**ASSUMPTION UNIVERSITY**

**Martin De Tours School of Management and Economics**

**Department of Accounting**

**Course Outline 1/2023**

**COURSE CODE/TITLE: ACT 1601/BAC1601 & IBE1122**- Fundamentals of Financial Accounting

#### LECTURERS: Accounting Lecturers

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# COURSE DESCRIPTION

The course is designed to introduce the fundamentals of accounting, to develop understanding of the basic concept underlying business transactions and financial statements, and to determine the most appropriate financial measures for those events. Emphasis is placed on accounting practices in portraying corporate financial position, operating results and financial strengths.

**COURSE OBJECTIVE**

To provide a broad-based understanding of the underlying principles that are used in the preparation of an organization’s financial statements since accounting has been described as the language of business. The course will initially focus on how to analyze and record economic events in the accounting books (under accrual basis accounting), and how to prepare and interpret the primary financial statements, such as, the balance sheets and income statement. The course then examines in depth the major assets, liabilities and stockholders’ equity accounts.

**TEACHING HOURS:** 45 hours

**REQUIREMENTS:**

* 80% attendance and coming to class on time is a must.
* Completion of assignments (problems and exercises from the textbook required by the lecturer).
* Students must have their own textbooks.
* Abbreviations such as A/R, A/P, N/R, N/P, Acc. Dep. are not allowed.
* Pencil is not allowed in any types of examination, pen with black and blue ink are only acceptable.
* Programmable calculators are not allowed, only fx 1800 or lower models are acceptable.

**MARKS ALLOCATION: (on-line class before mid-term/on-site classes after midterm)**

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| --- | --- | --- | --- |
|  | **%** | **Date/Time** | **On-line quizzes/exams** |
| Quiz I (Chap 1 & 2) | **3%** | **Will be announced later** | **On campus** |
| Quiz II (Chap 5) | **3%** | **Will be announced later** | **On campus** |
| Attendance + Assignments | **4%** |  | **On campus** |
| Mid-term exam | **40%** |  | **On campus** |
| Final exam | **50%** |  | **On campus** |
| **TOTAL** | **100%** |  |  |

**Teaching Material:** Text book containing the university teaching materials are available at the book store. Students are required to have this textbook.

# CONTENTS:

**WEEK TOPICS**   **CHAPTER TIME (HRS.)**

**1 – 2**  **Accounting in action**  **Ch 1. 6**

* What is accounting?
* The Building Blocks of Accounting:
* Professional ethics
* Accounting standards
* Measurement principles
* Assumptions
* The basic accounting equation
* Transaction Analysis
* Financial statements

- Income Statement

- Retained Earnings Statement

- Statement of financial position

**3 – 4**   **THE Recording Process Ch 2. 6**

* The Account-Debits and Credits
* Steps in the Recording Process
* The Journal
* The Ledger
* The Trial Balance

**5 – 6 Adjusting the Accounts Ch 3. 6**

* Concepts of accrual accounting
* The Basics of adjusting entries
* Types of Adjusting Entries
* Adjusting Entries for Deferrals
* Prepaid Expenses and Unearned Revenue

(Discuss only the asset method & liability method)

* Adjusting Entries for Accruals
* Accrued Revenues and Accrued Expenses
* Preparing the Adjusted Trial Balance

**7 – 8 Completing the Accounting Cycle Ch 4. 6**

* Using a Work Sheet and Steps in Preparing a Work Sheet
* Preparing Financial Statements from a Work Sheet
* Preparing Adjusting Entries from a Work Sheet
* Closing the Books
* Preparing Closing Entries and Posting Closing Entries
* Preparing a Post-Closing Trial Balance
* Correcting Entries
* Methods of computing Depreciation
* Straight- Line, Unit-of-Activity and Double-Declining-Balance
* Preparing the Statement of Financial Position

**\*MID-TERM EXAM (2 hours) will mainly cover Chapter 1 – 4 and Depreciation Method).**

**9 - 11 Accounting for Merchandise Operations Ch 5. 9**

* Recording Merchandising Operations under Periodic

And Perpetual Inventory Systems (Journal entries)

* Completing the Accounting Cycle

- Closing entries under Perpetual inventory system

* Forms of Financial Statements **under both systems**
* Multiple-Step Income Statement and

Statement of financial position

1. **– 13 Inventory costing Ch 6. 6**

* Inventory Costing Under Periodic Inventory System
* Using Cost Flow Assumptions – FIFO and Average Cost
* Inventory Costing Under Perpetual Inventory System - FIFO
* Valuing Inventory under the Lower of Cost or Net Realizable Value

1. **– 15 ACCOUNTING FOR RECEIVABLES Ch 8. 6**

* Types of Receivables
* Recognizing and Valuing Accounts Receivable
* Allowance Method for Uncollectible Accounts
* Recording Estimated Uncollectible
* Recording the Write-off of an Uncollectible Account
* Recovery of an Uncollectible Account
* Bases used for Allowance Method
* Percentage of Sales, Percentage of Receivables and
* Aging of accounts receivable
* Direct Write-off Method for Uncollectible Accounts
* Notes Receivable
* Determining the Maturity Date and Computing Interest
* Recognizing Notes Receivable
* Valuing Notes Receivable
* Disposing of Notes Receivable
* Honor of Notes Receivable and Dishonor of Notes Receivable

**\*FINAL EXAM (3 hours) will mainly cover chapter 5, 6 and chapter 8.**