

Accounting & Financial Management

Course Outline

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Course Description

Financial and management accounting knowledge is necessary to enable a Human Resource Manager (HRM) to do her/his job effectively. In some cases, where the HRM is expected to carry out the activity herself, a detailed knowledge is required. This would be the case, for example, in respect of the preparation of operating budgets for her area of responsibility, and the interpretation of control information based on those budgets. In other cases the HRM is expected to have a working understanding of the challenges face by her fellow members of the management team, where a familiarity with the concepts is more important than detailed knowledge. This would be the case, for example, in respect of the preparation of the income statement and balance sheet for external users.

Learning Objectives

This course will seek to develop the following:

- A general understanding of the nature of financial and managerial accounting, and their relationship to business decisions generally and the work of the HRM in particular;
- An understanding of the conceptual foundations of accounting, and of their relevance to the work of the HRM;
- The nature and meaning of the main accounting reports (the income statement, the balance sheet and the cash flow statement);

The ability to carry out detailed calculations in the following areas, with particular respect to those applications that the HRM is likely to encounter in her work environment:

- Calculation and interpretation of financial ratios;
- Use of financial ratios to interpret the main accounting reports;
- The behaviour of costs, including fixed costs, variable costs and activity-based costs;
- The application of cost behaviour in the cost-volume-profit (breakeven) model;
- The tracing of direct costs and the allocation of indirect costs;
- Product costing and transfer pricing;
- The preparation of budgets for the HRM operating area;
- The calculation and interpretation of cost variances and control through the balanced scorecard;
- Using management accounting information to support decisions;
- The assessment of investment opportunities through capital budgeting techniques, including an assessment of risk.

Required Textbooks

1: Financial Accounting: Tools for Business Decision-Making: P.D.Kimmel, J.J.Weygandt, D.E.Keiso, B.Trenholm and W.Irvine, 7th Canadian edition, Wiley, 2017. (FA) ISBN 978-1-119-32062-3.

2: Managerial Accounting: Tools for Business Decision-Making: J.J.Weygandt P.D.Kimmel, D.E.Keiso, B.Trenholm and W.Irvine, 5th Canadian edition, Wiley, 2017. (MA). ISBN 978-1-119-40399-9

Course Contents

Section 1 Financial Accounting

Unit 1

Overview of financial accounting and the principal financial statements and managerial accounting in the context of managing human resources:

- Describe the purpose and objectives of financial and management accounting
- Describe the main concepts, techniques and conventions of financial accounting
 - Describe the principle elements of financial statements:
 - Explain the interrelationships

Readings: FA: Ch 1

Unit 2

In unit 2 we will look at the first of the financial statements: the statement of financial position. It covers the treatment of assets, liabilities and shareholders' equity. We will also cover the material that deals with recording transactions.

Readings: FA: Ch 2 & 3.

Unit 3

Unit 3 is mainly about the income statement and how transactions are reported using the accrual accounting concept.

Readings: FA: Ch 4 & 5.

Unit 4

The preparation and interpretation of the cash flow statement and its underlying conceptual foundations.

Readings: FA: Chs 7 & 13.

Unit 5

The use of accounting ratios in interpreting the financial statements:

- Analyze financial statements using the following:
 - Liquidity ratios
 - Profitability ratios
 - Stability ratios
 - Growth ratios
 - Cash flow analysis

Readings: FA: Ch 14.

Section 2 Managerial Accounting

Unit 6

Understanding cost behaviour:

- Explain the following:
 - Cost drivers
 - Variable costs
 - Fixed Costs
 - Cost Estimation

Readings: MA: Ch 1 & 2.

Unit 7

Product costing:

- Product costing
 - The balance sheet
 - The income statement

Readings: MA: Ch 3 & 4.

Unit 8

Activity-based costing:

- Explain the following:
 - Cost drivers
 - Variable costs
 - Fixed Costs

Readings: MA: Ch 5;

Unit 9

Cost-volume-profit and breakeven analysis:

- Explain the following:
 - Contribution Margin
 - Break-even Point
 - Cost-Volume-Profit (CVP)
 - Analyzing changes
 - Sensitivity analysis
 - Limitations of CVP
 - Activity based accounting

Readings: MA: Ch 6

Unit 10

Using management accounting information to support decision making:

- Describe the main features of Human Resources accounting
- Describe how to use cost information to:
 - Evaluate HR strategies, functions and programs
 - Assess restructuring decisions, the use of contingent works and outsourcing
 - Evaluate outsourcing of HR functions
 - Determine the effectiveness of Human Resources Management Systems
 - Evaluate E-Training Initiatives information to determine the cost of collective bargaining proposals, including direct and roll-up costs

Readings: MA: Ch 7, 8 & 9.

Unit 11

Preparation of budgets for operations and cash flow:

- The preparation of Cash budgets

Readings: MA: Ch 10.

Unit 12

Control through the calculation and interpretation of standard cost variances and the preparation and use of the balanced scorecard:

- Cost variances (materials, labour, overhead)
- Revenue variances
- The use of variances in decision making
- The balanced scorecard
- Describe the typical management decision making process

Readings: MA: Ch 11 & 12.

Unit 13

Planning and control of long-term investments:

- Describe how capital budgeting can be used to make decisions about investments in Human Resources Infrastructure such as HRM Systems and E-Training

Readings: MA: Ch 13.

Learning Aids

13 Units of multimedia online lectures, each consisting of an audio narration of a PowerPoint presentation.

13 sets of worked solutions to textbook problems that illustrate the topics covered in the Units:

13 self-help quizzes to assess learning of the materials in each Unit;

A monitored discussion board for students to interact with the instructor and their fellow students.

Participation

Participation discussion board moderated and graded by the instructor. Students are required to post at least 2 substantial submissions (400 words or more) during the course on assigned questions that demonstrate knowledge and skills congruent with the Learning Objectives. There will be instructor feedback on all submissions.

Assignments

There will be two assignments as follows:

Assignment 1 (testing the financial accounting syllabus)

Assignment 2 (testing part of the management accounting syllabus)

Final Examination

Proctored, open book, online examination consisting multiple choice questions. Any part of the entire course content may be examined. Government issued photo identification will be required to verify the student's identity.

Grade Weightings of Course Components

Participation in Discussion Board: 10%

Two Assignments: 20% each

Final Examination: 50%: (It is required to pass the final examination with a grade of at least 65% in order to pass the course, regardless of grades earned in other components.)

Passing Grade for the Course: 65%