

## FINANCIAL ACCOUNTING

### COURSE DETAILS

<b>Code</b>	36252
<b>Degree</b>	Degree in Business Management
<b>Mention</b>	Business creation and management
<b>Character</b>	Basic Training
<b>Year</b>	1º
<b>ECTS</b>	6

### Professor

<b>Name</b>	<b>Department</b>	<b>Tutorials</b>
Ana Galeano	Accounting	By appointment

### 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, and
- financial reports – what they do and do not communicate

### PRIOR KNOWLEDGE

Not required.

## COMPETENCES

### **BASIC COMPETENCES:**

- GI.1 - Analysis and synthesis
- GI.2 - Organization and planning
- GI.8 - Decision making
- GP.1 – Teamwork
- GP.3 – Critic and auto critic thinking
- GS.1 - 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

### **STUDENT PERFORMANCE OBJECTIVES**

#### **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**

### **Chapter 1. Financial accounting concept & reporting**

- 1.1. Accounting as an information system
- 1.2. The Annual Report
- 1.3. The Financial Statements and their elements: Income Statement, Statement of Retained Earnings, Balance Sheet, and Statement of Cash Flows

### **Chapter 2. Analyzing business transactions**

- 2.1. Measurement Issues
- 2.2. The double entry system: Business Transaction Analysis
- 2.3. The recording process: The Journal & The Ledger
- 2.4. The Trial Balance

### **Chapter 3. The Accounting cycle and Closing**

- 3.1. Adjusting Revenues and Expenses: the accounting cycle
- 3.2. Preparing Financial Statements
- 3.2. The Closing process

### **Chapter 4. Accounting for Sales & Inventories**

- 4.1. Reporting and interpreting sales revenue, receivables and cash
- 4.2. Sales discounts, sale 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).

### **Chapter 5. Long-lived assets**

- 5.1. Property, Plant, and Equipment
- 5.2. Depreciation
- 5.3. Disposal of Depreciable Assets
- 5.4. Intangible Assets & Natural Resources

### **Chapter 6. Liabilities and Equity**

- 6.1. Accounting for current liabilities
- 6.2. Notes payable & Interest
- 6.3. The working capital
- 6.4. Long-Term Liabilities: Debt Financing
- 6.5. Stockholders' equity

**Chapter 7. The Statement of Cash Flows**

- 7.1. Cash Flows from Operating Activities
- 7.2. Cash Flows from Investing Activities
- 7.3. Cash Flows from Financing Activities
- 7.4. Analysis

**WORKLOAD**

<b>ACTIVITIES</b>	<b>HOURS</b>	<b>ATTENDANCE REQUIRED</b>
Lectures	30	Yes
Practical sessions	30	Yes
Group assignments preparation	5	No
Individual assignments preparation	4	No
Self-preparation and study for evaluation activities	31	No
Self-preparation and study for assignments and lectures	30	No
Self-preparation and study for practical sessions	20	No
<b>TOTAL</b>	<b>150</b>	

## 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 material for each chapter prior every session.
- Exercise resolution – the practical sessions will use exercises and cases.
- Student presentations – some exercises will be requested and students will have to present them to the rest of the class.
- Games

### 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

The ordinary assessment system will have the following characteristics:

Learning outcomes	Activities to be evaluated	Assessment criteria	Weights
The student will be able to understand concepts related to business and corporate transactions of companies and their accounting, to identify the economic and financial structure of a company, to keep the accounting of a company and to identify the regulations governing the register and repository of a company's financial duties.	<i>Knowledge Tests</i>	<ul style="list-style-type: none"> <li>Two different mid-term tests consisting of problem solving (60%)</li> </ul>	60%
	<i>Exercises</i>	<ul style="list-style-type: none"> <li>Deliver every single class assignment on time. Quizz format on Moodle platform &amp; Games</li> </ul>	20%
The student will be able to keep the accounting of a company and to make decisions related to business management	<i>Report Activity</i>	<ul style="list-style-type: none"> <li>Build a report and make an oral presentation</li> </ul>	20%

### **CALLS FOR EVALUATION**

**1<sup>st</sup> Call:** To assess the course it is necessary to pass all knowledge tests with at least a score of 5 over 10 to make average with the other grades. Otherwise, the student will have the chance to pass a final exam at the end of the semester.

**2<sup>nd</sup> Call:** Those students who do not exceed the 1st call have to take a new final examination in 2nd call.

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.

Knowledge tests are mandatory and a minimum score of 5 over 10 is also required to pass the course.

Continuous evaluation (score saved from 1 <sup>st</sup> call assessment)	40%
Knowledge Tests	60%
<b>TOTAL</b>	<b>100%</b>

The maximum number of marks is 10. Final grades will be a weighted average of all the components listed above, having to obtain a final grade of 5 (or more) to surpass the course. However, if the exam is failed, the final mark obtained after applying the prior weighting will be a maximum of 4.5. Thus, if the exam is less than 5 and after applying the weighting the final mark is greater than 4.5, it will remain at that 4.5. If, on the other hand, this grade is less than 4.5, the grade obtained will be maintained.

### **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 4<sup>th</sup> call. The evaluation will be as follows:

**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.

**Final 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 activities.

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**

### **TextBooks:**

- FINANCIAL ACCOUNTING (2020) Libby/ Libby/ Hodge, 10<sup>th</sup> Edition, McGraw Hill International Edition.
- FINANCIAL ACCOUNTING. C. William Thomas; Wendy M. Tietz; Walter T. Harrison Jr. Pearson 12th edition (2019). ISBN-13: 9780134725987
- INTRODUCTION TO FINANCIAL ACCOUNTING. Horngren, Sundem, Elliot. Ed. Pearson. 11th edition. ISBN-10: 0133251039 • ISBN-13: 9780133251036©2014
- FINANCIAL ACCOUNTING. Belverd, E. Needless. Ed. South\_Western College Publishing. 11<sup>th</sup> edition. ISBN 13: 978-1-111-52554-5, ISBN 10 1-111-52554-4
- BUSINESS ACCOUNTING VOLUME 1. F. Wood, A. Sangster. Ed. Prentice Hall. 12th edition. ISBN : 0273759280, ISBN13 : 9780273759287

### **Web Links:**

- Spanish General Accounting Plan <http://www.icac.meh.es/seccion.aspx?hid=34>
- Additional material on International Accounting Standards (IAS/IFRS) can be found on the following website: <https://www.iasplus.com/en>