

## COURSE OUTLINE

## ACC1002 FINANCIAL ACCOUNTING

Semester 2, 2016/17

## Faculty:

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## 1. Overview

Accounting is the language of business, facilitating communication of the financial aspects of business. This module provides an introduction to the financial accounting branch of accounting. The activities and events of a business entity are summarised by the financial accounting process into published financial statements to be used by external users such as investors and creditors. Such users would need to understand both the financial accounting process and its outputs in order to make investing or lending decisions. Therefore, students will learn how to prepare simple financial statements and also learn how to read, understand and use published financial statements for decision-making. Published financial statements of listed companies in Singapore and Asia will be used as examples. This module is targeted at **business** students (including those on the Accounting degree programme) and will be taught from the *preparer* perspective.

Note: This module should be distinguished from ACC1002X, which is also introductory financial accounting, but to be taught from a *user* perspective to **non-business** students.

## 2. Module Objectives

The key objectives of this module are:

1. To understand the basic concepts and principles underlying financial accounting.
2. To learn the process that results in published financial statements.
3. To prepare simple financial statements.
4. To account for selected elements of the financial statements.
5. To understand and use most of the common information presented in published financial statements.

Note: This module is a prerequisite for higher level accounting and finance modules, such as ACC2002 Managerial Accounting, FIN2004 Finance, ACC3601 Corporate Accounting and Reporting, etc. There is no prerequisite for this module.

## 3. Assessment

55% Final Examination

2-hour closed-book exam. Materials covered in all lectures, self-study and tutorial assignments and assigned readings are examinable. The Registrar's Office has scheduled the exam on **24 April 2017 (Monday) 5-7pm**. There is no make-up exam, so absentees will get zero mark.

25% Mid-Term Test

1-hour closed-book test. Materials covered in all lectures, self-study and tutorial assignments and assigned readings up to and including Topic 5 are examinable. The mid-term test is scheduled on **date/day/time**. Students who fail to take the test will get zero mark.

20% Class Participation

Assessed by the quantity and quality of a student's participation during tutorials. Note that mere attendance at tutorials is *not* considered participation, and it is possible to get zero mark for participation.

#### 4. Schedule and Outline

Week	Session
1	<p><b>Accounting in Business</b></p> <p><u>Learning objectives:</u></p> <ul style="list-style-type: none"> <li>• Explain the purpose, importance, users, and uses of accounting</li> <li>• Explain generally accepted accounting principles and the Conceptual Framework</li> <li>• Define and interpret the accounting equation</li> <li>• Compute and interpret return on assets</li> <li>• Identify the typical financial statements and explain how they interrelate</li> </ul> <p><u>Reading:</u></p> <p>Wild, Kwok, Shaw and Chiappetta, Chapter 1</p>
2	<p><b>Analyzing and Recording Transactions</b></p> <p><u>Learning objectives:</u></p> <ul style="list-style-type: none"> <li>• Analyze business transactions using the accounting equation</li> <li>• Define debits and credits and explain double-entry accounting</li> <li>• Record transactions in the journal and post entries to a ledger</li> <li>• Compute the debt ratio and describe its use in analyzing financial condition</li> <li>• Prepare and explain the use of a trial balance</li> </ul> <p><u>Reading:</u></p> <p>Wild, Kwok, Shaw and Chiappetta, Chapter 2</p>
3	<p><b>Adjusting Accounts and Preparing Financial Statements; Completing the Accounting Cycle – Part 1</b></p> <p><u>Learning objectives:</u></p> <ul style="list-style-type: none"> <li>• Explain accrual accounting and how it improves financial statements</li> <li>• Prepare and explain adjusting entries</li> <li>• Prepare an adjusted trial balance</li> <li>• Compute profit margin and describe its use in analyzing company performance</li> </ul> <p><u>Reading:</u></p> <p>Wild, Kwok, Shaw and Chiappetta, Chapter 3 (exclude Appendices)</p>

4	<p><b>Adjusting Accounts and Preparing Financial Statements; Completing the Accounting Cycle – Part 2</b></p> <p><u>Learning objectives:</u></p> <ul style="list-style-type: none"> <li>• Explain a classified statement of financial position</li> <li>• Prepare financial statements from an adjusted trial balance</li> <li>• Describe and prepare closing entries</li> <li>• Compute the current ratio and describe what it reveals about a company’s financial condition</li> </ul> <p><u>Reading:</u></p> <p>Wild, Kwok, Shaw and Chiappetta, Chapters 3 &amp; 4 (exclude Appendices and steps 9 &amp; 10 of the Accounting Cycle)</p>
5	<p><b>Cash and Internal Controls</b></p> <p><u>Learning objectives:</u></p> <ul style="list-style-type: none"> <li>• Define internal control and identify its purpose and principles</li> <li>• Define cash and cash equivalents and explain how to report them</li> <li>• Compute the days’ sales uncollected ratio and use it to assess liquidity</li> <li>• Explain and record petty cash fund transactions</li> <li>• Prepare a bank reconciliation</li> </ul> <p><u>Reading:</u></p> <p>Wild, Kwok, Shaw and Chiappetta, Chapter 7 (exclude Appendices)</p>
6	<p><b>Receivables</b></p> <p><u>Learning objectives:</u></p> <ul style="list-style-type: none"> <li>• Describe accounts receivable and how they occur and are recorded</li> <li>• Apply the direct write-off method to account for accounts receivable</li> <li>• Apply the allowance method and estimate uncollectibles based on accounts receivable</li> <li>• Account for notes receivable and adjustments for interest</li> <li>• Compute accounts receivable turnover and use it to help assess financial condition.</li> </ul> <p><u>Reading:</u></p> <p>Wild, Kwok, Shaw and Chiappetta, Chapter 8 (exclude Disposal of Receivables on pages 334-335)</p>
7	<p><b>Inventories and Cost of Sales</b></p> <p><u>Learning objectives:</u></p> <ul style="list-style-type: none"> <li>• Identify items to be included in Inventory Cost</li> </ul>

	<ul style="list-style-type: none"> <li>• Account for inventory under the perpetual system</li> <li>• Compute Ending Inventory and Cost of Goods Sold using different costing methods</li> <li>• Apply the Lower of Cost and Net Realizable Value</li> <li>• Compute and interpret ratios for inventory management</li> </ul> <p><u>Reading:</u></p> <p>Wild, Kwok, Shaw and Chiappetta, Chapter 6 (exclude pages 241-2 and Appendices)</p>
8	<p><b>Non-Current Assets</b></p> <p><u>Learning objectives:</u></p> <ul style="list-style-type: none"> <li>• Determine cost of property, plant and equipment (PPE)</li> <li>• Understand capital vs revenue expenditure</li> <li>• Compute depreciation of PPE using different depreciation methods</li> <li>• Account for impairment and revaluation of PPE</li> <li>• Account for disposals of PPE</li> <li>• Account for intangible assets</li> </ul> <p><u>Reading:</u></p> <p>Wild, Kwok, Shaw and Chiappetta, Chapter 9 (exclude “Section 2 - Natural Resources” and Appendix)</p>
9	<p><b>1. Current Liabilities</b></p> <p><u>Learning objectives:</u></p> <ul style="list-style-type: none"> <li>• Account for certain/known liabilities</li> <li>• Account for provisions</li> <li>• Account for contingent liabilities</li> </ul> <p><u>Reading:</u></p> <p>Wild, Kwok, Shaw and Chiappetta, Chapter 10</p> <p><b>2. Income and Equity</b></p> <p><u>Learning objectives:</u></p> <ul style="list-style-type: none"> <li>• Understand the components of shareholders’ equity</li> <li>• Account for the issue of shares</li> <li>• Compute and account for cash dividends</li> </ul> <p><u>Reading:</u></p> <p>Wild, Kwok, Shaw and Chiappetta, Chapter 12 (with exclusions)</p>

10	<p><b>Income and Equity</b> (<i>continuation</i>)</p> <p><u>Learning objectives:</u></p> <ul style="list-style-type: none"> <li>• Account for bonus issues and share splits</li> <li>• Account for share buybacks</li> <li>• Prepare a Statement of Comprehensive Income</li> <li>• Prepare a Statement of Changes in Equity</li> <li>• Account for changes in accounting estimates and policies, and prior period errors</li> <li>• Compute measures of share value</li> </ul> <p><u>Reading:</u></p> <p>Wild, Kwok, Shaw and Chiappetta, Chapter 12 (with exclusions)</p>
11	<p><b>1. Financial Statement Analysis</b></p> <p><u>Learning objectives:</u></p> <ul style="list-style-type: none"> <li>• Understand the importance of financial analysis</li> <li>• Apply horizontal and vertical analyses</li> <li>• Apply ratio analysis</li> </ul> <p><u>Reading:</u></p> <p>Wild, Kwok, Shaw and Chiappetta, Chapter 14</p> <p><b>2. Statement of Cash Flows</b></p> <p><u>Learning objectives:</u></p> <ul style="list-style-type: none"> <li>• Understand the importance of cash flow analysis</li> <li>• Distinguish between cash flows from operating, investing and financing activities</li> <li>• Prepare the operating cash flows section of the Cash Flow Statement (CFS) using the direct method</li> </ul> <p><u>Reading:</u></p> <p>Wild, Kwok, Shaw and Chiappetta, Chapter 13</p>
12	<p><b>Statement of Cash Flows</b> (<i>continuation</i>)</p> <p><u>Learning objectives:</u></p> <ul style="list-style-type: none"> <li>• Prepare the operating cash flows section of the CFS using the indirect method</li> <li>• Prepare the investing cash flows section of the CFS</li> <li>• Prepare the financing cash flows section of the CFS</li> <li>• Disclose non-cash investing and financing activities</li> <li>• Interpret a cash flow statement</li> </ul>

	<u>Reading:</u> Wild, Kwok, Shaw and Chiappetta, Chapter 13
13	Revision/Consultation

## 5. Module Learning Guide

Learning in this module is achieved through the following components, which are *not* in order of importance:

1. **Lecture** (2 hours per week), where major points of a topic are covered. Lecture slides can be downloaded from the module workbin in the NUS IVLE (Integrated Virtual Learning Environment) on a weekly basis.
2. **Tutorial** (1 hour per week), where the student is expected to complete assigned tutorial questions *before* class, and to contribute to discussions during class. Tutorial questions are as listed in the detailed course outline in the module workbin.
3. **Self-Study** questions as listed in the detailed course outline, and the answers that will be uploaded weekly, are recommended to be reviewed before the tutorial class.
4. **Compulsory readings** assigned from recommended text.
5. Voluntary **consultations** with lecturer/tutor.
6. Voluntary participation in IVLE **online discussion forum**.

Please refer to the Appendix for the ACC1002 Summary Teaching Schedule.

## 6. Recommended textbook

John J. Wild, Winston Kwok, Ken W. Shaw and Barbara Chiappetta, Financial Accounting: Information for Decisions (3<sup>rd</sup> Ed), 2017, McGraw-Hill Education (Asia)

## 7. Academic Honesty & Plagiarism

Academic integrity and honesty is essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is 'the practice of taking someone else's work or ideas and passing them off as one's own' (The New Oxford Dictionary of English). The University and School will not condone plagiarism. Students should adopt this rule - You have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is being presented as entirely your own work. This is a minimum standard. In case of any doubts, you should consult your instructor.

Additional guidance is available at:

<http://www.nus.edu.sg/registrar/adminpolicy/acceptance.html#NUSCodeofStudentConduct>

Online Module on Plagiarism: <http://emodule.nus.edu.sg/ac/>



Appendix

**ACC1002 Summary Teaching Schedule (2016/17 Semester 2)**

<b>Week No.</b>	<b>Week Beginning (2017)</b>	<b>Lecture Topic</b>	<b>Tutorial Topic</b>
1	9 Jan	<b>Topic 1:</b> Accounting in Business	N.A.
2	16 Jan	<b>Topic 2:</b> Analyzing and Recording Transactions	N.A.
3	23 Jan	<b>Topic 3:</b> Adjusting Accounts and Preparing Financial Statements; Completing the Accounting Cycle – Part 1	Topic 1
4	30 Jan	<b>Topic 3:</b> Adjusting Accounts and Preparing Financial Statements; Completing the Accounting Cycle – Part 2	Topic 2
5	6 Feb	<b>Topic 4:</b> Internal Controls and Cash	Topic 3
6	13 Feb	<b>Topic 5:</b> Receivables	Topics 3 & 4
<b>Recess (18 Feb to 26 Feb)</b>			
7	27 Feb	<b>Topic 6:</b> Inventories and Cost of Sales	Topic 5
8	6 Mar	<b>Topic 7:</b> Non-Current Assets <b>Mid-Term Test: date/time (Topics 1 to 5) tbc</b>	Topic 6
9	13 Mar	<b>Topic 8:</b> Current Liabilities <b>Topic 9:</b> Income and Equity	Topic 7
10	20 Mar	<b>Topic 9:</b> Income and Equity (continuation)	Topics 8 & 9
11	27 Mar	<b>Topic 10:</b> Financial Statements Analysis <b>Topic 11:</b> Statement of Cash Flows	Topic 9
12	3 Apr	<b>Topic 11:</b> Statement of Cash Flows (continuation)	Topics 10 & 11
13	10 Apr	Revision/Consultation	Topic 11
<b>Final Exam: 24 April 2017, Mon, 5-7pm (all topics)</b>			

Note:

1. Lectures for this module are on Wed and Thurs, 9am to 11am.
2. Tutorials commence from Week 3 (week beginning 23 Jan 2017). Students should stick to their assigned tutorial slots, unless otherwise approved by the BBA Program Office (Dean's Office).
3. Lecturer will provide details of lecture sub-topics, reading references and tutorial and self-study questions in a separate detailed course schedule *to be downloaded* from the IVLE workbin.