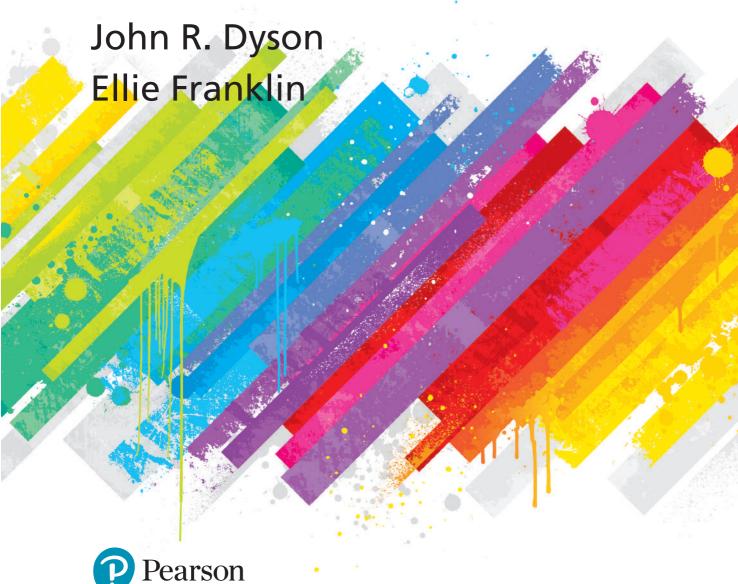
ACCOUNTING

for Non-Accounting Students

Ninth Edition



Brief contents

Pretace		XII
Gui	ided tour	xvi
Ack	knowledgements	xix
Abb	previations	xx
Paı	rt 1 INTRODUCTION TO ACCOUNTING	1
1	Accounting and the business world	2
2	5	24
Pai	rt 2 FINANCIAL ACCOUNTING	47
3	Recording data	48
4		77
5	Company accounts	109
6	Other entity accounts	133
7	Statement of cash flows	151
	Case studies	179
Paı	rt 3 FINANCIAL REPORTING	187
8	The annual report	188
9	The annual accounts	207
10	Interpretation of accounts	226
11	Contemporary issues	259
	Case studies	272
Pai	rt 4 MANAGEMENT ACCOUNTING	277
12	Foundations	278
13	Direct costs	291
14	Indirect costs	306
15	Budgeting	330
16	- · · · · · · · · · · · · · · · · · · ·	352
	Contribution analysis	376
18	3	400
19	· ·	421
20	5 5	446
	Case studies	470
App	pendices	477
Ind	ΔV	512

Contents

i iciace	AIII	Part 2	
Guided tour	xvii	FINANCIAL ACCOUNTING	47
Acknowledgements	xix		
Abbreviations	xxi	3 Recording data	48
		About this chapter	49
Part 1		Learning objectives	49
		Why this chapter is important	49
INTRODUCTION TO ACCOUNTING	1	The accounting equation	49
4 . 4	_	Double-entry bookkeeping	52
1 Accounting and the business world	2	Working with accounts	53
About this chapter	3	A ledger account example	58
Learning objectives	3	Balancing the accounts	59
Why accounting is important	3	The trial balance	63
Nature and purpose	4	Trial balance errors	64
Historical development	5	Computerisation	6!
Branches of accounting	8	Questions you should ask	6!
The accountancy profession	13	Conclusion	60
Public and private entities	15	Key points	6
Questions you should ask	19	Check your learning	6
Conclusion	19	News story quiz	68
Key points	20	Tutorial questions	68
Check your learning	21		
News story quiz	22	4 Sole trader accounts	7
Tutorial questions	22	About this chapter	7
		Learning objectives	78
2 Accounting rules and regulations	24	Why this chapter is important	78
About this chapter	24	Preparing basic financial statements	78
Learning objectives	25	Year-end adjustments	82
Why this chapter is important	25	Inventory	83
The rules of the game – why have them?	25	Depreciation	84
Conventional accounting rules	27	Accruals and prepayments	8
Sources of authority	32	Bad and doubtful debts	88
The Companies Act 2006	33	A comprehensive example	9:
UK Accounting Standards	35	Accounting defects	94
International Accounting Standards	36	Questions you should ask	90
An accounting framework	37	Conclusion	90
Questions you should ask	40	Key points	9
Conclusion	40	Check your learning	9
Key points	41	News story quiz	98
Check your learning	42	Tutorial questions	99
News story quiz	42		
Tutorial questions	43		

5 Company accounts	109	Accounting policies	181
About this chapter	110	Statement of cash flows	184
Learning objectives	110		
Why this chapter is important	110	B	
Limited liability	110	Part 3	
Structure and operation	111	FINANCIAL REPORTING	187
The statement of profit or loss	117		
The statement of changes in equity	117	8 The annual report	188
The statement of retained earnings	117	About this chapter	188
The statement of financial position	119	Learning objectives	189
A comprehensive example	121	Why this chapter is important	189
Questions you should ask	124	Overview	190
Conclusion	124	Introductory material	191
Key points	125	Corporate reporting	196
Check your learning	125	Shareholder information	203
News story quiz	126	Questions you should ask	204
Tutorial questions	126	Conclusion	204
•		Key points	205
6 Other entity accounts	133	Check your learning	205
About this chapter	134	News story quiz	206
Learning objectives	134	Tutorial questions	206
	134	'	
Why this chapter is important	135	9 The annual accounts	207
Manufacturing accounts Service entity accounts	139		
•	142	About this chapter	208
Not-for-profit entity accounts Government accounts	145	Learning objectives	208
		Why this chapter is important	208
Questions you should ask	146	Setting the scene	209
Conclusion	146	Consolidated statement of profit or loss and other	211
Key points	147	comprehensive income	211
Check your learning	148	Statement of changes in equity	212
News story quiz	148	Consolidated statement of financial position	214
Tutorial questions	149	Consolidated statement of cash flows Notes to the financial statements	216
7 Statement of cash flows	4.54		218
7 Statement of Cash flows	151	Independent auditor's report	218
About this chapter	152	Periodic summary	219
Learning objectives	152	Questions you should ask	222
Why this chapter is important	152	Conclusion	223
What is cash?	153	Key points	223
Nature and purpose of the statement		Check your learning	224
of cash flows (SCF)	153	News story quiz	224
Preparation	155	Tutorial questions	225
FRS 102 (Section 7) presentation	161	40.1	
IAS 7 format	165	10 Interpretation of accounts	226
Questions you should ask	168	About this chapter	227
Conclusion	168	Learning objectives	227
Key points	169	Why this chapter is important	227
Check your learning	169	Nature and purpose	228
News story quiz	170	Procedure	230
Tutorial questions	170	Ratio analysis	234
CASE STUDIES		Illustrative examples	236
CASE STUDIES		Questions you should ask	246
Preparation of financial statements	179	Conclusion	246

Key points	370	19 Capital investment	421
Check your learning	370	About this chapter	421
News story quiz	371	Learning objectives	421
Tutorial questions	371	Why this chapter is important	422
		Background	422
17 Contribution analysis	376	Main methods	423
About this chapter	376	Net cash flow	434
Learning objectives	377	Sources of finance	436
Why this chapter is important	377	Questions you should ask	438
Marginal costing	377	Conclusion	439
Contribution	379	Key points	439
Assumptions	380	Check your learning	440
Format	380	News story quiz	440
Application	381	Tutorial questions	441
Charts and graphs	383	1	
Reservations	388	20 Emerging issues	446
Formulae	389		446
Limiting factors	392	About this chapter	440
Questions you should ask	394	Learning objectives	447
Conclusion	395	Why this chapter is important	
Key points	395	The business environment	447
Check your learning	395	Management accounting changes	449
News story quiz	396	Selected techniques	450
Tutorial questions	396	Questions you should ask	466
4		Conclusion	466
18 Decision making	400	Key points	467 468
About this chapter	400	Check your learning News story quiz	468
Learning objectives	401	, ,	469
Why this chapter is important	401	Tutorial questions	403
Nature and purpose	401	CASE STUDIES	
Cost classification	403	Fixed and flexible budgets	470
Types of decision	405	Standard cost operating statements	472
Questions you should ask	414	Pricing	474
Conclusion	415	· 3	
Key points	415	Appendices	
Check your learning	416	Further reading	477
News story quiz	416	Discount table	477
Tutorial questions	417		
		Answers to activities	480
		Answers to tutorial questions	483
		Index	512