendance at MBA units has been unsatisfactory will not be granted a pass grade. Two or more missed classes without prior permission from the lecturer is classified as unsatisfactory. Students should not expect to obtain approval to miss more than two classes per unit, unless there are exceptional circumstances.

Assessment

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid term exam</td>
<td>20%</td>
<td>10th November 2005</td>
</tr>
<tr>
<td>Assignment</td>
<td>20%</td>
<td>12th November 2005</td>
</tr>
<tr>
<td>Final exam</td>
<td>50%</td>
<td>17th December 2005</td>
</tr>
<tr>
<td>Participation</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>

The Purpose of Assessment
There are a number of reasons for having assessable tasks as part of an academic program. The assessable tasks are designed to encourage you to explore and understand the subject more fully. The fact that we grade your work then gives you an indication of how much you have achieved. Providing feedback on your work also serves as part of the learning process.

Group Assignment
Format:
- All assignments should be typed in double spacing on one side only of single sheets of A4 Paper
- Leave a margin of at least 4 cm on the left of each page for the assessor’s comments
- All assignments should include a cover sheet with the following details:
  - Unit title and code
  - Assignment Due Date
  - Word Count
  - Student ID’s

- Please DO NOT include your student name on any assignments
- Maximum of 2,500 words(excluding appendices and references)
- The final mark for each student may be modified based on the peer evaluation forms.

Submission of Assignments
Assignments should be submitted in class. A standard cover sheet should be used and a receipt will be issued.

Late assignments will attract a penalty of 5% per day. This penalty will be waived by the lecturer only in exceptional circumstances. No marks will be awarded to assignments submitted after other students in the class have had their assignments returned.

A penalty of 5% for each 250 words or part thereof in excess of the 2500 words limit.

It is the intention that the marked assignments will be returned within two weeks of submission.
The Standard Of Assessment

The Graduate School must ensure that the processes of assessment are fair and are designed to maintain the standards of the School and its students. The School follows the University of Western Australia’s grading system:

- **HD (Higher Distinction)** 80-100%
- **D (Distinction)** 70-79%
- **CR (Credit Pass)** 60-69%
- **P (Pass)** 50-59%
- **N+ (Fail)** 45-49%
- **N (Fail)** 0-44%

The School awards marks leading to these grades by using the following general criteria which are presented here as an indication of the School’s expectations. These general criteria may be supplemented by specific standards provided with regard to a particular assignment.

**HD**
The student has a clear understanding of theory, concepts and issues relating to the subject and is able to adopt a critical perspective. The student is able to clearly identify the most critical aspects of the task and is able to offer a logically consistent and well-articulated analysis within the analytic framework presented in the course. The student is able to draw widely from the academic literature and elsewhere but maintains relevance.

**D**
The student has a clear understanding of theory, concepts and issues relating to the subject. The student is able to develop an analysis of an issue using the analytic framework presented in the course and is able to identify and evaluate the critical issues. The student is able to draw upon relevant academic and other material.

**CR**
The student demonstrates an understanding of the analytic framework developed in the course and a partial understanding of concepts and issues. The student is able to identify some key issues and is able to present a logical discussion, but with some conceptual errors or gaps between analysis and conclusions. The student is able to draw upon an adequate range of references and other materials.

**P**
The student generally takes a descriptive rather than analytic approach to the subject. The student is able to demonstrate some understanding of the issues involved but does demonstrate the ability to apply the analytical framework which had been developed in the course. Draws primarily upon course materials for referencing.

**N+**
The student is unable to demonstrate that he or she understands the core elements of the subject matter. The student is able to provide some insight into issues but misapplies analytic framework developed in course, omitting key factors and, for example, drawing conclusions which are not related to the preceding discussion.

**N**
The student is unable to demonstrate any understanding of the subject matter. Material presented for assessment is unrelated to course framework and shows no effort to identify or address critical aspects of the topic.

The scaling of marks to ensure comparability between classes in an acceptable academic practice. The GSM and Board of Examiners has the right to scale marks where it is considered necessary to maintain consistency and fairness.
## Assessment criteria

**ASSIGNMENT MARKING GUIDE**  
PLEASE ATTACH THIS GUIDE TO YOUR ASSIGNMENT

Student Numbers: __________________  __________________  ________________  
________________  __________________

<table>
<thead>
<tr>
<th>Ratio Analysis</th>
<th>Calculation</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td>/3</td>
<td>/7</td>
</tr>
<tr>
<td>Activity/Efficiency</td>
<td>/3</td>
<td>/7</td>
</tr>
<tr>
<td>Short Term Liquidity</td>
<td>/3</td>
<td>/7</td>
</tr>
<tr>
<td>Long Term Liquidity</td>
<td>/3</td>
<td>/7</td>
</tr>
</tbody>
</table>

**Accounting Policies**  
/10  
Application – what has been used to determine policies  
Disclosure – is it in conformance  
Changes in Policies – if applicable  
Are there any policies that are inappropriate/unusual

**Fundamental Analysis**  
/30  
Company Position – overall fundamental analysis  
Company Prospects – what is key for the future success  
Industry Prospects – what is key for the future success

**Investment Alternatives**  
/10  
Investor risk preferences  
Returns on other investments

**Other**  
/10  
Presentation and Referencing  
Other Good Points

**Total**  
/100
Instructions:
Rate each of your group’s members, excluding yourself, on each of the items listed below and as objectively as possible. First, write the names of your group members. Then, for each question, write the number that is most applicable to each of the members, as per the scale indicated immediately below. If questions are not applicable please write N/A.

<table>
<thead>
<tr>
<th>GROUP MEMBER NAMES</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency of attendance at group meetings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution in terms of defining the project</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution in researching the project</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution in providing/finding and evaluating Data</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution in drafting the final report</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taking care of getting the typing done</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taking care of proof reading &amp; attention to details of the report</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution in terms of ideas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall contribution to the group project</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>If you had to allocate among your group members a total of 100 points, how much would each person get?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Participation
Every student will be required to make a short oral presentation in respect of a case study completed in groups during class time. The mark for participation will be based on this presentation and other contributions made during all classes including tutorials.

Appeals against assessment marks
In the first instance, students are strongly advised to talk informally to the lecturer about the grade awarded.

The University provides the opportunity for students to lodge an appeal against any mark which he or she feels is unfair. Any student making an appeal is under an obligation to establish a prima facie case by providing particular and substantial reasons for the appeal.

There is a 10 day time limit for making any such appeal. An appeal against academic assessment may result, as appropriate, in an increase or decrease in the mark originally awarded. The University regulations relating to appeals and the form on which the appeal should be lodged can be found in the GSM website.

Acknowledgments and plagiarism
In the course of your individual and group work assignments, you will encounter ideas from many sources. These will include journal and newspaper articles, commentaries, books, web sites and other electronic sources, original case sources, lecture materials. All MBA assignments that you submit must acknowledge all the different sources you have used.

Not to acknowledge your sources is plagiarism, a form of dishonesty. Plagiarism is the misappropriation of the work or ideas of others and presenting them as your own. This is reprehensible from both an ethical and legal viewpoint. Neither the School nor the University accepts ignorance or the fact that a student’s previous acts of plagiarism had been undetected as a defence.

In order to avoid engaging in plagiarism it is your responsibility to acknowledge all of your sources in any work submitted for assessment and it is essential that you reference the work of others correctly. Where you quote directly from a source, you must ensure that any direct quotations are placed in quotation marks and are fully referenced. Even when you do not quote directly and are just referring to or expanding on the work of others, you must still acknowledge the sources of your information and ideas. Close paraphrasing in which you change a few phrases around, leave a clause out of a long sentence or put the original sentences in a different order is still plagiarism.

Advice on proper referencing is given below. If you have any doubts concerning appropriate referencing formats or how to acknowledge the work of others correctly, you should seek the advice of your lecturer.

It is GSM policy that no student will profit from plagiarism. Generally, a mark of ‘Fail’ will be recorded for the assignment in which this has occurred, regardless of its other merits or qualities. Serious cases shall be referred to the University’s Board of Discipline. All students should note that cases of copying are automatically reported to the Sub-Dean and documentary evidence along with associated correspondence is placed on the student’s permanent record.
Referencing
It is important that the referencing of any sources used in your written work is done properly, if only to substantiate the points you are making in your assignment or project. The Harvard style is the preferred and there are some notes for guidance which have been prepared by the library staff: ‘Citing your sourcesHarvardStyle’ http://www.library.uwa.edu.au/guides/citingsources/harvard.html

Endnote is a really good system for building up a database of references. Not everyone will want to invest the time in using this system but you should consider it if you intend to build up resource materials or plan to undertake extensive research in a particular area. The library staff have also developed a tutoring package: ‘A Quick Guide to Using EndNote’ which provides the basics for using EndNote with an essay http://www.library.uwa.edu.au/guides/endnote/tutorial_manual.html This is linked to from the How to Use EndNote page http://www.library.uwa.edu.au/guides/endnote/ which provides more comprehensive information.

Additional Resources And Reading Material
The following journals and newspapers are all very good references for current issues facing the accounting profession and can all be found within the Business Library system (i.e. either in hard copy or electronically). As this course is designed to address the needs of managers as users of accounting information you may find that your best source for additional reading is something like the Straits Times, South China Morning Post, Asian Business Review Australian Financial Review or the UK Financial Times. Using current business transactions and events reported in these newspapers is a good way to challenge your understanding of the concepts and learning outcomes we are addressing in this unit.

- Accounting Horizons; Sarasota
- The Accounting Review; Sarasota
- Accounting Today; New York
- Australian Accounting Review; Melbourne
- Contemporary Accounting Research; Toronto
- Journal of Accounting Research; Chicago
- Journal of Business Finance & Accounting; Oxford
- Journal of Management Accounting Research; Sarasota

Websites
- http://www.ato.gov.au
- http://aicpa.org/index.htm
- http://www.fasb.org/

I hope that this Student Guide gives you some idea of where we are going and what is expected of you over the next term. If at any time you find that you are unsure of what is being covered or what is expected of you, please take time to contact or see me (email is best).