



DEPARTAMENTO DE CONTABILIDAD Y ECONOMÍA FINANCIERA  
ESCUELA UNIVERSITARIA DE ESTUDIOS EMPRESARIALES

## FINANCIAL ACCOUNTING

(DIPLOMATURA EN CIENCIAS EMPRESARIALES, 2º CURSO)

### *SYLLABUS*

2006-2007


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

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## 1. Contact information

Office: Office no. 21 FCEE

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E-mail: [cabad@us.es](mailto:cabad@us.es)

(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:

Tuesday from 17:30 – 19:30 hours.

Wednesday from 10:00 – 14:00 hours.

Website: <http://www.personal.us.es/cabad/FA06-07.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, Statement of Changes in Financial Position and Cash Flow Statement, among others.
- Introduction to the preparation of Consolidated Financial 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 are 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.

In addition to the introduction of the International Accounting Standards, current Spanish Accounting Standards are being reformulated by the Spanish Government in order to come closer to IAS. It is expected that the new Accounting Standards will be approved during this winter. Being that the case an additional lesson will be introduced in the program in order to explain the most important changes introduced by the new 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.

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### 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.

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## 5. Evaluation

Students **must choose** between **two alternative systems of evaluation**, **before the 1<sup>st</sup> of November**:

(A) Continuous	(B) Traditional
<ul style="list-style-type: none"><li>▪ <b>Attendance</b> (20% of total grade): maximum <b>2 points</b>.</li><li>▪ <b>Exercises and/or problems</b> (30%): maximum <b>3 points</b>.</li><li>▪ <b>Tests</b> (50%): maximum <b>5 points</b>.</li></ul>	<ul style="list-style-type: none"><li>▪ Official exams (100%)</li></ul>

**IMPORTANT:** If the student do not pass the subject through option (A), he/she will always have the possibility of following option (B), by taking the official exams.

### Option (A): CONTINUOUS EVALUATION

#### 1) Attendance

Attendance is compulsory. Participation during the class is strongly encouraged. Records or files with your photo and personal data must be surrendered as soon as possible.

**IMPORTANT:** You should attend, at least, **2/3 of the scheduled classes**. A maximum of **2 points** of the total grade corresponds to attendance. Therefore, **if you do not attend to at least 2/3 of the classes, the maximum total grade that you would be able to obtain will be 8 points**.

#### 2) Exercises and/or problems

Periodically, you will be provided with suggested exercises and/or problems to be worked for each lesson. 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.

**IMPORTANT:** A maximum of **3 points** of the total grade corresponds to exercises. Therefore, **if you do not deliver the required exercises, the maximum total grade that you would be able to obtain will be 7 points**.

#### b) Tests


There will be 2 tests in each semester.

If a student do not pass any of the tests he/she will only be required to take the semester exam for the lessons corresponding to that tests (for example, if one student passes the test 1 (lessons 1, 2 & 3) but not the test 2 (lesson 4), he/she will only be examined of lesson 4 in the first semester exam). In similar way, in the Final Exam (*convocatoria de junio*) the student will only be examined of those lessons correspondent to the tests/exams previously failed.

First semester:

Test 1: lessons 1, 2 & 3 (Accounting cycle, Balance Sheet and Income Statement)

Test 2: lesson 4 (Income Tax)

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Second semester:

Test 3: lesson 5 & 6 (Other financial statements & Statement of Changes in Financial Position)

Test 4: lesson 7 & 8 (Cash Flow Statement and Consolidation)

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 4 to pass the tests.**

**IMPORTANT:** A maximum of 5 points of the total grade corresponds to the tests. Therefore, if you do not pass the tests, the maximum total grade that you would be able to obtain will be 5 points.


#### Option (B): TRADITIONAL EVALUATION

##### - 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.

<u>Exam</u>	<u>Date</u>	<u>Hours</u>	<u>Rooms</u>
1 <sup>st</sup> semester	29/01/2007	8:15 – 12:15	1 to 6 & 11 to 19
2 <sup>nd</sup> semester	14/06/2007	9:30 – 14:30	7 to 9 & 13 to 19
Final exam	05/07/2007	8:30 – 13:30	1 to 5 & 11 to 19
September exam	06/09/2007	8:30 – 12:00	15 to 19

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## COURSE OUTLINE

### LESSON 1: THE ACCOUNTING CYCLE

- 1.1. Introduction.
- 1.2. The accounting cycle.
- 1.3. Preparation and disclosure of the Annual Accounts.
- 1.4. Accounting standards.

### LESSON 2: BALANCE SHEET

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


### LESSON 3: INCOME STATEMENT

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

### 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.

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## 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: STATEMENT OF CHANGES IN FINANCIAL POSITION


- 6.1. The Statement of Changes in Financial Position: Basic Concepts.
- 6.2. Format of the Statement of Changes in Financial Position.
- 6.3. Preparing the Statement of Changes in Financial Position.

## LESSON 7: CASH FLOW STATEMENT

- 7.1. The Cash Flow Statement: Basic Concepts.
- 7.2. Format of the Cash Flow Statement.
- 7.3. Preparing the Cash Flow Statement.

## LESSON 8: ACCOUNTING FOR CONSOLIDATED SUBSIDIARIES

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

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