

**PRE-REQUISITE(S)**

No pre-requisite is required

**CREDIT HOURS**

3

**SYNOPSIS**

The subject essentially covers the financial accounting and the covers primary financial statements; purpose, content, form and the use of these statements to extract information about business operations via financial statement analysis. It also deals with topics from management accounting, and covers the area of cost concepts, product costing techniques and processes used to generate information for management planning and control to support decision activity (i.e. Cost-Volume-Profit, budgeting and decision-making) in the value creation process of the organisation. This subject ends with a look at the role of capital budgeting in the planning process to determine the viability of organization's long-term investments for strategic decision-making.

**LEARNING OUTCOMES**

- Evaluate key concepts, principles and practices of management accounting in terms of contribution to the value creation process of organization.
- Construct capital budget to optimize long term investment affecting operating cash flow in strategic decision-making.
- Propose financial strategy based on objective financial/non-financial disclosures and cost analysis with consideration on the legal, ethical and social aspects.

**TOPICS**

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|---------|---|
| Topic 1 | (1) An Introduction to Accounting Systems: Identify the objectives of accounting systems; Describe cost accounting and its significance to management; Distinguish between accounting and financial accounting; (2) The business environment and the role of accounting information                         |
| Topic 2 | (1) Financial Planning and Control with Budgeting: The role of budgeting in managerial planning and control; Role of accounting in the budgeting process; Understand the goal congruence and its importance to an organization; (2) Defining and interpretation of operating budgets within a master budget |

Topic 3	<p>Budgetary Planning</p> <p>(1) Budgetary Basics – Budgeting and Accounting, The benefits of budgeting, Essentials of Effective Budgeting, Length of the Budget Period, The budgeting process, Budgeting and Human Behavior, Budgeting and Long-Range Planning, The Master Budget</p> <p>(2) Preparing the Operating Budgets – Sales Budget, Production Budget, Direct Material Budget, Manufacturing Overhead Budget, Selling and Administrative Expense Budget, Budgeted Income Statement</p> <p>(3) Preparing the Financial Budgets, Cash Budget, Budgeted Balance Sheet</p> <p>(4) Budgeted the Non-manufacturing Companies – Merchandisers, Service Enterprise, Not-for-Profit Organizations</p>
Topic 4	<p>(1) Flexible budgets and standard costs: Limitations of a fixed budget in performance evaluation; Using standard costs for financial control; (2) Calculating a standard cost variance and analysing reasons for the variances</p>
Topic 5	<p>Incremental Analysis and Capital Budgeting</p> <p>(a) Incremental Analysis – Management’s Decision-making Process, Incremental Analysis Approach, How Incremental Analysis Works, Make or Buy, Sell or Process Further, Repair, Retain or Replace Equipment, Eliminate and Unprofitable Segment or Product, Allocate Limited Resources</p> <p>(b) Capital Budgeting – Evaluation Process, Annual Rate of Return, Cash Payback, Discounted Cash Flow</p> <p>(c) Comparing Discounted Cash Flow Methods</p> <p>(d) The difference between the cost of capital and required return – Consideration of entity’s risk in accordance of entity specific risk and general risk, Consideration of opportunity cost</p> <p>(e) Investor’s perspective of cost of capital in general and impact on management’s investment decision</p>
Topic 6	<p>(1) Cost-Volume-Profit Relationships</p> <p>(a) Distinguish between variable, fixed and mixed costs behaviour</p> <p>(b) Explain the concept of contribution margin</p> <p>(c) Assess the basic assumptions of cost-volume-profit analysis</p> <p>(d) Explain breakeven points and methods of determining it</p> <p>(e) Application of breakeven analysis in determining targeted sales and net profit</p> <p>(2) Explain the impact of factors such selling price, sales volume, sales mix, variable and fixed costs on profits</p>
Topic 7	<p>(1) Analysis and Interpretation of Financial Statements</p> <p>(a) Choice of different analytical techniques in assessing an entity’s performance and financial position</p> <p>(b) Introducing horizontal, trend and vertical analytical frameworks and interpreting the results</p> <p>(c) Conducting a ratio analysis to assess an entity’s profitability, liquidity and financial stability</p>

- (d) Analyzing and interpreting additional ratio information provided by a statement of cash flows
- (e) Appreciate the limitations of traditional financial statement analysis

(2) Interpretation of cash flows

Topic 8 Corporate Governance

- (a) Corporate Governance in the Asia Pacific region
- (b) Analysis of the recent accounting frauds in the USA
- (c) Discussion of business and accounting ethical issues
- (d) Other developments

**ASSESSMENT DETAILS**

<b>Continuous Assessment</b>	<b>%</b>
Presentation & Short Report on Synthesis	30
Metacognitive Discussion on Written Assignment	20
<b>Final Assessment</b>	<b>%</b>
Written Assignment	20
Written Examination	30

**PRESCRIBED TEXT**

Main:

Weygandt, J.J., Kimmel, P.D. & Kieso, D.E. (2015). Managerial Accounting: Tools for Business Decision Making (7th Int. Student ed.). Wiley.

Gitman, L. J. & Zutter, C. J. (2019). Principles of Managerial Finance (15th global ed.). Pearson.

Additional References:

Miller-Nobles, T.L., Mattison, B.L. & Matsumura, E.M. (2018). Horngren's Financial & Managerial Accounting (6th ed.). Pearson.

Hoggett, J., Edwards, L. & Medlin, J., Chalmers, K., Hellmann, A., Beattie, C. & Maxfield, J., 2018. Accounting (10th ed.). Wiley

Williams, J., Haka, S., Bettner, M. & Carcello, J., 2017. Financial & Managerial Accounting (18th ed.), McGraw-Hill Education.

Harrison, W.T., Horngren, C.T. & Thomas, C.W. (2018). Financial Accounting (11th ed.). Pearson Education.