



# Course information 2023-24

## AC3193 Accounting: Markets and Organisations

### General information

**COURSE LEVEL:** 6

**CREDIT:** 30

**NOTIONAL STUDY TIME:** 300 hours

### Summary

This course is designed to address the importance of financial information for both external and internal stakeholders in the context of theoretical and empirical development.

### Conditions

**Co-requisites:** You must attempt either AC2091 Financial reporting or AC2097 Management accounting before taking AC3193, and you must take the other course at the same time as or before AC3193.

### Aims

Part 1 of this course aims to develop student's awareness of the interaction of financial accounting and reporting within capital markets. Specific focus will be given to how key players within the markets perceive and use the information provided and the difficulties they need to be aware of. Part 2 addresses issues in management accounting and organisational control, including: financial and other controls, organisational structures, performance measurement and incentive systems, budgetary control and public-sector and non-profit financial management within the organisational and human behavioural context.

### Learning outcomes

At the end of the course and having completed the essential reading and activities students should be able to:

- discuss the role of key capital market players, institutional investors and evaluate their importance in information dissemination
- advise on how accounting information can impact valuation of securities and other decisions made by market participants.
- appreciate the earnings game and the flexibility in accounting practices to allow earnings to be managed.
- evaluate issues arising from management control in its organisational context
- discuss various approaches to performance measurement and control in various types of organisations, and devise and evaluate indicators of performance
- discuss contingency theory and its impacts on management control practices in organisations

Please consult the current EMFSS Programme Regulations for further information on the availability of a course, where it can be placed on your programme's structure, and other important details.

- discuss the ethical issues of using management control methods and its use in non-profit organisations

## Employability outcomes

Below are the three most relevant skill outcomes for students undertaking this course which can be conveyed to future prospective employers:

1. Communication
2. Persuasion and negotiation
3. Emotional intelligence

## Essential reading

For full details, please refer to the reading list.

For the first part of the course there is no specific essential textbook as the content covers a wide range of different topics that do not fall neatly into one field. The following four textbooks are used on the course, but you will be guided to which parts are most important and so there is no need to buy copies:

Business Analysis and Valuation. Palepu, K. Healy, P. Peek, E. Cengage Learning EMEA. (2022) ISBN: 978-1473779082

An Introduction to global financial markets. Valdez, S. and Molyneuz, P. Bloomsbury Academic. (2015) ISBN: 978-1137497550

Investor Relations and Financial Communication: Creating Value Through Trust and Understanding. Alexander Laskin. Wiley Blackwell. (2021) ISBN: 978-1119780458

Google and Earnings Guidance. Harvard Business School Case Study: 9-111-026

For the management accounting part of the course the essential textbook is:

Merchant & Van der Stede, Management Control Systems: Performance Measurement, Evaluation and Incentives, FT/Prentice Hall (2017) [ISBN 9781292181875].

## Assessment

This course is assessed by a three-hour and fifteen-minute closed-book written examination.

## Syllabus

This course is divided into two parts. Part 1 – blocks 1-10, Part 2 blocks 11-20:

**Block 1** introduces the importance of accounting information from the ‘user’ perspective within the broader market for information

**Blocks 2 - 3** introduces the role of the Sell-Side analyst and explore why these professionals are a critical part of professionals who consume accounting information

**Block 4** introduces the role of buy side analysts and how their focus differs to sell side analysts

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- Block 5** explores the role of investor relations in information dissemination
- Block 6** discusses the key accounting ratios and measures used by participants of the capital markets
- Block 7-8** explores how accounting information is used in valuations such as residual income and multiples
- Block 9-10** explores the concepts of the 'earnings game' and earnings management, the reason why these occur and their impact on users
- Block 11** introduces management control, identifying results control, action, personnel and cultural controls
- Block 12** discusses control system tightness and costs and designing and evaluating management control systems
- Block 13** looks at issues relating to the delegation of decision rights
- Block 14** reviews target setting and related management control problems
- Block 15** considers the effects of incentive-compensation systems
- Block 16** introduces performance evaluation
- Block 17** incorporates the presence of uncontrollable factors and discusses relative performance evaluation
- Block 18** looks at issues relating to subjective performance evaluation
- Block 19** considers management control (or: "corporate governance") in large publicly-traded organisations
- Block 20** focuses on executive incentive-compensation in large publicly-traded organisations

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