

**Faculty of Commerce and Administration**

**International MBA Programme**

**2007**

VICTORIA UNIVERSITY OF WELLINGTON

*Te Whare Wānanga o te Ūpoko o te Ika a Māui*



**VICTORIA  
MANAGEMENT SCHOOL**

*Te Kura Whakahaere*

**IMBA 509**

**International Financial and Management Accounting  
(Accounting for Managers)**

### **COURSE OUTLINE**

- Start Date:** 13 January 2007
- Format:** 12 two hour sessions over two weekends.
- Lecture Times:** 13 January: 2:30 – 6:30 pm & 7:30 – 9:30 pm  
14 January: 11.00am – 3.00pm & 4.00 – 6.00 pm  
10 February: 2:30 – 6:30 pm & 7:30 – 9:30 pm  
11 February: 11.00am – 3.00pm & 4.00 – 6.00 pm
- Location:** CUHK
- Teaching Staff:** Brenda Porter, BSc(Hons), BBS, PhD, PGCE, FCA (NZ), CA (Scot), FCIS.  
Office: RH610, PO Box 600, Wellington, NZ
- Email:** Brenda.Porter@vuw.ac.nz
- Telephone:** 64-4-463-5724      **Fax:** 64 4-463-6955
- Textbook:** Atrill, P., and McLaney, E. (2004). Accounting and Finance for Non-Specialists (4th Edition). Prentice Hall.

In addition to the textbook, supplementary notes will be provided and the Annual Report of Cathay Pacific Airways Limited 2005 will be used.



## Introduction and Course Objectives

Welcome to this course – International Financial and Management Accounting (an introductory accounting course for managers). We trust you will find it interesting, stimulating and valuable – if somewhat challenging and demanding!

The International Master of Business Administration Programme aims to produce professional managers capable of fulfilling strategic roles within international corporate and government enterprises. Managers make extensive use of accounting information in their day-to-day work and accounting information is fundamental to corporate governance in that it provides the means of making the organisation's management accountable to outsiders such as owners.

An understanding of basic financial concepts is considered by most, if not all, senior managers to be of critical importance to their – and their organisation's – success. Yet, for many, those concepts seem illusive and confused by jargon. This course is designed to overcome these difficulties and to enable students to understand the contribution to decision making of externally and internally reported financial information.

More specifically, **the primary objectives of the course are:**

1. to provide an understanding of key financial concepts;
2. to enhance participants' understanding of external financial reports (i.e. published financial statements);
3. to enhance participants' understanding of internal financial reports;
4. to enable participants to communicate effectively with financial – and other – colleagues in making strategic decisions.

### Assessment

Individual Assignment	30%	due 27 January 2007 (to be returned 10 February 2007)
Group presentations	20%	10 and 11 February 2007
Final Examination	50%	10 March 2007

***Individual Assignment (30%) and Group Presentations (20%)*** will be discussed during the initial sessions of the course. The individual written assignment is due at APIB offices by 2:30pm on 27 January 2007.

*Individual Assignment Task* (worth 30% of the total marks for the course)

Your brother has received an unexpected bonus payment at work and wishes to use this to make his first investment in shares. His payment is sufficient to buy shares in just one company. A friend of his has suggested that he should invest in Cathay Pacific Airways Limited as he understands that this company is likely to generate good profits over the next few years and is also a “safe” investment.

Your brother has asked you to investigate the profitability and financial position of Cathay Pacific with a view to advising him whether or not he should invest in that company.

Prepare a report for your brother, of no more than 1500 words plus any relevant appendices, that reviews the financial performance and financial position of Cathay Pacific Airways Limited as portrayed by the company's 2005 annual report. Your report should conclude by advising your brother whether or not to invest in the company.

*Note:* You should calculate any financial ratios you consider help to support your review of Cathay Pacific's financial performance and position but, for each ratio you calculate, you should present the formula you have used (the detailed calculations can, if you wish, be placed in an appendix to your report).

You should not confine your discussion to Cathay's financial performance during the year ended 31 December 2005 and its financial position at that date but should refer to Cathay Pacific's trend in profitability and financial performance.

A mark assessment sheet for individual assignment task is attached to these introductory notes.

***Group presentations Task (20%)*** – Each study group will be allocated a Management Accounting case study to present during the weekend of 10 and 11 February 2007. A mark assessment sheet for the group presentations is attached to these introductory notes. Cases will be allocated on Sunday 14 January 2007. A written synopsis of the case study presentation is to be submitted following the class presentation.

***Final (open book) Examination (50%)*** – In the final examination, students will be expected to demonstrate their knowledge of the fundamental concepts of external and internal financial reporting and an ability to apply these concepts to problem situations. Students may take into the examination any written material they please.

## **Course Terms of Reference**

### **Late Assignments**

Given the modular nature of the course delivery and relatively short time for marking and returning assignments, it is imperative that assignments are handed in on time. Late assignments will incur a 50% penalty on the assigned mark. Assignments more than two weeks late will not be accepted. In addition, late assignments will not be available by the agreed return date.

### **Passing the Course**

In order to pass this course, students are required to participate fully in both weekend modules, submit the written assignment report, actively contribute to, and participate in, their group presentation and obtain at least fifty percent of the overall course marks available.

### **Plagiarism**

Victoria University defines plagiarism as the copying of ideas, organization, wording or anything else from another source without appropriate reference or acknowledgement so that it appears to be one's own work. This includes published and unpublished work, the Internet and the work of other students and staff. Plagiarism is an example of misconduct in the Statute of Student Conduct. Students who have plagiarized are subject to a range of penalties under the Statute. See the website: [www.vuw.ac.nz/policy/StudentConduct](http://www.vuw.ac.nz/policy/StudentConduct)

## **Victoria MBA Grading Standards**

### **Victoria MBA - Excellent Category**

A (80 – 85%) to A+ (above 85%): The quality is performed to a very high level of proficiency, i.e. it is at a standard that makes it exceptional at Master's level.

### **Victoria MBA - Very Good Category**

B+ (70 – 74%) to A- (75 – 79%): The quality is performed at a high standard. Students have reached a level which clearly exceeds “competency”.

### **Victoria MBA - Good Category**

B- (60 – 64%) to B (65 – 69%): The quality is clearly demonstrated without being exceptional in any way. Students can be thought of as competent in respect of this quality.

### **Victoria MBA - Satisfactory Category**

C (50 – 54%) to C+ (55 – 59%): The quality is demonstrated to a minimally acceptable level. There may be flaws but these are not serious enough to “fail” the student on this quality.

### **Victoria MBA - Unsatisfactory Category**

E (0 – 39%) to D (40 – 49%): The quality is absent or performed to a very low level, or the performance is seriously flawed in this respect.

## **General University Policies and Statutes**

Students should familiarise themselves with the University's policies and statutes, particularly those regarding assessment and course of study requirements, and formal academic grievance procedures contained in the statutes in the VUW website.

### **The University Statute on Student Conduct and Policy on Staff Conduct**

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps can be taken if there is a complaint. For queries about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor. This Statute is available in the Faculty Student Administration Office or on the website:

[www.vuw.ac.nz/policy/StudentConduct](http://www.vuw.ac.nz/policy/StudentConduct)

The policy on Staff Conduct can be found on the VUW website:

[www.vuw.ac.nz/policy/StaffConduct](http://www.vuw.ac.nz/policy/StaffConduct)

### **Academic Grievances**

If you have any academic problems with your paper you should talk to the lecturer concerned or, if you are not satisfied with the result of that meeting, see the MBA Director. Class representatives are available to assist you with this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Statute, which is published on the VUW, website:

[www.vuw.ac.nz/policy/AcademicGrievances](http://www.vuw.ac.nz/policy/AcademicGrievances)

### Session Schedule - IMBA 509 - 2007

Date	Topic	Required Reading Atrill & McLaney (A&M)	Problems/Cases with solutions provided
<b>Saturday 13 January TOPIC 1: Externally Reported Financial Information</b>			
2:30-4:20 pm	<i>Theme: Measuring and reporting financial position</i> Building blocks of financial information Accounting equation and structure of external financial statements Transactions and double entry recording <i>Exercise 1: I Tooth</i>	A&M Chs 1 and 2 Supplementary notes Part 1a	Problem 2.5
4.20-4.40 pm	<i>Coffee break</i>		
4:40-6:30 pm	<i>Theme: Measuring and reporting financial performance</i> <i>Problem 2.5</i> Balance Day adjustments <i>Exercise 2: Cathay Pacific Airways Limited's financial statements</i>	A&M Ch 3 Supplementary notes Part 1b	Problem 3.5: TT and Co.
7:30-9:30 pm	Fixed assets and depreciation <i>Problem 3.5 (TT and Co)</i>	A&M Ch 3	
<b>Sunday 14 January TOPIC 2: Interpreting Externally Reported Financial Information</b>			
11.00am-12.50 pm	<i>Theme: Interpreting financial statements</i> Fundamentals of financial statement analysis Profitability, coverage and activity ratios	A&M Ch 6 Supplementary notes Part 2	Problem 6.5: Threads Limited
12.50-1.10 pm	<i>Coffee break</i>		
1.10-3.00 pm	Liquidity, and financial structure ratios <i>Problem 6.5</i>		Southern Toy Company Limited
4.00-6.00 pm	<i>Exercise 3: Southern Toy Company Limited</i> <i>Discussion of Southern Toy Company</i> [Allocation of Group presentation cases]		

To help you with your analysis of Cathay Pacific's financial statements, I suggest that, in addition to the readings and problems set out above, you read Chapter 4 of the text book.

<b>Date</b>	<b>Topic</b>	<b>Required Reading</b> Atrill & McLaney (A&M)	<b>Problems/Cases</b> <b>with solutions</b> <b>provided</b>
<b>Saturday 10 February TOPIC 3: Internal Financial Reporting</b>			
2:30-4:20 pm	<i>Theme: Understanding internal financial information</i> <i>Exercise 4: Cost classification</i> Cost-volume-profit analysis <b>Group Presentation 1: Bill French</b>	A&M Ch 7 Supplementary notes Part 3a (Bill French Case Study)	Problem 7.3
4.20-4.40 pm	<i>Coffee break</i>		
4:40-6:30 pm	<i>Theme: Costing problems and Special Orders</i> Costing components Overhead allocation Marginal vs absorption costing Pricing strategies and special orders	A&M Ch 8 Supplementary notes Part 3b	Problem 8.4: Pieman Products Ltd
7:30-9:30 pm	<b>Group Presentation 2: Baldwin Bicycle Company</b> <b>Group Presentation 3: Sheridan Carpets</b>	(Baldwin Bicycle Case Study) (Sheridan Carpets Case Study)	
<b>Sunday 11 February TOPIC 4: Performance and Project Evaluation</b>			
11.00am-12.50 pm	<i>Theme: Managerial and Divisional Performance Evaluation</i> Evaluating managerial performance - Budgets - Variance analysis Evaluating divisional performance <b>Group Presentation 4: Arnhem Group</b>	A&M Ch 9 Supplementary notes Part 4 (Arnhem Group Case Study)	Problem 9.5: Mowbray Ltd
12.50-4.10 pm	<i>Coffee break</i>		
1.10-3.00 pm	Project appraisal <b>Group Presentation 5: Rob Optics Case Study</b>	A&M Ch 10 Supplementary notes Part 5 (Rob Optics Case Study)	Problem 10.2: C George (Controls) Ltd
4.00-6.00 pm	<i>Discussion of a Sample examination paper</i>		



## IMBA 509: International Financial and Management Accounting

The following format will be used for assessing your individual assignment and group presentation

Name \_\_\_\_\_

### Written report (Individual assignment: 30%)

	Marks	
	Max %	Mark %
Objective of the report (stated/met)	10	
Executive summary and introduction	10	
Calculation and use of relevant ratios	20	
Discussion of Cathay Pacific's financial performance and position	30	
Conclusions (In particular, whether they flow from the report)	20	
General presentation of the report	10	
Total	100	

Please note: The % mark gained for your assignment report will be converted to a mark for the course out of 30%

### Group Presentation (20%)

Names \_\_\_\_\_

Case Study \_\_\_\_\_

	Marks	
	Max %	Mark %
Quality of the content of the presentation	25	
Logical flow and clarity of presentation	15	
Use of visual aids	10	
Stimulating and guiding discussion	10	
Contribution to the knowledge of the class	40	
Total	100	

Please note: The % mark gained for your group presentation will be converted to a mark for the course out of 20%.

