

# Firms



**ASSIGN  
BUSTER**

? School of Accounting & Finance The Hong Kong Polytechnic University  
AF2111 Accounting for Decision making Semester 1 of 2013/2014 Academic  
Year Meeting Time: Thursday, 19: 30 - 21: 20 Venue: DE401 (subject group  
S01) Instructor: Ms Sarah Cheng Mei Ling Office: M754, Li Ka Shing Building  
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Consultation Hours. Monday : 4: 30pm - 6: 30pm Thursday : 4: 30pm - 6:  
30pm Other time by appointment

Textbook and Reference Materials: Kimmel, Weygandt and Kieso, 4th Edition  
Accounting, Tools for Business Decision Making, John Wiley & Sons, Inc.  
Larson & Chiapetta, 2009, Fundamental Accounting Principles, McGraw-Hill  
Irwin. Marshall, McManus & Viele, 2008, Accounting - What the Numbers  
Mean, McGraw-Hill Irwin. Dyson, J. R. 2007. Accounting for Non-Accounting  
Students, Financial Times Prentice Hall. The first book on the list, Accounting,  
Tools for Business Decision Making, is the textbook for this course. The topic  
outline, the end-of-chapter assignment grid, the quiz, the group project and  
group assignment refer to chapters in this book.

Other reference materials will be added if necessary. Useful Websites: USA  
accounting standards (FASB): [www.fasb.org](http://www.fasb.org) Hong Kong accounting  
standards (HKICPA): [www.hkicpa.org.hk](http://www.hkicpa.org.hk) International accounting standards  
(IASB): [www.iasb.org.uk](http://www.iasb.org.uk) (IAS Plus): [www.iasplus.com](http://www.iasplus.com) Objectives: 1. To  
orient students to what accounting is and why accounting matters. 2. To  
provide students with the framework to understand the accounting process  
in organizations. 3. To provide students with the tools to understand and  
interpret accounting information. . To stimulate students' interests in  
accounting. Topical Coverage: Understanding Accounting Why accounting

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matters What is accounting The building blocks The recording process The basics of adjusting entries The accounting cycle The financial statements The accounting rules (GAAPs) Internal control and corporate governance Interpretation of Accounts -The need for comparative analysis -Tools of financial statement analysis -Understanding the uses and limitations of the tools -Gaining meaningful insights from the numbers Managerial accounting concepts & techniques -Understanding costs -Costing techniques -Tracking costs Cost of goods manufactured -Cost-Volume-Profit Analysis -Incremental Analysis -Capital Budgeting -Financial Management, Budgetary planning & control Accounting is interesting case study of the financial statements of a listed company Teaching Approach: A two-hour lecture will be conducted each week to initiate students into ideas, concepts and techniques of the topics, which is then reinforced by their participation in class discussion, quiz and self-reflection. These are designed to consolidate and develop students' understanding and analytical ability through problem solving and working on relevant cases.

Learning Outcomes: In general, they are expected to be able to integrate with other courses in the programme to 1. understand accounting roles and functions; and be able to apply diverse conceptual and theoretical frameworks in analyzing and solving organizational problems; 2. synthesize accounting theories and practices as applicable to the planning, organizing, execution, monitoring, evaluation, motivation and change management functions of organizations; 3. contribute effectively in a cross-functional team environment to the alignment of your own functional objectives with business and strategic objectives.

Specifically students should be able to 1. Describe the role and importance of management and financial accounting information in decision-making in a business environment. 2. Identify assumptions, principles and conventions underlying financial reports as well as the potential ethical issues in organizations. 3. Interpret and analyze financial reports. 4. Apply cost and accounting information in their decision-making process. Topic Outline\*\* for each week: Week Date Chapter Topic Focus 1 5th September Discussion of course outline 1 Review assessment methods Introduction to Financial Statements all questions relating to the assessment methods have to reach the instructor by September 14th, 2013 -purpose and use of a financial statement -basic accounting equation 2 12th September 2 Further Look at Financial Statements -accounting assumptions and principles -revenues, expenses, assets and liabilities -classified balance sheet 3 19th September Evening class suspended HAPPY MID-AUTUMN FESTIVAL 4 26th September 3 The Accounting Information System -building blocks of accounting information system -application of transaction analysis 5 3rd October 4 Accrual Accounting Concepts cash and accrual accounting -adjusting entries -earnings management 6 10th October 5 Merchandising Operations and the Multiple-Step Income Statement -accounting for merchandising operations under perpetual inventory approach 7 17th October 7 Corporate Governance, Internal Control and Cash -concepts -implications of internal control failures -bank reconciliation as a control device -cash management 8 24th October 9 Reporting and Analyzing Long-Lived Assets -plant assets and intangible assets -buy or lease -implications of depreciation method choice 9 31st October 12 Statement of Cash Flows purpose and usefulness -the indirect and direct approach -free cash flow, current cash debt coverage and <https://assignbuster.com/firms/>

cash debt coverage 10 7th November 13 Financial Analysis -tools of financial statement analysis -sustainable income and quality of earnings -horizontal and vertical analysis 11 14th November 14 Managerial Accounting - breakdown of manufacturing costs -product costs and period costs 12 21st November 18 Cost-Volume-Profit Relationships -variable and fixed costs - contribution margin -break-even analysis -margin of safety 13 28th November 23 Incremental Analysis and Capital Budgeting incremental analysis applied in make/buy or stop process/further process decisions - techniques to facilitate capital expenditure decisions 14 5th December Revision Incremental Analysis and Capital Budgeting Wrap up and Revision

**\*\*Subject to the progress of student learning and the schedule may be changed**

Practice Assignment: Each student is expected to work on some/all of the questions outlined below: The ‘ Self-study Questions’ are multiple choice type questions to facilitate a quick review of the objectives learned. The ‘ Questions’ offer students other perspectives of looking at the issues. These are meant for a revision of the concepts learned when reading the textbook is not feasible for some students. No recall of the answers to ‘ Questions’ is required in the examination. The ‘ Brief Exercises’ display straight-forward and computational type of questions. The ‘ Do it! Review’ exercises give students a quick recap of the key concepts covered in the chapter. The ‘ Exercises’ build on the ‘ Brief Exercises’ and extend the concepts used in ‘ Brief Exercises’ to tackle the issues. The ‘ Problems’ are more difficult questions requiring more thorough understanding and therefore should be attempted after revision has been done.

These questions/exercises help reinforce and test student's understanding of the topics. Solutions will be given for all assigned questions/exercises. End-of-chapter assignment grid for each topic

Week	Date	Chapter	Self-Study Questions	Questions	Brief Exercises	Do it! Review Exercises	Problems
1	5th September	1	1 - 15	2, 9, 14, 15, 18-20	1, 2, 4 - 6, 8, 9	2, 3	4, 9, 11, 14 1-5A 2
2	12th September	2	1 - 15	1, 2, 4, 5, 8, 10, 13, 15, 16, 18, 20	1, 2, 4, 10, 12	1, 4	3, 4, 6, 12, 13 2-2A, 2-3A 3
3	19th September	Evening class suspended					
4	Happy Mid-autumn Festival 4	26th September	1 - 15	1 - 6, 8, 10, 11, 12	2 - 4, 8, 12	1 - 3	1 - 3, 5, 6, 9 3-2A, 3-3A(b) 5
5	3rd October	4	1 - 15	1, 3, 4, 8, 10 - 12, 15, 16, 24	1, 3, 6, 7	n/a	1, 2, 4, 5, 8, 10, 12 4-2A (c), 4-3A (c), 4-7A(d) (g)
6	10th October	5	1 - 14	6, 7, 8, 11, 14	2-5, 1 - 3	1 - 3, 5-6, 8-9	5-4A, 5-5A 7
7	17th October	7	1 - 14	2, 3, 7 - 9, 11, 12, 15 - 16, 18, 20, 22 -23, 25	2 - 6, 10, 11, 1, 3	1, 3 - 10	7-3A (a), 7-5A(a) 8
8	24th October	9	1 - 15	1, 2, 5, 8, 13, 20, 21, 25, 27	1 - 8	2, 3 5 - 8	9-3A 9
9	31st October	12	1 - 16	5-9, 12, 13	1 - 7, 11	1, 2	1 - 6, 8(a) 12-9A 10
10	7th November	13	1 - 17	, 3, 4, 8 11, 12, 15-18, 20	1, 2, 4 - 15	2, 3	1, 2, 5, 6, 8-11 13-5A 11
11	14th November	14	1 - 15	3, 4, 13, 14, 16 -18, 24	4 - 7	2, 3 2, 3, 6, 8 - 10, 12, 14, 17	14-4A (a) 12
12	21st November	18	1 - 14	3 - 5, 8, 12 -17	4 - 6, 8 - 12	1 - 4	1, 4 - 11, 14, 15 18-3A, 18-4A 13
13	28th November	23	1 - 15	5 - 11, 13, 14, 16, 18, 20	2 - 13	1 - 5	2 - 15 23-2A (a) & (b) 14

5th December REVI-SION In-Class Discussion and Participation: Some of the ' Brief Exercises', " Do-it Review" and ' Exercises' will be used as examples to illustrate the issues discussed in class and to facilitate students' learning.

Each student is expected to participate actively in class discussion. You are not expected to skip classes of week 4 (Chapter 3) and week 9 (Chapter 12)

as most students found it difficult to understand the concepts and applications of these 2 chapters on a self-study basis. IMPORTANT

Assessment: Coursework Quiz 30% Individual Writing Task 20% 50% Final examination 50% Total 100%

You must pass both components of assessment, namely coursework and final examination to get a pass in the subject. Quiz (30%) There will be 4 quizzes on topics listed below. The quiz will be conducted during weeks 4, 7, 9 and 12 of the semester. Each quiz will last for 25 minutes. It is composed of 1 to 2 questions that have been discussed in the previous tutorials. You are advised to study the questions outlined in the assignment grid, especially those under “ tutorial discussion questions” below, to help prepare yourself for the quiz. Only the best three scores will be aggregated to form the grade for this component.

The remaining 25 minutes, or 50 minutes when there is no quiz scheduled for the week, will be devoted to a discussion of the questions listed below. Students are expected to answer questions raised by the instructor. week Thurs Classes conducted by SC at FJ303 Thurs classes conducted by JW at HJ209 Quiz Tutorial discussion questions 1 Ice-breaking session Ice-breaking session 2 1 1 Ex 1-9, 1-11, 1-14; P1-5A 3 Holiday Holiday 4 2 2 Quiz 1, Chap 1 Ex 2-4, 2-6; P2-2A 5 3 3 Ex 3-6, 3-9; P3-3A(b) 6 4 4 Ex 4-10; P4-2A (c), P4-7A(d) (g) 7 5 5 Quiz 2, Chap 2&3

BE 5-5; Ex 5-5; P5-4A (a) 8 7 7 Q7, 16, 19; Ex 7-8(a), 7-9(a); P7-3A(a) 9 9 9 Quiz 3, Chap 4&5 Ex 9-3, 9-5; P9-3A 10 12 12 Ex 12-1, 12-2, 12-8(a); P 12-9A 11 13 13 Ex 13-2, 13-8, 13-11; P13-5A 12 14 14 Quiz 4, Chap 7 &9 Ex 14-14;

P14-4A(a) 13 18 18 Ex 18-8, 18-10, 18-11, 18-14, 18-15 14 23 23 Ex 23-7, 23-11, 23-15, P23-2A(a) & (b) Individual Writing Task (20%): Each student is required to submit a typed written report in between 600-1000 words to address the issues raised in the following statements. A word count (excluding references and bibliographies) has to be included.

The deadline for submission of the hard copy report is 2nd December, 2013(Monday). ‘ Accounting is dubbed “ language” of business activities conducted by firms as accounting is the mean by which the financial results of these business transactions are communicated to all stakeholders of firms. ‘ Comment on the above statement and pay particular attention to the communicative aspect of accounting. Elaborate on whether you consider accounting is effective in communicating the financial results to users? Your discussion should also include the following issues: • What is a firm? What are the objectives of firms and why do they exist at all? • What are transactions? • When are transactions recognized by the accountant? • How are transactions measured? If you are one of the stakeholders, do you think that transactions that are measured by the cost principle are representing more faithfully the financial results of a firm than those measured by market value? Give examples to support your argument. Outline on Final Examination: This is a CLOSED BOOK Examination. Short questions on selected topics will be asked in the examination. A detailed outline will be given in week 12.

Criterion-Referenced Assessment: A+ to A B+ to B C+ to C D+ to D F Quiz  
Demonstrate a strong understanding of the topics Demonstrate a good understanding of the topics Demonstrate an acceptable understanding of the  
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topics Demonstrate a minimum understanding of the topics Fail to understand the topics Individual Writing Task - Demonstrate a strong understanding of the topics - Show an exceptional level of analytical skills - Excellent writing skills - Demonstrate a good understanding of the topics - Show a good level of analytical skills - Good writing skills Demonstrate an acceptable understanding of the topics - Show an acceptable level of analytical skills - Acceptable writing skills - Demonstrate a minimum understanding of the topics - Show a minimal level of analytical skills - Marginally acceptable writing skills - Fail to understand the topic - Fail to demonstrate any analytical skills - Unacceptable writing skills Examination Meet a standard of excellent performance Meet a standard of good performance Meet a standard of acceptable performance Meet a standard of marginally acceptable performance Fail to meet the standard for passing the examination