Aston Business School
Birmingham

BFM236 FINANCIAL ACCOUNTING AND REPORTING

Academic Year 2011/12

Number of Aston Credits:	15
Number of ECTS Credits:	7.5

Staff Member Responsible for the Module:

Mr Matt Davies, Finance and Accounting Group
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Or contact the Finance and Accounting Group Administrator:
Mrs Rosaleen Shirley, Room ABS 404, Extension 3238

Other Staff Members Contributing to the Module:

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Or contact the Finance and Accounting Group Administrator:
Rosaleen Shirley, Room ABS 404, Extension 3238

Pre-requisites for the module:

None.

Mode of Attendance:

On-Campus

Aston Business School
Birmingham

Module Objectives and Learning Outcomes:

This module has two aims: first, to develop students' ability to record transactions and prepare company financial statements (income statement, balance sheets and cash flow statements) using the principles of double entry bookkeeping; second, to develop students' ability to understand and interpret published accounts.

The first part of the module concentrates on the preparation of companies' financial statements. Students will learn how to prepare accounts for sales and purchases; how to prepare nominal accounts, effect journal entries and prepare a trial balance; how to make provisions (for depreciation, bad debts and so on) and adjustments for accruals and prepayments; and finally how to prepare the financial statements for limited companies.

The second part of the module concentrates on examining the structure and significance of financial statements, and provides, amongst other things, an insight into the main creative accounting and window dressing techniques by which accounts are produced to provide a more favourable view than is objectively justifiable. Also included is the interpretation of accounts through the technique of ratio analysis, the distorting effect of inflation, and a review of current accounting issues including moves towards harmony in international accounting.

Module Content:

Week 1: Introduction to financial accounting and reporting: the context and purpose of financial reporting; the regulatory framework; the main elements of financial reports; qualitative characteristics of financial information; introduction to double entry bookkeeping

Week 2: Preparing financial statements (1)

Week 3: Preparing financial statements (2)

Week 4: Key accounting treatments

Week 5: Preparing and interpreting the cash flow statement

Week 6: Interpreting financial statements using ratio analysis

Week 7: Problems with interpretation caused by inflation and creative accounting

Week 8: Current issues in financial reporting

Week 9: Revision

Week 10: **Examination**

Corporate Connections:

The module places great emphasis on real-world corporate financial reporting issues and practices.

International Dimensions:

The module content reflects the requirements of International Financial Reporting Standards (IFRS). International accounting issues are also covered in week 8. This session includes comparisons of the different ways in which financial reporting problems and solutions are defined in different countries, and will also explore moves towards the harmonisation of international accounting practices.

Contribution of Research:

During the module, reference will be made to key research themes in financial reporting, such as the nature and impact of creative accounting, the nature and causes of international accounting differences and shareholder value reporting.

Method of Teaching:

The module will be taught by lectures and understanding will be reinforced by the completion of a number of individual and group exercises and multiple choice questions.

Method of Assessment and Feedback:

The assessment will comprise 3 elements:

1. Week 5: 1 hour multiple choice closed book class test (20%)
2. Week 10: 3 hour closed book examination (80%)

The Multiple-choice question class test is used to assess the learning objectives and skills students have acquired. The test is also used explicitly to guide students in their study and to assist them in judging their strengths and weaknesses before the final exam at the end of term.

The closed book Examination format is used to assess whether students have understood the key techniques and can apply them to relevant examples. The examination will comprise 3 parts:
Part A: multiple choice questions (worth 20% of the total marks);
Part B: preparation of financial statements (worth 40% of the total marks);
Part C: interpretation of financial ratios (worth 40% of the total marks).

Aston Business School
Birmingham

Students will receive feedback from their performance in the class test and group assignment.Additional feedback is available on request either during office hours, via email or on Blackboard.

Learning Hours:

Contact Hours	27
Directed Learning	63
Further Private Study	48
Group Work	8
Assessment	4
Total	**150**

The following essential and recommended readings are subject to change. Students should not therefore purchase textbooks prior to commencing their course. If students wish to undertake background reading before starting the course, many of the chapters/readings are available in electronic form via on-line library catalogues and other resources

Essential Reading

Atrill P & McLaney E (2011), Financial Accounting for Decision Makers, 6th Edition, London: Prentice Hall.

Indicative Bibliography:

I. G. Basioudis (2009), Financial Accounting: A Practical Introduction, Pearson

F. Wood and A. Sangster (2009), Business Accounting 1 & 2, 11th Ed, Pearson

A. Thomas and A.M. Ward (2009), An Introduction to Financial Accounting, 6th Ed, McGraw Hill.

Lewis R. and D. Pendrill (2003), Advanced Financial Accounting, 7th Ed, Pearson Education.

Elliott & Elliott (2010), Financial Accounting and Reporting, 13th Edition, FT Prentice Hall

Additional Resources:

The following self study software packages are available over the ABS web:

EQL Interactive Bookkeeping Tutor (for practising double-entries and preparing trial balances and financial statements)

EQL *Understand Accounts* (for an introduction to financial accounting)

Also, the following software packages may be used for the assignment:
FAME, Lexis-Nexis/Executive (News and Company), Datastream

Additional teaching material may also be issued for some topics as appropriate. Details of any such material and revision material will be made available on Blackboard.