FINANCIAL ACCOUNTING

COURSE: FIRST YEAR
1st SEMESTER ☑   2nd SEMESTER ☐
CATEGORY: ☑ BASIC   ☑ COMPULSORY   ☐ OPTIONAL
NO. OF CREDITS (ECTS): 6
LANGUAGE: ENGLISH
TUTORS: TO BE DETERMINED
FORMAT: PRESENTIAL
PREREQUISITES: NONE

1- SUBJECT DESCRIPTION

The purpose of this course is to provide students with basic knowledge of financial accounting that will allow them to construct and analyze financial statements using generally accepted accounting principles.

Accounting is the “language of business”, and students shall become sufficiently fluent in this language as to understand the financial condition and the performance of business by reading their financial statements.

2- OBJECTIVES AND SKILLS

The main aim of the Financial Accounting course is to familiarize the student with the language and terminology of accounting. In this respect, the course objective is to introduce the student to the basic concepts necessary for understanding accounting processes within businesses and to analyze a company’s financial status. Overall, the student should complete the course with two key skills:

1. How to write financial statements.

2. How to read and interpret those statements as the means to support financial decision-making.

3- METHODOLOGY AND WEIGHTING

As is common to all IE University courses in this first quarter of the first year of the BBA, the course will combine lectures and case-solving sessions.

We will begin with an overview of the accrual and cash accounting systems, and continue by examining specific accounting problems and measurement topics.
Before each class session, readings regarding the topics to be covered will be assigned.

Students are also expected to read and solve the assigned case-studies before the class, and they are expected to be able to start their class discussion by answering a question, related with the case, if cold-called.

Prior preparation of every class session is expected from all the students, since much of the learning occurs by listening to your peers opinions and questions during class discussions.

The required textbook shall provide you a very useful help in preparing the classes and solving problems.

It is of utmost importance that you keep up with the coursework. In accounting, new material always builds on prior concepts, so you will soon lose the thread, if you decide to study only a few days just before the day of the exam.

A scheme of expected time allocation by students to this course is as follows:

<table>
<thead>
<tr>
<th>Teaching Methodology</th>
<th>Weighting</th>
<th>Time Dedication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lectures (in class)</td>
<td>(15)%</td>
<td>22.5 hours</td>
</tr>
<tr>
<td>Discussions (in class)</td>
<td>(10)%</td>
<td>15 hours</td>
</tr>
<tr>
<td>Exercises (in class)</td>
<td>(5)%</td>
<td>7.5 hours</td>
</tr>
<tr>
<td>Individual studying &amp; Homework (outside class)</td>
<td>(40)%</td>
<td>60 hours</td>
</tr>
<tr>
<td>Case preparation (outside class)</td>
<td>(20)%</td>
<td>30 hours</td>
</tr>
<tr>
<td>Group work (outside class)</td>
<td>(10)%</td>
<td>15 hours</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>100%</td>
<td><strong>150 hours</strong></td>
</tr>
</tbody>
</table>

Please notice that class discussions rely mainly on individual studying (outside class), and therefore, the relevance of class participation in the final grade is very important.

4- CONTENT

Please note that the following schedule is not final and may be modified along the course to better meet the course objectives.

SESSION 1
INTRODUCTION

SESSIONS 2 & 3
THE BALANCE SHEET
SESSIONS 4 & 5
THE INCOME STATEMENT

SESSIONS 6 & 7
THE CASH FLOW STATEMENT

SESSIONS 8, 9 & 10
RECORDING TRANSACTIONS

SESSION 11
ACCOUNTING ADJUSTMENTS

SESSION 12
REVIEW AND DOUBTS SOLVING

SESSIONS 13 & 14
QUIZ & QUIZ REVIEW

SESSIONS 15 & 16
SALES AND ACCOUNTS RECEIVABLE ACCOUNTING

SESSION 17
UNCOLLECTIBLE REVENUES ESTIMATION AND ACCOUNTING

SESSIONS 18 & 19
COST OF SALES AND INVENTORY ACCOUNTING

SESSIONS 20 & 21
LONG-LIVED ASSETS ACCOUNTING

SESSION 22
DEPRECIATION AND AMORTIZATION

SESSIONS 23 & 24
THE COST OF MONEY – LIABILITIES/ ACCOUNTS PAYABLE

SESSION 25
LIABILITIES/ FINANCIAL
5- EVALUATION SYSTEM (ORDINARY AND EXTRAORDINARY)

5.1. ORDINARY EVALUATION

Course Requirements and Grading: Final grades for the course will be based on the following:

- Class Participation: 40%
- Midterm quiz: 30%
- Final exam: 30%

Homework Assignments & group assignments: As told above, homework will be assigned repeatedly along the course. Most often, we will work on the solutions during the next class session. However, homework will be collected occasionally during the course, without previous announcement, in order to evaluate students’ efforts.

Class Participation: The criteria for class participation is as follows:

- Is the student present and on time? Much of the learning will occur in the course of the discussions in class. Hence, regular attendance is required in order to receive credit for class participation. Please advise in advance if you cannot attend a session.

- Does the student participate in class? It is not enough for the student just to be present. The student will be encouraged to participate actively in the discussions and to answer questions proposed by the professor.

- Does the student make quality points? It is entirely possible to offer many comments and still receive a low grade for participation. Asking questions that help to improve the learning process is important, but it is much more important how well you respond to the issues and/or questions raised by the case material, or by the professor or by your classmates, during the class sessions.

Final Exam: Although the final exam accounts for 30% of the total grade, students will not receive a passing grade in the course without taking the final exam. Make-up exams will only be permitted if you have a University-approved excuse (e.g., illness or family emergency), and you must contact me before the exam is given.
Attendance is mandatory and will count within the class participation portion of your grade. If you are unable to attend a class session, you are still responsible for all the materials covered during that session. If attendance is lower than 70% of sessions, you will not pass the course.

5.2. EXTRAORDINARY EVALUATION (RETAKE POLICY)

1. Each student has 4 chances to pass any given course distributed in two consecutive academic years (regular period and July period).

2. Students who do not comply with the 70% attendance rule will lose their 1st and 2nd chance, and go directly to the 3rd one (they will need to enrol again in this course next academic year).

3. Grading for retakes will be subject to the following rules:

   ➢ Students failing the course in the first regular period will have to do a retake in July (except those not complying with the attendance rules, which are banned from this possibility).

   ➢ Dates and location of the July retakes will be posted in advance and will not be changed. Please take this into consideration when planning your summer.

   ➢ The retake will consist on an exam, which will typically include a “mechanical” part, consisting in writing some journal and general ledger entries, covering the accounting problems analyzed along the course, and preparing financial statements for a period of time and at its end, and an accounting reasoning part, which will require writing a short essay explaining the possible solution to an accounting problem.

   ➢ The grading criteria for the retakes will be as follows:
     - Previous course work and exams results will weight for 30% of the total grade.
     - The retake exam result will weight for the remaining 70% of the total grade.

   ➢ The maximum grade that a student may obtain in the retake will be 8 out of 10.

6- USE OF ELECTRONIC DEVICES IN CLASS

All cell phones must be turned off and out of sight during class. Failing to comply with this rule will be negatively considered in the class participation part of the final grade.

This subject does not require the use of a laptop in class; nevertheless, the use of the laptop for anything other than class work will be negatively considered in the class participation part of the final grade.