



Level 5 Diploma in Finance (530) 147 Credits



Unit: Financial & Managerial Accounting	Guided Learning Hours: 300
Exam Paper No.: 3	Number of Credits: 30
Prerequisites: Knowledge of accounting and financial terminology.	Corequisites: A pass or higher in BA & Computer Systems or Diploma in Accounting & Finance or equivalence.
<p>Aim: This unit is made up of both Financial and Managerial Accounting fundamentals. Financial Accounting prepares a limited number of prescribed financial reports in accordance with statutory standards and the needs of external stakeholders. It summarises the consequences of past decisions on the performance of the business as a whole. Managerial Accounting prepares an unlimited number of financial reports in accordance with business requirements and the needs of management. It analyses the performance of units within the business by comparing results with preset budgets and so assists management in their future planning and control functions. Financial Accounting emphasis is how general purpose financial statements communicate information about the business corporation's performance and position for users' external to management; whereas Managerial Account is for internal users. A combination of Financial and Managerial Accounting give learners as future Accounting and Finance personnel the right foundation to produce high-quality results, with meaningful financial/ managerial accounting and finance knowledge.</p>	
Required Materials: Recommended Learning Resources.	Supplementary Materials: Lecture notes and tutor extra reading recommendations.
Special Requirements: The unit requires a combination of lectures, demonstrations and discussions.	
<p>Intended Learning Outcomes: Financial Accounting 1. Accounting Information and Decision making, primary functions of financial accounting and fundamental business activities that financial accounting measure.</p> <p>2. The double-entry Accounting system; the fact that every transaction has two parts and that this will therefore affect two ledger accounts.</p>	<p>Assessment Criteria: Financial Accounting 1.1 Outline career opportunities in accounting 1.2 Explain the term generally accepted accounting principles (GAAP) 1.3 Describe the role of GAAP in financial accounting 1.4 Analyse functions on an Accounting system 1.5 Describe primary financial statements 1.6 Outline elements of financial statements 1.7 Demonstrate the importance of financial statements and quantitative analysis 1.8 Develop the accounting process (accounting cycle) activities that begin with a transaction and ends with the closing of the books. 1.9 Identify the use of accounts 1.10 Outline accruals and deferrals 1.11 Outline the accounting cycle steps 1.12 Identify accounting transaction 1.13 Describe how to prepare the transaction's source document 1.14 Analyse, classify and record the transaction 1.15 Demonstrate how to post general journal entries to the ledger accounts</p> <p>2.1 Describe the debit/credit terminology 2.2 Explain the general ledger accounts 2.3 Identify debit/credit relationships 2.4 Describe posting errors including (i)</p>

	posting the wrong amount (ii) omitting a posting (iii) posting in the wrong column (iv) posting more than once
	2.5 Demonstrate how to produce a trial balance
	2.6 Demonstrate how to produce an income statement
	2.7 Demonstrate how to design a balance sheet
	2.8 Describe how to analyse and correct discrepancies in the trial balance
3. The purpose of the trading account; defining (i) gross profit (ii) cost of sales and how to prepare a trading account from the trial balance.	3.1 Describe trading accounting terminology
	3.2 Explain credit and discount terms
	3.3 Analyse production and administrative costs
	3.4 Demonstrate how to produce consolidated statements
	3.5 Analyse purchasing and inventory control process
	3.6 Analyse sales inventory and operations
	3.7 Describe Inventory management and analyse how effective inventory management help knowing what is on hand, where it is in use, and how much finished product results
	3.8 Define inventory
	3.9 Outline inventory valuation methods
	3.10 Compare and contrast inventory cost flow methods
	3.11 Describe fraud avoiding mechanisms
	3.12 Outline the common components of an inventory management system
4. Internal control, safeguarding assets against theft and unauthorized use, evaluating the internal control structure; policies and procedures management used to achieve organisational goals.	4.1 Outline key features of internal control
	4.2 Produce bank reconciliation statement
	4.3 Describe materiality and financial audits
	4.4 Internal control and accounting system
	4.5 Outline how management must identify and establish effective controls
	4.6 Describe each of the following control activities (i) segregation of duties (ii) proper authorization (iii) adequate documents and records (iv) physical control.
	4.7 Describe how financial control is a critically important activity in helping ensuring that the business is meeting its objectives
	4.8 Define financial assets management
	4.9 Explore the valuation of assets
	4.10 Describe accounts receivable
	4.11 Outline characteristics of notes receivable (debtors)
5. Property, Plant, and Equipment, and Intangible Assets; long term revenue producing assets, acquisition and disposal solutions, utilisation and impairment; current Liabilities Management issues; the key components of credit	5.1 Outline categories of plant assets
	5.2 Analyse intangible assets
	5.3 Contrast tangible vs intangible assets
	5.4 Outline the life cycle of operational assets

<p>terms, credit control and the procedures for analyzing them.</p>	<p>5.5 Describe the accounting treatment for intangible assets</p> <p>5.6 Outline the several differences between accounting for Intangible assets and accounting for plant assets.</p> <p>5.7 Define liabilities</p> <p>5.8 Describe current liabilities</p> <p>5.9 Analyse taxable income</p> <p>5.10 Calculate current ratios</p> <p>5.11 Describe how to measure working capital, payables turnover, and average days' payable.</p>
<p>Managerial Accounting</p> <p>1 The nature and scope of management accounting and the role of costing in meeting the needs of management.</p>	<p>Managerial Accounting</p> <p>1.1 Explain differences between Management and Financial Accounting.</p> <p>1.2 Describe users of accounting information</p> <p>1.3 Explain the differences between direct and indirect costs</p> <p>1.4 Explain the differences between variable costs, fixed costs and stepped fixed costs</p> <p>1.5 Be able to separate the fixed and variable costs from a semi-variable cost</p> <p>1.6 Create a standard cost schedule</p> <p>1.7 Explain the importance of management accounting</p> <p>1.8 Compare management accounting with financial accounting</p> <p>1.9 Explain the various cost classifications</p> <p>1.10 Explain cost behaviour patterns</p> <p>1.11 Split semi-variable costs into fixed and variable elements using the High-Low method</p> <p>1.12 Explain the meaning of cost units, cost centres, profit centres and investment centres</p> <p>1.13 Explain the requirement to allocate overheads</p>
<p>2 The process and techniques involved in basic cost accumulation; inventory valuation, material costs and stock management.</p>	<p>2.1 Identify and calculate the different formulas used to work out the Maximum Level, Minimum Level and Reorder Level for stock</p> <p>2.2 Calculate the Reorder Quantity (ROQ); also known as Economic Order Quantity (EOQ)</p> <p>2.3 Calculate Stock Turnover.</p> <p>2.4 Explain how material costs form part of the total production cost</p> <p>2.5 Explain the process of controlling and recording costs of materials</p> <p>2.6 Explain the FIFO, LIFO and AVCO approach to stock valuation</p>
<p>3 Understand labour costing; labour and overhead costs and the steps in allocating overheads to products</p>	<p>3.1 Describe and calculate different methods for paying and charging labour rates</p> <p>3.2 Calculate labour turnover</p> <p>3.3 Calculate standard hours</p> <p>3.4 Calculate labour productivity</p> <p>3.5 Determine required hours from productive hours and idle time</p> <p>3.6 Calculate idle time ratios</p> <p>3.7 Produce labour overtime calculations</p> <p>3.8 Calculate labour charge rates</p> <p>3.9 Explain the traditional approach to and</p>

<p>4 Understand accounting overheads; including and how indirect costs are shared out across the organisation.</p> <p>5 Understand overhead allocation using absorption and marginal costing and the implementation of the each.</p>	<p>3.10 apportioning production overheads to products Explain the concept of under / over recovery of overhead costs</p> <p>3.11 Explain how cost drivers may be used to locate overhead costs in activity-based costing</p> <p>4.1 Define indirect costs</p> <p>4.2 Explain why departmental overhead absorption rates should be used in preference to single blanket costing rates</p> <p>4.3 Explain why absorption rates cannot be mixed within a department</p> <p>4.4 Calculate cost centre absorption rates</p> <p>4.5 Explain why budgeted overhead rates should be used in preference to actual overhead rates</p> <p>4.6 Identify suitable methods for absorbing indirect costs to products/services</p> <p>4.7 Demonstrate apportioning overheads from service departments to production departments</p> <p>5.1 Define absorption costing</p> <p>5.2 Define marginal costing</p> <p>5.3 Demonstrate overhead allocation using absorption costing</p> <p>5.4 Demonstrate overhead allocation using marginal costing</p> <p>5.5 Describe over and under absorption</p> <p>5.6 Identify differences between absorption and marginal costing</p> <p>5.7 Describe the steps to absorption vs marginal costing</p>
<p>Methods of Evaluation: A 2½-hour written examination paper with five essay questions, each carrying 20 marks. Candidates are required to answer all questions. Candidates also undertake project/coursework in Financial & Managerial Accounting with a weighting of 100%.</p>	

Recommended Learning Resources: Financial & Managerial Accounting

<p>Text Books</p>	<ul style="list-style-type: none"> Financial & Managerial Accounting by Charles T. Horngren, Walter T. Harrison Jr, M. Suzanne Oliver. ISBN-10: 0132782820 Principles of Financial & Managerial Accounting by Jonathan E. Duchac, Carl Warren, James Reeve. ISBN-10: 1111525773 Financial & Managerial Accounting by Jan Williams, Sue Haka, Mark S Bettner, Joseph V Carcello. ISBN-10: 0073526991
<p>Study Manuals</p> 	<p>BCE produced study packs</p>
<p>CD-ROM</p> 	<p>Power-point slides</p>
<p>Software</p> 	<p>None</p>