



Module code	AF_PBUS7E	NQF level	7
Credit value	10	Study duration	6 weeks

Accounting and Finance

Module description

This module introduces key aspects of accounting and finance, and some of its main applications in contemporary management and decision making. The central consideration is that managers need to be aware of, and be able to critically evaluate, the informational outputs of accounting systems and financial management techniques, and how their application underpins managerial, financing and investment decisions, and contemporary issues of relevance to these techniques. This module also provides a foundation for the study of optional modules in accounting and/ or finance.

This module aims to:

- Provide students with sufficient background understanding of accounting and finance principles and their role in the business decision-making process
- Enable students to understand selected accounting and finance techniques, their application in organisations and contemporary issues related to these techniques
- Support and encourage education and learning, and to foster the capacity for individual study
- Facilitate development of critical and analytical thinking for further academic study, employment and personal development

Learning and teaching methods

This module will be delivered by learning materials provided on the learning platform supplemented by readings. Tutor support will be available to students via phone, email, and a fortnightly seminar session.

Learning outcomes

On completion of this module, students will be able to:

- explain and apply the accounting principles and concepts underlying the preparation of financial statements, including notions of cash flow vs. accounting profit and concepts of assets, liabilities, and equity
- be conversant with the form and content of company financial statements (e.g. income statement, cash flow statement, statement of financial position)
- apply financial analysis techniques to make informed decisions/ recommendations/projections and be aware of selected earnings management practices and controversies associated with meeting analysis' earnings forecasts

- gain clear conceptual understanding of managerial and cost accounting, cost elements and classification, cost behaviours and costing methods and short-term decision-making
- evaluate investments employing standard criteria, such as Net Present Value, and explain their shortcomings
- evaluate investments while employing models that match risk and return as well as describe the conditions in which the models can be reliably deployed
- describe the irreversibility and flexibility of capital investments and illustrate the use of real options
- describe the ways of raising finance and discuss the factors to be considered when deciding on a suitable balance between debt and equity capital

Syllabus

- Introduction to finance: investment decisions
- Relevance of the time value of money: conventional investment appraisal techniques
- Capital and money markets
- Sources of finance and interest rates
- Corporate governance and financial markets
- The financial accounting framework (definitions of accounting elements and concepts, including cash vs. profit)
- Form and content of company financial statements
- Financial statement contents and formats and measurement issues
- Financial statement analysis and selected earnings management issues
- Introduction to cost and management accounting (cost concepts and classifications)
- Cost-volume-profit analysis, relevant costing and decision-making
- Investment appraisal techniques, capital and labour rationing net present value with uncertainty real options and relevance to assessing and evaluating flexibility
- Matching risk with return and incomplete risk measures Capital Asset Pricing Model (CAPM) estimating cost of capital
- Financing and investment interactions estimating cost of capital: WACC capital structure: sustainable balance of debt and equity
- Importance of flexibility of investments in volatile environments
- Real options: relevance to assessing and evaluating flexibility
- Valuation approaches

Description of unit of assessment	Length/Duration	Submission date	Weighting
Individual essay	2,000 words	End of Unit 6	50%
In-class test	2 hours	End of Unit 6	50%