Financial Accounting

Academic Year: (2018 / 2019) **Review date: 17-09-2018**

Department assigned to the subject:

Coordinating teacher: GUO ZHONG, BING

Type: Electives ECTS Credits : 3.0

Year : 1 Semester : 1

REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Target Audience: This course is prepared for those students who don't have accounting background in the undergraduate study (they can be economists, mathematicians, physicians, engineers, etc.).

Course Language: This course is totally taught in English.

No courses are required to be completely previously.

Case studies will be done using Excel or Word.

Professor:
- Bing Guo (bguo@emp.uc3m.es)

OBJECTIVES

GENERAL COMPETENCES

SPECIFIC COMPETENCES

- Course Description

This course is designed to provide students with the elementary foundations of basic accounting theory. The focus will apply the basic objectives, principles and procedures of accountancy in the preparation, analysis, interpretation, communication and reporting of general-purpose financial statements. The first part of the course is a general introduction of financial accounting information, financial accounting rules, and the four financial statements. The second part of the course focuses on financial accounting cycle (from journalizing business transactions to financial statements preparation and closing accounts). The third part of the course introduces the accounting of each part of the balance sheet (current assets, long-term assets, liabilities, and equities) in detail.

DESCRIPTION OF CONTENTS: PROGRAMME

1. Introduction to accounting. The Balance sheet and the Income Statement
  1.1 Definition of Accounting
  1.2 Users of Accounting Information
  1.3 Accounting Rules and Standards
  1.4 Financial Statements
Readings: Slides, Chps. 2 & 3 Sutton

2. Accrual Adjustments, Financial Statement Preparation and Statement of Cash Flow
  2.1 Double-entry Accounting System
  2.2 Accural basis of Accounting
  2.3 Statement of Cash Flow
Readings: Slides, Chps. 4&5 Sutton

3. Accounting for Current Assets
  3.1 Account Receivables
  3.2 Accounting for Inventories
Readings: Slides, Ch. 9, Sutton

4. Accounting for Long-term Assets

4.1 Acquisition costs of Long-term Assets
4.2 Depreciation
4.3 Impairment of Tangible Assets
Readings: Slides, Ch. 8, Sutton

5. Accounting for Liabilities
5.1 Current Liabilities
5.2 Contingency
5.3 Long-term Debt: Bond
Readings: Slides, Ch. 11 Sutton

6. Accounting for Equity
6.1 Characteristics of Equity
6.2 Preference Shares
6.3 Dividend Policy
Readings: Slides, Ch. 12 Sutton

7. Accounting for Investment
7.1 Debt Investments
7.2 Equity Investments
Readings: Slides, Ch. 13 Sutton

LEARNING ACTIVITIES AND METHODOLOGY

Learning activities comprise classical lectures where the theoretical concepts will be provided. In addition, practical examples related to theoretical concepts will be discussed in class, with active student participation.

After the theoretical concepts are provided, students will be assigned three case studies during the course:
-Case 1: Accrual Basis Accounting: Mobilité
-Case 2: Accounting for Inventories: Merrimack Tractors and Mowers, Inc.
-Case 3: Bond Accounting: Lyons Document Storage Corporation
They will work in small groups using Word and Excel. Students' answers will be submitted electronically through Aula Global and must be submitted by 1 pm on the due date. The homework will be discussed in class afterwards.

There will be three 15-minute mini quizzes during the course. The solutions will be discussed by the lecturer right after the quiz in class. In this way, the lecturer would know whether students understand the concepts and the students can learn their mistakes.

ASSESSMENT SYSTEM

%60 Final Exam, a minimum score of 4 will be required.

%20 In-Class Quizzes. There are 3 in-class quizzes during the course, which will be given at the beginning of the class (late arrivals will not be accommodated, thus please try to be punctual). Each quiz take about 15 minutes. The material covered in each quiz is the one of the preceding session. Quiz scores will be posted in Aula Global before the final exam.

20% Homework. There are 3 homework assignments. The homework assignments will be finished in a group of two or three students. Students' answers will be submitted electronically through Aula Global and must be submitted by 10:30am on the due date. Scores of the homework will be posted in Aula Global before the final exam.

% end-of-term-examination:	60
% of continuous assessment (assigments, laboratory, practicals…):	40

BASIC BIBLIOGRAPHY

- Sutton, T. Corporate Financial Accounting and Reporting, Prentice Hall, 2004

ADDITIONAL BIBLIOGRAPHY

- Donald E. Kieso, Jerry J. Weygandt, Terry D. Warfield Intermediate Accounting: IFRS Edition, Wiley, 2011