

VNIVERSITAT  VALÈNCIA

FACULTAT D'ECONOMIA

DEPARTAMENT DE COMPTABILITAT

*LICENCIATURA EN A.D.E.
DIPLOMATURA EN CIENCIAS EMPRESARIALES
GRUPO INTERNACIONAL*

FINANCIAL ACCOUNTING
(CONTABILIDAD FINANCIERA)

**ASIGNATURA ANUAL Y TRONCAL
PRIMER CURSO - 9 CRÉDITOS**

CURSO ACADÉMICO 2009-10

1. OBJECTIVE OF THE COURSE

Financial Accounting is an introductory accounting course designed for students registered for the *International Programme de la Licenciatura en Administración y Dirección de Empresas* y de la *Diplomatura en Ciencias Empresariales*. The course is designed for students who are taking accounting for the first time. The course will take both a practical and theoretical approach to understanding the principles and concepts involved in the preparation and use of financial statements. It is expected that at the conclusion of the course, students will

- have a good understanding of the nature and purpose of accounting,
- be able to prepare financial statements from simple underlying business transactions, and
- understand, from an international perspective, the principles involved in preparing company financial statements.

II. EVALUATION SYSTEM

There will be a mid-term exam in January or February covering the first 7 subjects in the outline (see below). At the end of the course there will be another exam in June or July covering all the subjects listed in the outline. This exam will have two parts (P1 and P2). Those students who pass the mid-term exam do not need to take the first part (P1) of the final exam, which covers the first 7 subjects in the outline. All students, however, need to take the second part (P2) of the final exam. For those students who have passed the mid-term examination, the final mark will be the average of the two marks received, the first exam grade counting for 1/3, and the P2 examination grade for 2/3 (assuming the second exam has been passed). For those students who do not pass the mid-term exam, the overall mark will depend entirely on the results of both parts (P1 and P2) of the final examination.

Those students who do not pass the course at this time will be given a second opportunity in September. However, in this case they will be required to take the full examination. Marks obtained on the first mid-term exam will not be considered.

All exams will take into consideration the **theoretical as well as the practical** knowledge of the students.

In order **to pass** an exam it is necessary to achieve 5 points out of 10 points.

II. ABBREVIATED OUTLINE OF THE COURSE

Part One: INTRODUCTION: ACCOUNTING AS AN INFORMATION SYSTEM

- 1: Economic activity and accounting information
- 2: Introduction to financial statements
- 3: The recording process I
- 4: The recording process II
- 5: The accounting cycle

Part Two: MEASUREMENT OF FINANCIAL POSITION AND PERFORMANCE

Section 2.1 ACCOUNTING FOR OPERATING ACTIVITIES AND TRANSACTIONS

- 6: Accounting for trading operations
- 7: Inventories
- 8: Receivables
- 9: Other short-term liquid assets

Section 2.2 ACCOUNTING FOR ASSETS

- 10: Non-current assets
- 11: Depreciation of non-current assets

Section 2.3 ACCOUNTING FOR LIABILITIES AND NET EQUITY

- 12: Liabilities
- 13: Shareholder equity

Section 2.4 COMUNICATING THE ACCOUNTING INFORMATION

- 14: Profit and the income statement
- 15: The annual accounts
- 16: Accounting regulations in Spain

III. DETAILED OUTLINE OF THE COURSE

Part One: INTRODUCTION: ACCOUNTING AS AN INFORMATION SYSTEM

1: Economic activity and accounting information

- 1.1. Accounting as an information system
- 1.2. Users of accounting information
- 1.3. Business transactions as the object of accounting measurement
- 1.4. Qualitative characteristics of accounting information

2: Introduction to financial statements

- 2.1. The accounting equation: assets, liabilities and equity
- 2.2. Communication through financial statements
- 2.3. Balance sheet, income statement and cash flow statement
- 2.3. The role of accounting standards

3: The recording process I

- 3.1 The double entry-system
- 3.2. The T account
- 3.3. Recording and posting transactions
- 3.4. The books of accounts: the journal and the ledger

4: The recording process II

- 4.1 Measuring business profit
- 4.2. Profit vs. cash flow
- 4.3. The accounting period
- 4.4. The going concern assumption

5: The accounting cycle

- 5.1. Opening the accounts
- 5.2. Analysing and recording transactions. The trial balance
- 5.3. Accrual accounting and year-end adjustments
- 5.4. Closing the accounts

Part Two: MEASUREMENT OF FINANCIAL POSITION AND PERFORMANCE

Section 2.1 ACCOUNTING FOR OPERATING ACTIVITIES AND TRANSACTIONS

6: Accounting for trading operations

- 6.1 Trading and service business
- 6.2. The income statement
- 6.3 Trading transactions
- 6.4. Inventory systems

7: Inventories

- 7.1 Types of inventories
- 7.2. Acquisition cost of inventories
- 7.3 Cost of goods sold
- 7.4. The lower of cost and market rule.

8: Receivables

- 8.1 Recognition and measurement of sales
- 8.2. Credit sales and accounts receivable
- 8.3. Promissory notes
- 8.4. Uncollectible accounts

9: Other short- term liquid assets

- 9.1 Cash and cash equivalents
- 9.2. Current investments
- 9.3 Recording changes in value

Section 2.2 ACCOUNTING FOR ASSETS

10: Non-current assets

- 10.1 Types of non-current assets
- 10.2 Acquisition cost of property, plant and equipment
- 10.3 Accounting for intangible assets
- 10.4 Disposal of non-current assets

11: Changes in value of non-current assets

- 11.1 Concept and causes of depreciation
- 11.2 Factors that affect the depreciation amount
- 11.3 Methods of calculating depreciation
- 11.4 Value impairment
- 11.5 Revaluation of non-current assets
- 11.6 Disposal of depreciable assets

Section 2.3 LIABILITIES AND NET EQUITY ACCOUNTING

12: Liabilities

- 12.1 Concept and types of liabilities
- 12.2 Current liabilities accounting
- 12.3 Long-term liabilities accounting
- 12.4 The interest cost of debts

13: Shareholders' equity

- 13.1 The corporation
- 13.2 The components of shareholders' equity
- 13.3 Share capital accounting

Section 2.4 COMMUNICATING ACCOUNTING INFORMATION

14: Profit and the income statement

- 14.1 Ordinary income: operating and financial income
- 14.2. Extraordinary income
- 14.3 Income taxes expenses
- 14.4 The distribution of income

15: The annual accounts

- 15.1 The balance sheet
- 15.2. The profit and loss account
- 15.3 The notes to the accounts
- 15.4 Auditing and depositing the accounts

16: Accounting regulations in Spain

- 16.1 The Commercial Code accounting rules
- 16.2. The General Accounting Plan
- 16.3 Other accounting-related rules
- 16.4. The role of the IAS/IFRS

V. REFERENCES

GRAY, S. AND B. NEEDLES (1999) *Financial Accounting: A Global Approach*, Houghton Mifflin Company, Boston. (G&N)

POWERS, M. AND B. NEEDLES (2009) *Financial Accounting* (International Edition 10^e), South Western.

STOLOWY, H and M.J. LEBAS (2002) *Corporate Financial Reporting*, Thomson, London

WEYGANGT, J., P. KIMMEL and D. KIESO (2008) *Financial Accounting: A Focus on Fundamentals* (International Student Version), John Wiley & Sons.

VI. FACULTY

Dr. Miguel Arce Gisbert
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