Course Outline
National University of Computer & Emerging Sciences
Lahore Campus

Course:	Fundamentals of Accounting		
Course code:	AF1001	Year/Semester:	1st / 1st
Program:	BBA	Units/Cr Hrs:	3
Department:	FAST School of Management	Instructor:	Umer Farooq
Course Type:	Core Course	Email:	farooq.umer@nu.edu.pk
Pre-Requisite(s):	None	Phone:	Ext. 354
Prepared By:	Mr. Aamer Allaudin (Cluster Coordinator)	Consultation Hours:	To be announced in Class
Approved By:	Dr. Hamid Hassan (Cluster Coordinator)	Approval Date:	

COURSE DESCRIPTION

This is the first course in financial accounting and covers all the basic concepts. It forms the basis of all subsequent courses in accounting as well as a number of courses in finance. It is important to understand why financial reports are prepared before you learn how to prepare them. This course introduces basic ideas about financial reports and explains their purpose. Students would learn double entry accounting. We will look at the main financial statements: statement of financial position and the income statement; as well as the main elements of assets, liabilities, equity, revenue and expense.

COURSE OBJECTIVES

1	Develop knowledge and understanding of the underlying principles and concepts relating to fundamentals of accounting.
2	Develop technical proficiency in the use of double-entry accounting techniques.
3	Understand and apply the complete accounting cycle necessary for the recording of transactions.
4	Preparation of basic financial statements.

COURSE LEARNING OUTCOMES

LO#	Learning Outcome Statement	Program Objective	Bloom's Taxonomy Level
LO1	Should be able to explain the context and purpose of financial reporting.	2&10	Understand
LO2	Should be able to define basic accounting terminologies.	10	Understand
LO3	Should be able to describe the effects of business transactions on the assets, liabilities, and owner equity, revenues and expenses of a sole trader business.	1,5&10	Apply
LO4	Should demonstrate the use of double entry-accounting.	5&10	Apply
LO5	Should be able to record transactions and events.	1,5&10	Apply
LO6	Should be able to explain accruals and cash based accounting.	5	Apply
LO7	Should be able to post adjusting and closing entries	5	Apply
LO8	Should prepare trial balance and adjusted trail balance.	1,5&10	Apply
LO9	Should be able to prepare balance sheet and income statement of a sole trader business.	5&10	Apply

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LEARNING OUTCOME ASSESSTMENT STRATEGY

Assessment Tool	LO1	LO2	LO3	LO4	LO5	LO6	LO7	LO8	LO9
Quizzes (Cancelled due to COVID 19 restrictions)	0	0	0	0	0	0	0	0	0
Assignments / Projects	10	10	10	10	10	10	10	10	10
Mid Term-I	40	40	40	40	40	0	0	0	0
Mid Term-II	0	0	0	0	0	40	40	40	40
Final Exam	50	50	50	50	50	50	50	50	50

 * Percentages are meant to be viewed vertically.

DETAILED COURSE CONTENTS

LO # & Session	Topic
	INTRODUCTION
LO1 Session 1	Introduction to accounting and the accounting equation
LO1 Session 2	General purpose of financial statements, users and their needs • The scope and purpose of financial statements for external reporting • Define financial reporting – recording, analysing and summarising financial data • Identify the users of financial statements and state and differentiate between their information needs
LO2 Session 2	Different types of business entity-sole proprietorship, partnership and limited company-legal differences (with reference to laws in Pakistan) and advantages/disadvantages of each
LO2 Session 3-5	• Main elements of financial reports; Introduction to assets, liabilities, equity, revenue and expenses • Types of business transactions: sales, purchases, receipts, payments • Accounting concepts and assumptions
	DOUBLE ENTRY BOOK KEEPING
LO3 Session 6-10	• Nature and functions of primary records • Types of ledger accounts • Concept of double entry accounting and the duality concept • Posting by means of double entry • Inventory • Petty Cash (inc. imprest system) • Purchase Day Book/ Purchase Ledger • Returns Day Books
LO5 Session 11	Balancing-off accounts
LO5 Session 12	**Extracting a trial balance** • Identify the purpose of a trial balance • Extract ledger balances into a trial balance • Prepare extracts of an opening trial balance • Identify and understand the limitations of a trial balance
LO5 Session 13	Errors not affecting the balancing of trial balance
LO4 Session 14	**Journal** • Understand and illustrate the uses of journals and the posting of journal entries into ledger accounts • Identify correct journals from given narrative
	RECORDING TRANSACTIONS AND EVENTS

LO5,6&7 Session 15-16	**Accruals and prepayments** • Understand how the matching concept applies to accruals and prepayments • Identify and calculate the adjustments needed for accruals and prepayments in preparing financial statements • Illustrate the process of adjusting for accruals and prepayments in preparing financial statements • Prepare the journal entries and ledger entries for the creation of an accrual or prepayment • Understand and identify the impact on profit and net assets of accruals and prepayments
LO5&7 Session 17-18	**Valuation of inventory** • Recognise the need for adjustments for inventory in preparing financial statements • Record opening and closing inventory • Identify the alternative methods of valuing inventory • Understand and apply the IASB requirements for valuing inventories • Recognise which costs should be included in valuing inventories • Understand the use of continuous and period end inventory records • Calculate the value of closing inventory using FIFO (first in, first out) and AVCO (average cost) – both periodic weighted average and continuous weighted average • Understand the impact of accounting concepts on the valuation of inventory • Identify the impact of inventory valuation methods on profit and on assets
LO5&7 Session 19-20	**Receivables, bad debts and allowance for doubtful debts (incl. Sales Day Book/Sales Ledger)** • Explain and identify examples of receivables • Identify the benefits and costs of offering credit facilities to customers • Understand the purpose of an aged receivables analysis • Understand the purpose of credit limits • Prepare the bookkeeping entries to write off an irrecoverable debt • Record an irrecoverable debt recovered • Identify the impact of irrecoverable debts on the statement of profit or loss and on the statement of financial position • Prepare the bookkeeping entries to create and adjust an allowance for receivables • Illustrate how to include movements in the allowance for receivables in the statement of profit or loss and how the closing balance of the allowance should appear in the statement of financial position.
LO5&7 Session 21-22	**Tangible non-current assets and depreciation** • Define non-current assets • Recognise the difference between current and non-current assets • Explain the difference between capital and revenue items • Classify expenditure as capital or revenue expenditure • Prepare ledger entries to record the acquisition and disposal of non-current asset • Understand and explain the purpose of depreciation • Calculate the charge for depreciation using straight line and reducing balance methods • Identify the circumstances where different methods of depreciation would be appropriate • Illustrate how depreciation expense and accumulated depreciation are recorded in ledger accounts
LO5&7 Session 23	Extended trial balance/worksheets
	FINANCIAL STATEMENTS OF SOLE PROPRIETORSHIPS

LO8&9 Session 24-26	Income Statements & Balance Sheets • Prepare a statement of financial position from given information using accounting treatments as stipulated • Prepare a statement of profit or loss from given information using accounting treatments as stipulated
LO5 Session 27-28	**BANK RECONCILIATION STATEMENTS** • Understand the purpose of bank reconciliations • Identify the main reasons for differences between the cash book and the bank statement • Correct cash book errors and/or omissions • Prepare bank reconciliation statement • Derive bank statement and cash book balances from given information • Identify the bank balance to be reported in the final accounts

INDIGENOUS MATERIAL USED		
S. No	**Material /Activity**	**Associated Topic**
1	Companies Act 2017	Aids in understanding the business type: Limited Liability Company.

TEXTBOOK& REFERENCE MATERIAL
- Frank Wood & Alan Sangster, 11th. Edition, Business Accounting 1, Pearson Longman
- ACCA Study Text, F-3 (latest edition)
- Text may be supplemented with handouts, online resources and reports

GRADING POLICY
Marks Distribution

Grading Mechanism	Weight
Announced/Surprise Quizzes cancelled due to COVIC 19 restrictions	0%
Project/Assignments	15%
Class Participation	05%
Mid Term Exam 1	15%
Mid Term Exam 2	15%
Final Exam	50%

Grading Criteria			
	ABSOLUTE Grading	☒	RELATIVE Grading

** Final Grading will be relative grading, using inter-quartile range/MCA method.

Class Policies:
- Please note that any exception for one student is unfair to all other students, so don't expect any.
- Please turn off and store away cell phones, Ipads, laptops, and other electronic devices.
- Talking during lecture is not permitted. It is disrespectful and disruptive to other class members and the instructor.

- If you miss a class, it is your responsibility to determine what was covered including any administrative announcements.

Studying:

The proper way of studying for this class is following ADA policy; a short description of the same is as follows

- Ahead of the class, it is is expected that you have read the relevant chapters from the textbook;
- During the class you are expected to follow the lecture, take notes and ask questions; and
- After every class you would review your notes and solve the end of chapter exercises and read the textbook.

An extensive set of practice problems is placed on the Xeon Server, make sure you cover them all. We might set a tutorial session from time to time to answer your queries about the problems/practice sets.

Attendance Policy:

As you can see, almost every other session is a different topic and as such missing any classes will result in huge setback as you will lose substantial course content. Besides, owing to the interactive nature of the course, attendance is crucial. Therefore, only under unavoidable circumstances, student should think of missing a class. *See university policy on minimum attendance allowed for final exams.*

Scholastic Dishonesty:

In the classroom and in all other academic activities, students are expected to uphold the highest standards of academic integrity. Any form of scholastic dishonesty is an affront to the pursuit of knowledge and jeopardizes the quality of the degree awarded to all graduates.

What exactly is plagiarism?

- Plagiarism is a form of cheating.
- Plagiarism is using someone else's ideas or words and saying they are your own.

If you use material from a text and do not acknowledge the source, you are committing plagiarism.

Specifically, these behaviors are often regarded as plagiarism:

- Copying directly from a text, acknowledging the source but pretending that you are paraphrasing.
- Paraphrasing or copying directly from a text without acknowledging the source.
- Copying from another student's assignment with or without the student's knowledge.

The following behaviors are regarded as misconduct:

- Submitting the same assignment in two different papers.
- Getting someone else to write an assignment for you.

You are also involved in misconduct if you:

- Let another student copy from your own work.
- Write an assignment for another student.

Students who violate the rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. *Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly and actively enforced.*