Summary

Financial Accounting is a basic course scheduled during the first semester of year 1. This introductory course is needed in order to provide the students with the understanding of the ‘accounting language’ needed for subsequent courses (i.e., Cost accounting and Financial Analysis).

Accurate, reliable and on-time financial information is crucial for decision taking.

The objective of this course is to provide students with an understanding of:

• The information contained in Financial Statements.
• The effects of economic events on Financial Statements.
• The use of accounting information for internal as well as for external decision makers.
• The measurement theories underlying Financial Statements.
• The ethical dilemmas in financial accounting.
• The financial reports – what they do and do not communicate.

Course Details

• Code: 36252
• Degree: Degree in Business Management
• Mention: Business Creation and Management - Itinerary Entrepreneurship
• Character: Basic Training
• Year: 1st
• ECTS: 6

Prior Knowledge

Not required.

Professors

Name
Lucía Egea
Felipe Sánchez Coll

Department
Accounting

Tutorials
Wednesdays from 10,15 to 11,15.
On request (by email) depending on availability.
Competences

BASIC COMPETENCES
GI.1 - Analysis and synthesis
GI.2 - Organization and planning
GI.8 - Decision making
GP1 – Teamwork
GP3 – Critic and auto critic thinking
GS1 - Self study
GS.2 – Adaptation
GS.3 – Creativity
GS.8 - Coordination

SPECIFIC COMPETENCES
EG.2 - Ability to prepare and understand the financial information, both external and internal.
EA.11 – Ability to prepare and interpret the financial statements and understand the implications in other areas of the company.
EA.13 – Ability to assess the economic and financial consequences of the GAAP application.
EA.16 – Ability to apply and introduce continuous improvements in the organization.

Learning Outcomes

Upon completion of this course, students will be able to:

• Have a basic knowledge of economic and financial information of the company, operating cycle and income generation. Understand the need of periodic, reliable, accurate and updated financial information.
• Understand the ‘language’ of business, its uses and limitations, interpret and understand how economic events affect the Balance Sheet, Income Statement and Statement of Cash Flow.
• Consider the relative importance of net income and cash flows in the context of a value creation orientation
• Analyze ethical dilemmas in financial accounting while developing the necessary analytical skills to recognize them and deal with them.

Course Contents

Unit 1. Understanding the business: the financial statements
• 1.1. The financial statements: an overview
• 1.2. Balance Sheet and Income Statement
• 1.3. Statement of Retained Earnings and Statement of Cash Flows
• 1.4. Relationship among the statements
• 1.5. Notes to the Financial Statements
• 1.6. The Spanish General Accounting Plan (NPGC)

Unit 2. Transactional analysis and the accounting equation
• 2.2. Dual effect and the T-accounts. The accounting books.
• 2.3. Debit and credit rules

Unit 3. Accrual accounting. Adjustments and the closing process. The accounting cycle
• 3.2. Types of adjustments.
• 3.3. Adjustment process.
• 3.4. Preparing financial statements.
• 3.5. Closing the books.

Unit 4. Operating activities
• 4.1. Reporting and interpreting sales revenue, receivables and cash.
• 4.2. Sales discounts, sales returns and allowances.
• 4.3. Accounting and estimating bad debts.
• 4.4. Reporting and interpreting inventories and cost of goods sold.
• 4.5. Inventory costing methods (FIFO, LIFO and Average Cost).

Unit 5. Investing and Financing activities
• 5.1. Property, plant and equipment
• 5.2. Natural resources and intangible assets
• 5.3. Liabilities.
• 5.4. Owner’s equity.
• 5.5. Investments in other corporations.

Unit 6. The Statement of Cash Flows
• 6.2. Cash Flows from Investing Activities.
• 6.3. Cash Flows from Financing Activities.
• 6.4. Analysis.
Work Load

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<thead>
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<th>PRESENTIAL ACTIVITIES</th>
<th>HOURS</th>
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<tr>
<td>Lectures</td>
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<td>Practical sessions</td>
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<td><strong>Total Presental Activities</strong></td>
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<table>
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<th>NON-PRESENTIAL ACTIVITIES</th>
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<td>Individual assignments preparation</td>
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<td><strong>Total Non-Presental Activities</strong></td>
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<td><strong>TOTAL</strong></td>
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</table>

**Teaching Methodology**

According to the core competences to be developed, the following methodologies will be used along the course:

- Class presentations of technical concepts. So, it is recommended to review the corresponding book chapter prior each session.
- Exercise resolution – the practical sessions will use book exercises and cases.
- Student presentations – some exercises will be requested and students will have to present them to the rest of the class.
- Case method.
- Videos.

**Assignments**

Lectures and practical sessions will be completed with individual and/or group assignments in which several problems will be laid out, solved with the adequate software and utterly the solutions will be analyzed.

**Evaluation Criteria**

According to the core competences to be developed, the following methodologies will be used along the course:

- Class presentations of technical concepts. So, it is recommended to review the corresponding book chapter prior each session.
- Exercise resolution – the practical sessions will use book exercises and cases.
- Student presentations – some exercises will be requested and students will have to present them to the rest of the class.
- Case method.
- Videos.

1. Continuous assessment: 40%

The evaluation of the participation and active involvement of the student in the learning process, together with the activities carried out by the student during the course will allow obtaining up to 4 points of the final grade to be distributed as follows:

- Participation and involvement of the student in class: 1 point (10%).
- Elaboration and exposition of exercises: 3 points (30%).

2. Examinations: 60%

**First Call:**

During the academic year, two written examinations will be carried out, one in the middle of the semester (for subjects 1 to 3) and the other at the end of the semester.
In each exam a minimum grade of 5 is required. The following cases could occur:

A. Students who pass the first partial exam, that is, obtain a minimum grade of 5 out of 10, will be able to eliminate that part of the subject and present themselves to the final exam by the remaining syllabus (units 4, 5 and 6). In this case, your final grade will be an average between the two exams, provided that in the final exam you have obtained a minimum grade of 5 out of 10:

- Partial examination (units 1 to 3): 3 points.
- Final exam (topics 4 and 6): 3 points

B. Those students who do not pass the partial exam will have to submit to the final exam for the entire syllabus, being in this case their final mark obtained in the final exam:

- Final exam (items 1 to 6): 6 points

C. Those students who have passed the midterm exam and have not passed the end of the semester exam, with a mark equal or above 5, will have to present to the 2nd Call for the whole subject.

D. Those students who, even if they passed the partial exam, wish to take the final exam to improve the grade, will not be considered the grade obtained in the partial exam. Therefore, their final grade will be the one obtained for the entire syllabus in the final exam:

- Final exam (items 1 to 6): 6 points

2nd Call:
Those students who do not exceed the 1st call, will have to present themselves to a new examination in 2nd call and their final note will be the one obtained for the whole agenda in this examination:

- Final exam (items 1 to 6): 6 points

The continuous evaluation is not recoverable, therefore, the grade obtained during the continuous evaluation of the subject will be maintained both in the 1st call and in the 2nd call.

The exams are obligatory, so to exceed them (minimum mark of 5 out of 10 in both the final and final exam) is an indispensable condition to combine the grade with continuous assessment and to pass the subject.

Continuous evaluation: 20% of the final grade, which will consist of a set of exercises related to the topics covered in the subject. Students have to send the teacher the file at the end of the semester and before the exam.

Exam: 80% of the final grade.

CLASS ATTENDANCE
Class attendance is compulsory for the appropriate understanding of the course. Absences above 4 of the total number of sessions will imply that the student will not obtain any grade for the continuous evaluation process. Therefore, the final grade will be calculated applying 60% over the exam grades.

SPELLING, GRAMMAR AND EXERCISE PRESENTATION
Students must comply with the rules of correct spelling, punctuation and grammar in their works and examinations. These formal aspects will be taken into account in their evaluation.

In addition, exercises asked to be delivered to the teacher must be typed, not handwritten. Hence, those exercises written in hand will not be accepted.

References

Required Book

Additional Resources
- Additional material on International Accounting Standards (IAS/IFRS) can be found on the following website: https://www.iasplus.com/en

RE-REGISTRATION AFTER FAILING IN SECOND EXAMINATION
Students who do not pass the course in 1st / 2nd call and who do not repeat course, will have to register again. They will have the right to 3rd and 4th call. The evaluation will be as follows: