Accounting Introduction

Academic Year: (2021 / 2022) **Review date: 04-06-2021**

Department assigned to the subject: Business Administration Department

Coordinating teacher: SANTAMARIA SANCHEZ, LUIS

Type: Basic Core ECTS Credits : 6.0

Year : 1 Semester : 2

Branch of knowledge: Social Sciences and Law

OBJECTIVES

In this course, students will learn the accounting process and use of accounting information in business decisions. It will provide students with a thorough understanding of the theoretical foundations underlying financial reporting, revenue recognition, and the matching of expenses; financial statement presentation; and accounting for assets. The course's primary objective is to give students the tools necessary to understand and execute appropriate accounting procedures.

Students must understand both how transactions lead to financial statements and to determine and evaluate the outcomes of that process from the perspectives of managers, shareholders, auditors, and others.

After finishing this course students should be able to:
1. Use and understand accounting vocabulary
2. Apply accounting concepts and principles
3. Use the accounting equation
4. Analyse business transactions
5. Complete the accounting process
6. Prepare the financial statements

Skills development:
-Ability to work individually
-Critical thinking
-Ethical behaviour

DESCRIPTION OF CONTENTS: PROGRAMME

PROGRAMME

Chapter 1: Introduction to accounting

- 1.1 Economic activity and information needs
- 1.2 Accounting: formal concept
- 1.3 Divisions of accounting
- 1.4 The importance of accounting information
- 1.5 The users of accounting information
- 1.6 How does accounting work?
- 1.7 The characteristics of accounting information
- 1.8 Accounting standardisation (regulation)

Chapter 2: Assets, Liabilities and Equity. The accounting equation

- 2.1 The value of the company
- 2.2 Economic structure and financing structure. Assets, Liabilities and equity. The accounting equation.
- 2.3 Categories of assets, liabilities and owners ¿ equity
- 2.4 Business transactions and the accounting equation
- 2.5 The balance sheet
- 2.6 The income statement (profit and loss account)

Chapter 3: The accounting method

- 3.1 Accounting for business transactions
- 3.2 The account: the double- entry system
- 3.3 The accounting books: the Journal and the Ledger. The Trial Balance
- 3.4 Recording transactions in the Journal
- 3.5 Charts of Accounts
- 3.6 Accounting¿s foundation: Principles and Concepts

Chapter 4: The accounting process

- 4.1 The phases of the accounting process
- 4.2 Opening phase
- 4.3 Transactions phase
- 4.4 Closing phase
- 4.4.1 Determining accounting income
- 4.4.2 Closing the books
- 4.4.3 Preparing the Financial Statements

Chapter 5: Valuation and reporting transactions

- 5.1 Measuring transactions (assets and inventories)
- 5.2 Recording purchases and sales of inventories (stocks)
- 5.2.1. The Perpetual system

5.2.2. The Periodic system

- 5.3 Financing activities
- 5.3.1. Internal finance sources
- 5.3.2. External finance sources
- 5.3.2.1. Short-term and long-term debts
- 5.3.2.2. Notes payables and notes receivables

Chapter 6: Calculation of accounting earnings and producing the financial statements.

- 6.1 Expenses and revenues.
- 6.1.Examples: Recording transactions
- 6.2. Accrued expenses and revenues.
- 6.3. Adjusting changes in inventories with the periodic system
- 6.4. Adjusting the value of the assets
- 6.4.1. Amortization and depreciation
- 6.4.2. Impairments
- 6.5. The process to obtain accounting income
- 6.6. Preparation of the financial statements

LEARNING ACTIVITIES AND METHODOLOGY

This course is appropriate for first year students where the lecturer's main role is to act as a guide and a tutor of the learning process. With this system, the student is encouraged to have a more dynamic and participative attitude in class. The student will learn to organize and schedule his/her own timetable. The overall content of the course comprises:

1. Material to follow the lectures: basic reference book and slides
2. Set of exercises related to each chapter which is to be solved at the tutorials. This material will be provided to the student at the beginning of the course.
3. Set of tasks which are part of the continuous assessment process. These have to be solved in class by the students and submitted to the lecturer at a given date as stated in the course timetable.
4. An end-of-chapter short quiz which will allow students to test their understanding of the material covered in the chapter.

A course timetable is also provided to the student which includes a detailed description of the dates for submission of tasks and the contents to be covered in each lecture and tutorial.

The course consists of two one-hour and a half lectures, and a one-hour and a half tutorial per week.

Purpose of the lectures is twofold:
Primarily to enable the students to understand and apply fundamental accounting concepts, accounting methods, and accounting conventions. I.e. the focus is on possible ways of recognizing and measuring events in the balance sheet and income statement.
Secondly to enable the students to understand the required ways of recognizing and measuring events

in the balance sheet and income statement according to the Accounting Standards.

Purpose of the tutorials is:
To train the students to solve financial accounting problems which in certain cases contain more than one of the subjects taught in the lectures. In the tutorials the students apply the financial accounting theory from the lectures to specific problems. Specific exercises to show how the accounting process works and how the financial statements are produced will be addressed. This will enable students to test their understanding of the material covered at the lectures.

ASSESSMENT SYSTEM

Assessment will be based on coursework and final examinations. The coursework consists of several tasks and one mid-term exam. Completion of tasks and class participation will account for 25% of the overall grade while the mid-term exam is worth 15% of the final grade. The tasks will be solved by students in class (see course timetable). The final exam will account for the remaining 60% of the overall grade.

To pass the course students should obtain a minimum of 4 marks (over 10) in the final exam.

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

BASIC BIBLIOGRAPHY

- HARRISON and HORNGREN "Financial Accounting"., Prentice Hall. 6th Edition. , 2014

- VILARDELL, I.; ORTÍN, P. y SOLÀ, M. "Introducción a la Contabilidad General"., McGraw Hill / Interamericana de España, S.A. 1997.