



## Lahore University of Management Sciences

### ACCT 100 – Principles of Financial Accounting Summer Semester 2024

Instructor	Saira Rizwan
Room No.	TBA
Class time	Mon-Thur (4days)   11:00 -12:30
Office Hours	TBA
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Secretary/TA	Bushra Kanwal   <a href="mailto:bushra.kanwal@lums.edu.com">bushra.kanwal@lums.edu.com</a> / TBA
Course URL (if any)	LMS portal [ <a href="https://lmslums.lums.edu.pk/login/index.php">https://lmslums.lums.edu.pk/login/index.php</a> ]

#### COURSE DESCRIPTION

The course is designed to provide an understanding of financial accounting fundamentals for prospective users of corporate financial information, such as investors, creditors, employees, and other stakeholders (e.g., suppliers, customers). The course focuses on understanding how economic events such as operating activities, corporate investments, and financing transactions are recorded in the three main financial statements (i.e., the income statement, balance sheet, and statement of cash flows). The main emphasis of this course is placed on the basic framework of accounting so as to provide the student with an understanding of the fundamental accounting principles and concepts. A heavy reliance will be placed on problem solving and practical analyses to achieve the aforementioned level of understanding. Students will develop the technical skills needed to analyze financial statements and disclosures for use in financial analysis. The tools and skills you learn in this course will help you throughout your professional career.

#### Course Teaching Methodology

Our teaching methodology is centered on fostering an engaging and interactive learning environment, integrating practical hands-on tasks to enhance the learning experience. Through this approach, students not only acquire theoretical knowledge but also gain practical insights into the real-world application of financial accounting. This dynamic learning process ensures a comprehensive understanding and prepares students for the practical challenges they may encounter in their professional endeavors.

#### COURSE BASICS

Credit Hours	3 Credits			
Lecture(s)	Nbr of Lec(s) Per Week	2	Duration	75 mins
Recitation/Lab (per week)	Nbr of Lec(s) Per Week	None	Duration	N/A
Tutorial (per week)	Nbr of Lec(s) Per Week	1	Duration	60 mins

#### COURSE DISTRIBUTION

Core	Core Course for ACF Freshmen
Elective	Elective for Non-ACF students
Open for Student Category	As per UGPCO policy and pronouncements
Close for Student Category	As per UGPCO policy and pronouncements



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### COURSE PREREQUISITE(S)

The course is recommended for students with little or no prior background in financial accounting or those who want to improve their financial literacy. There are no academic prerequisites for the course. Only basic level working knowledge of Math is required.

### COURSE LEARNING OBJECTIVES (CLO)

	This course will introduce the key concepts of Accounting. Students will learn to prepare financial statements and will also be equipped to analyze them. After taking this course, students will be able to:
1.	Describe the nature, uses and purposes of financial accounting, and outline both the conceptual and regulatory frameworks that govern the preparation and reporting of financial information
2.	Explain the accounting equation and its link with financial statements, and illustrate the impact of economic transactions on the accounting equation
3.	Describe the key concepts and conventions that underlie financial accounting
4.	Describe and apply the transactions recording process from source documents to financial statements via the books of primary entry and ledgers to the list of ledger balances
5.	Explain the nature and purposes of control accounts and apply appropriate correcting techniques for errors and omissions
6.	Explain and apply the recognition and measurement principles relating to: non-current liabilities and equity, non-current assets (including depreciation and amortization), inventories (and cost of sales) and other current assets and liabilities (including receivables, prepayments and accruals, etc.)
7.	Explain the characteristics of a sole proprietor, partnership firm and a company; and identify the key points of differences between them,
8.	Explain the characteristics of a partnership, prepare financial information for a partnership including the admission of a partner and the dissolution of a partnership
9.	Apply accounting principles, concepts and conventions in practical situations
10.	Demonstrate basic problem solving skills
11.	Demonstrate an ability to undertake independent study and to manage time
12.	Demonstrate basic numerical skills

### UNDERGRADUATE PROGRAM LEARNING GOALS & OBJECTIVES

#### General Learning Goals & Objectives

##### **Goal 1 –Effective Written and Oral Communication**

**Objective:** Students will demonstrate effective writing and oral communication skills

##### **Goal 2 –Ethical Understanding and Reasoning**

**Objective:** Students will demonstrate that they are able to identify and address ethical issues in an organizational context.

##### **Goal 3 – Analytical Thinking and Problem Solving Skills**

**Objective:** Students will demonstrate that they are able to identify key problems and generate viable solutions.

##### **Goal 4 – Application of Information Technology**

**Objective:** Students will demonstrate that they are able to use current technologies in business and management context.

##### **Goal 5 – Teamwork in Diverse and Multicultural Environments**

**Objective:** Students will demonstrate that they are able to work effectively in diverse environments.

##### **Goal 6 – Understanding Organizational Ecosystems**

**Objective:** Students will demonstrate that they have an understanding of Economic, Political, Regulatory, Legal, Technological, and Social environment of organizations.

#### Major Specific Learning Goals & Objectives



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### **Goal 7 (a) – Discipline Specific Knowledge and Understanding**

**Objective:** Students will demonstrate knowledge of key business disciplines and how they interact including application to real world situations (including subject knowledge).

### **Goal 7 (b) – Understanding the “science” behind the decision-making process (for MGS Majors)**

**Objective:** Students will demonstrate ability to analyze a business problem, design and apply appropriate decision-support tools, interpret results and make meaningful recommendations to support the decision-maker

Indicate below how the course learning objectives specifically relate to any program learning goals and objectives.

PROGRAM LEARNING GOALS AND OBJECTIVES	COURSE LEARNING OBJECTIVES	COURSE ASSESSMENT ITEM
Goal 1 –Effective Written and Oral Communication	Students will have an opportunity to demonstrate their communication skills by interacting in classroom discussion	Classroom discussions
Goal 2 –Ethical Understanding and Reasoning	Ethical understanding is embedded in the content of this course through the use of the International Financial Reporting Standards (IFRSs).	Classroom discussions, Quizzes, and Exams
Goal 3 – Analytical Thinking and Problem Solving Skills	Analytical thinking and problem solving skills are embedded in the content of this course and are essential for completing this course successfully	Classroom discussions, Quizzes, and Exams
Goal 4 – Application of Information Technology		
Goal 5 – Teamwork in Diverse and Multicultural Environments	Internationalization is embedded in the content of this course through the use of the International Financial Reporting Standards (IFRSs). Moreover, the principles of introductory financial accounting are common across most countries.	Classroom discussions, Quizzes, and Exams
Goal 6 – Understanding Organizational Ecosystems	Understanding organizational ecosystems is embedded in the content of this course through the use of the International Financial Reporting Standards (IFRSs). Moreover, the principles of introductory financial accounting are common across most countries and companies.	Classroom discussions, Quizzes, and Exams
Goal 7 (a) – Discipline Specific Knowledge and Understanding	The course content meets the standards of the professional accountancy bodies (e.g. ICAP, ICAEW, ACCA and CIMA).	The textbook used for this course is based on International Financial Accounting Standards (IFRSs)
Goal 7 (b) – Understanding the “science” behind the decision-making process	The course explain the financial and ethical effects of choosing one Generally Accepted Accounting Principle (GAAP) over another GAAP	Classroom discussions, Quizzes



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GRADING BREAKUP AND POLICY	
Attendance	5%
Class Participation	15%
Quizzes (4)	40%
Final Exam	40%
<p><b>Attendance:</b> There is zero-minute late policy and <b>you're required to be seated 5min before the class</b>. Attendance will be marked at the start of the class. Absence will be accommodated only in case of approved petition. School attendance policy will prevail.</p> <p><b>Class Participation</b> will be marked through short, in-class quizzes. Quizzes will be taken at the start of the session; late walk-ins will not be given extra time.</p> <p><b>Quizzes,</b> there will be no make-up quiz. Short calculation-based and long form question will be assessed in the quizzes.</p> <p><b>Final Exam</b> format includes MCQs and long form questions and will be closed books, closed notes.</p>	

EXAMINATION DETAIL	
Final Exam	Yes   2 hours duration

COURSE OVERVIEW			
Session	Session Topic	Reading Material	Session Outcome(s) (After completing this session, you should be able to...)
1-2	Accounting in Action	Chapter 1	<p><u>Introduction to the course outline and grading components</u></p> <ol style="list-style-type: none"> <li>1. Explain what accounting is.</li> <li>2. Identify the users and uses of accounting.</li> <li>3. Understand why ethics is a fundamental business concept.</li> <li>4. Explain accounting standards and the measurement principles.</li> <li>5. Explain the monetary unit assumption and the economic entity assumption.</li> <li>6. State the accounting equation and define its components.</li> <li>7. Analyze the effects of business transactions on the accounting equation.</li> <li>8. Understand the four financial statements and how they are prepared.</li> </ol>
3-4	The Recording Process	Chapter 2	<ol style="list-style-type: none"> <li>1. Explain what an account is and how it helps in the recording process.</li> <li>2. Define debits and credits and explain their use in recording business transactions.</li> <li>3. Identify the basic steps in the recording process.</li> <li>4. Explain what a journal is and how it helps in the recording process.</li> <li>5. Explain what a ledger is and how it helps in the recording process.</li> <li>6. Explain what posting is and how it helps in the recording process.</li> <li>7. Prepare a trial balance and explain its purposes.</li> </ol>
Quiz 1   Journal entries and Ledger Posting   Chapter 2			



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5-6	Adjusting the Accounts	Chapter 3	<ol style="list-style-type: none"> <li>1. Explain the time period assumption.</li> <li>2. Explain the accrual basis of accounting.</li> <li>3. Explain the reasons for adjusting entries.</li> <li>4. Identify the major types of adjusting entries.</li> <li>5. Prepare adjusting entries for deferrals.</li> <li>6. Prepare adjusting entries for accruals.</li> <li>7. Describe the nature and purpose of an adjusted trial balance.</li> </ol>
7-8	Completing the Accounting Cycle	Chapter 4	<ol style="list-style-type: none"> <li>1. Explain the process of closing the books.</li> <li>2. Describe the content and purpose of a post-closing trial balance.</li> <li>3. State the required steps in the accounting cycle.</li> </ol>
			<ol style="list-style-type: none"> <li>4. Explain the approaches to preparing correcting entries.</li> <li>5. Identify the sections of a classified statement of financial position.</li> </ol>
Quiz 2   Accounting Cycle			
9-10	Accounting for Merchandising Operations	Chapter 5	<ol style="list-style-type: none"> <li>1. Identify the differences between service and merchandising companies.</li> <li>2. Explain the recording of purchases under a perpetual inventory system.</li> <li>3. Explain the recording of sales revenues under a perpetual inventory system.</li> <li>4. Explain the steps in the accounting cycle for a merchandising company.</li> <li>5. Prepare an income statement for a merchandiser.</li> </ol>
11-12	Inventories	Chapter 6	<ol style="list-style-type: none"> <li>1. Describe the steps in determining inventory quantities.</li> <li>2. Explain the accounting for inventories and apply the inventory cost flow methods (perpetual method – Appendix 6A).</li> <li>3. Explain the financial effects of the inventory cost flow assumptions.</li> <li>4. Explain the lower-of-cost-or-net realizable value basis of accounting for inventories.</li> <li>5. Indicate the effects of inventory errors on the financial statements.</li> </ol>
Quiz 3   Accounting for Merchandising Operations			
13	Fraud, Internal Control, and Cash	Chapter 7	<ol style="list-style-type: none"> <li>1. Indicate the control features of a bank account.</li> <li>2. Prepare a bank reconciliation.</li> </ol>
14-15	Accounting for Receivables	Chapter 8	<ol style="list-style-type: none"> <li>1. Identify the different types of receivables.</li> <li>2. Explain how companies recognize accounts receivable.</li> <li>3. Distinguish between the methods and bases companies use to value accounts receivable.</li> <li>4. Describe the entries to record the disposition of accounts receivable.</li> <li>5. Compute the maturity date of and interest on notes receivable.</li> <li>6. Explain how companies recognize, value, and disposition of notes receivable.</li> <li>7. Explain the statement presentation and analysis of receivables.</li> </ol>



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16-17	Plant Assets, Natural Resources, and Intangible Assets	Chapter 9	<ol style="list-style-type: none"> <li>1. Describe how the historical cost principle applies to plant assets.</li> <li>2. Explain the concept of depreciation and how to compute it (<b><u>straight line and double declining balance methods</u></b>).</li> <li>3. Distinguish between revenue and capital expenditures and explain the entries for each.</li> <li>4. Explain how to account for the disposal of a plant asset.</li> <li>5. Understand different types of intangible assets.</li> <li>7. Indicate how plant assets, and intangible assets are reported on the SOFP.</li> </ol>
Quiz 4   Bank Reconciliation, Accounting for Receivables, and Fixed Assets			
18-19	Liabilities	Chapter 10	<ol style="list-style-type: none"> <li>1. Explain a current liability and identify the major types of current liabilities.</li> <li>2. Describe the accounting for notes payable.</li> <li>3. Explain the accounting for other current liabilities.</li> <li>4. Describe the accounting for long-term notes payable.</li> <li>5. Identify the methods for the presentation and analysis of non-current liabilities.</li> </ol>
20-21	Corporations: Organization, Share Transactions, Dividend and Retained Earnings	Chapter 11	<ol style="list-style-type: none"> <li>1. Identify the major characteristics of a corporation.</li> <li>2. Record the issuance of ordinary shares.</li> <li>3. Explain the accounting for treasury shares.</li> <li>4. Differentiate preference shares from ordinary shares.</li> <li>5. Prepare the entries for cash dividends and share dividends.</li> <li>6. Identify the items reported in a retained earnings statement.</li> </ol>
22-23	Statement of Cash Flows	Chapter 13	<ol style="list-style-type: none"> <li>1. Indicate the usefulness of the statement of cash flows.</li> <li>2. Distinguish among operating, investing, and financing activities.</li> <li>3. Prepare a statement of cash flows using the indirect method.</li> <li>4. Analyze the statement of cash flows.</li> </ol>
24	Financial Statement Analysis	Chapter 14	<ol style="list-style-type: none"> <li>1. Discuss the need for comparative analysis.</li> <li>2. Identify the tools of financial statement analysis.</li> <li>3. Apply and interpret the horizontal and vertical analysis.</li> <li>5. Compute ratios used in analyzing a firm's liquidity, profitability, and solvency.</li> </ol>

### TEXTBOOK(S)/SUPPLEMENTARY READINGS

Financial Accounting with IFRS, 3<sup>rd</sup> Edition, [2015]  
by Jerry J. Weygandt, Paul D. Kimmel, Donald E. Kieso