



DEPARTAMENTO DE CONTABILIDAD Y ECONOMÍA FINANCIERA  
ESCUELA UNIVERSITARIA DE ESTUDIOS EMPRESARIALES

# FINANCIAL ACCOUNTING

(DIPLOMATURA EN CIENCIAS EMPRESARIALES, 2º CURSO)

## ***SYLLABUS***

2004-2005

Instructor:     María Cristina Abad Navarro

Diligencia para hacer constar que el presente programa es el depositado por el Dpto. en este Centro.  
El Secretario del Centro: José Ángel Pérez López

## 1. Contact information

Office: Office no. 21 FCEE

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(Note: when sending an e-mail, please indicate “*Financial Accounting – Question*” as the subject of your message. Otherwise, the message will not be opened).

Office Hours:

Wednesdays from 10:30 a.m. – 1:30 a.m.

Thursdays from 5:00 p.m. – 8:00 p.m.

Website: <http://www.personal.us.es/cabad/FA04-05.htm>

## 2. Course Description and Objectives

The primary objective of this course is to increase the students’ knowledge of Financial Accounting, as an extension of the first year Financial Accounting course.

This course is comprised of topics in external financial reporting, including:

- Preparation of financial statements: Balance Sheet, Income Statement & corporate income taxes, Notes to the Financial Statements, Cash Flow Statement and Statement of Generated and Applied Financial Resources, among others.
- Preparation of Consolidated Statements.

These topics will be covered following Spanish Accounting Standards, which will be explained in detail. According to European Union regulations, from January 2005 those groups of companies that are listed in any European Capital Market will be required to disclose consolidated information following the International Accounting Standards (IAS) issued by the IASB (International Accounting Standards Board). For this reason, an introduction to International Accounting Standards will be provided, as well as a comparison with Spanish Accounting Standards.

The course has the following specific objectives:

- To prepare students to understand and critically evaluate financial accounting information and the topics covered in the course (i.e. understanding the “why” as well as the “how”).
- Continue to develop an understanding of financial accounting principles.
- Continue to develop an understanding of the reporting requirements for corporate entities.
- To enable students to prepare financial statements and other reports containing financial accounting information, in accordance with Spanish GAAP.
- To provide students with an introduction to International Accounting Standards.
- To help students improve their oral and written communication skills.

## 3. Course policies

The critical ingredient for success in this course is the amount and quality of work that you put forth. The material in this course cannot be learned without practice. Accordingly, experience shows that most students must do the following:

- Thoroughly read the material before it is covered in class;
- Solve the problems/exercises on your own before they are covered in class;
- Attend all classes and keep up with the exercises schedule; do not get behind;
- Ask questions – either during class or during office hours.

It is critical to your success that you attend each class and take notes during the lectures. You should come to class prepared, which means that you should have read the assigned material prior to attending class. This will enhance your understanding of the material discussed in class.

#### 4. Course Materials

**Elliot, B. and Elliot, J. (2004): *Financial Accounting and Reporting*. Ed. Pearson Education.**

Epstein, B.J. and Mirza, A.A. (2003): *Wiley IAS 2003 : Interpretation and Application of International Accounting Standards*. Ed. John Wiley and Sons.

**Harrison, W.T. and Horngren, C.T. (2001): *Financial Accounting*. Ed. Prentice Hall.**

Internacional Accounting Standards Board (2003/2001): *Normas Internacionales de Contabilidad*. Ed. Cisspraxis.

Normas para la Formulación de las Cuentas Anuales Consolidadas. Real Decreto 1815/1991 de 20 de diciembre.

Plan General de Contabilidad. Real Decreto 1643/1990 de 20 de diciembre.

**Warren, C. S. Reeve, J.M. and Fees, P.E. (2001): *Accounting*. Ed: South-Western, Thomson Learning. 20<sup>th</sup> edition.**

Complementary:

Amat, O. and Perramon, J. (2004): *Normas Internacionales de Contabilidad. NIC/NIFF*. Ed. Gestión 2000.

Archel Doménech, P. (2003): *Estados Contables: Elaboración, Análisis e Interpretación*. Ed. Pirámide.

#### 5. Evaluation

Students must choose between two alternative systems of evaluation:

(A) Continuous	(B) Traditional
<ul style="list-style-type: none"> <li>▪ Compulsory attendance (20% of total grade).</li> <li>▪ Exercises and/or problems (40%).</li> <li>▪ Tests (40%).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Official exams (100%).</li> </ul>

## **(A) CONTINUOUS**

### **1) Attendance**

Attendance is compulsory. Records or files with your photo and personal data must be surrendered as soon as possible.

You should attend, at least, 2/3 of the scheduled classes. Participation during the class is strongly encouraged.

### **2) Exercises and/or problems**

Periodically, you will be provided with suggested exercises and/or problems to be worked for each chapter. The exercises will be graded on clarity of thought process, grammar, spelling and technical content. If for any reason, you are unable to attend class on the day a exercise is due, exercises will be accepted by email (preferable, attached as a MS Word or Excel File) as long as the exercise arrives before midnight on the due date. Do not email exercises unless you are unable to attend class.

### **b) Tests**

There will be a test every one or two lessons. The format of each test will be a combination of multiple choice questions, short-answer questions and problems. It is necessary to obtain a minimum grade of 5 in each of the tests.

## **(B) TRADITIONAL**

### **- Official exams**

There will be three examinations in this course (1<sup>st</sup> semester, 2<sup>nd</sup> semester, and final exam). The format of each exam will be a combination of theoretical questions and practical problems. It is necessary to obtain a minimum grade of 5 in each of these two parts in order to pass the exam. The final qualification will be obtained according to the following percentages: Theory (30%), Practice (70%).

<b><u>Exam</u></b>	<b><u>Date</u></b>	<b><u>Hours</u></b>	<b><u>Rooms</u></b>
1 <sup>st</sup> semester	8 – February - 2005	8:15 a.m.	1 to 6 & 11 to 19
2 <sup>nd</sup> semester	7 – June - 2005	9:30 a.m.	1 to 8 & 15 to 19
Final exam	28- June - 2005	8:30 a.m.	1 to 7 & 11 to 19
September exam	8 – September - 2005	8:30 a.m.	15 to 19

## **COURSE OUTLINE**

### **LESSON 1: THE ACCOUNTING CYCLE**

- 1.1. Introduction.
- 1.2. Opening the books.
- 1.3. Recording business transactions.
- 1.4. Updating the accounts for the Financial Statements: the adjustment process.
- 1.5. Closing the books.
- 1.6. Preparation and disclosure of the Annual Accounts.

### **LESSON 2: BALANCE SHEET**

- 2.1. Introduction.
- 2.2. Long-term and short-term assets.
- 2.3. Owner's equity.
- 2.4. Long-term and short-term liabilities.
- 2.5. Format of the Balance Sheet.

### **LESSON 3: INCOME STATEMENT**

- 3.1. The earnings figure.
- 3.2. Classification of expenses.
- 3.3. Classification of revenues.
- 3.4. Format of the Income Statement.

### **LESSON 4: CORPORATE INCOME TAX**

- 4.1. Introduction.
- 4.2. The accounting income and the taxable income.
- 4.3. Permanent differences vs. temporary differences.
- 4.4. Accounting for Income Taxes by corporations.

## LESSON 5: OTHER FINANCIAL STATEMENTS

- 5.1. The Notes to the Financial Statements: objective, structure and format.
- 5.2. The Management Report: aim and components.
- 5.3. The Auditor's Report: objective, usefulness and types.

## LESSON 6: CASH FLOW STATEMENT AND STATEMENT OF GENERATED AND APPLIED FINANCIAL RESOURCES

- 6.1. The Statement of Cash Flows: Basic Concepts.
- 6.2. Format of the Statement of Cash Flows.
- 6.3. Preparing the Statement of Cash Flows.
- 6.4. The Statement of Financial Resources generated from and applied in Operating, Financial and Investment activities.

## LESSON 7: THE NEW “*RÉGIMEN SIMPLIFICADO DE LA CONTABILIDAD*”

- 7.1. Objectives and scope.
- 7.2. Recording transactions.
- 7.3. Format of the simplified financial statements.

## LESSON 8: ACCOUNTING FOR CONSOLIDATED SUBSIDIARIES

- 8.1. The concept of consolidation accounting.
- 8.2. Spanish regulations for consolidation accounting.
- 8.3. Basic concepts and terms.
- 8.4. Methods of accounting for consolidated subsidiaries.