

American University of Central Asia
Course Information
School of Entrepreneurship and Business Administration
Fall 2017

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| Course Title: | Financial Accounting II |
| Course Code: | FIN – 285 |
| Prerequisites: | FIN – 280 – Financial Accounting-I |
| Course Coordinator: | Nazgul Albanova, MBA |
| No. of Credit Units: | 6 |
| Class meeting: | Lecture: Tuesday 09:25-10:40, room 207 Seminar: Thursday 09:25-10:40, room 207 |
| Contact: | E-Mail: Albanova_N@auca.kg Office: 215 Phone: 463 |
| Appointments/Hours | Based on individual appointments |

1. Abstract:

This course is a continuation to the study of fundamentals of accounting and financial reporting. It studies the financial accounting concepts and theories with an emphasis on the preparation and use of the income statement, balance sheet, statement of changes in shareholder equity and statement of cash flows. Coverage involves the process of analyzing, processing, interpreting and communicating financial information regarding property plant and equipment, intangible assets, inventory, financial assets, goodwill and liabilities to aid in decision making.

2. Course Aims:

The purpose of the course is to continue providing fundamental theoretical pronouncements of financial accounting and training of comprehensive practical methods of accounting system including demonstration of accounting procedures for full circle of economical activity of a business entity.

3. Learning Outcomes:

By the end of this course, the students should be able to:

- Understand and interpret the four main financial statements;
- Demonstrate the links between the four main financial statements;
- Effectively and promptly process a big number of business transactions;
- Prepare basic financial statements;
- Prepare simple consolidated financial statements;
- Perform financial statement analysis.

4. Assessment Tasks/Activities

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| Lectures | Lectures will be conducted based on assigned reading materials. Students are expected to come prepared for the lectures and demonstrate understanding of topics covered during lectures. Students active participation is expected and appreciated. |
| Seminars | Seminars will be conducted based on Lectures and assigned practice questions. Students are expected to come prepared and demonstrate understanding of the topics and analytical skills for solving problems. Students will have quiz at the start of each seminar class. |
| Quizzes, Midterm exam and Final exam. | Quizzes are short tests that are intended to prepare students for midterm and final exams. The midterm, final exam and quizzes are all closed book exams. They will consist of open questions and closed multiple choice questions. Only pens, pencils, erasers, calculators, Formulae Sheet, Annuity and Present Value tables are allowed to use during quizzes and exam sessions. Mobile phones are not allowed to be used during quizzes and exam sessions. Quizzes last 10-15 minutes, midterm exam – 75 minutes, final exam – 120 minutes. <u>Students who have missed test having a valid reason cannot retake the test but points of the missed test will be allocated to rest of the tests evenly.</u> |
| Individual Assignments | Detailed guidelines of the assignments will be delivered during the lectures. |

5. Course Policies:

| Issue | Policy |
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| Changes | The course instructors reserve the right to modify any and all portions of this syllabus at any time during the period of the course. Any modifications will be communicated in writing to students. |
| Attendance & Participation | Class attendance and active participation is obligatory to pass this course. Student can miss only 3 classes if s/he has a valid reason (illness, special circumstances – notified in advance). In case of any further missing (more than 3 classes), student will face a 3-point decrease for each class of absence. Students not paying close attention during classes (talking on irrelevant themes, being more than 15 minutes late, and preparing for other classes) will be considered as being absent. Students with 100% attendance (no sick leaves) will have a 5 bonus-point added to their final grade. |

6. Submission of Assignments:

Written assignments are to be completed in APA style Format – Publication Manual of the American Psychological Association (Copies are available at BF 76.7 P83 2010 – this is the 6th ed). Assignments are to be submitted online through e-course or as specified by Professor on the date they are due. Late assignments will not be accepted.

7. Academic Integrity

- I. *The use of cell phones (talking, texting, etc.) during class is strictly prohibited. Students violating this policy will be given one (1) warning. A second violation of this policy will result in the student being counted absent for the class.*

- II. *The use of any other electronic devices (SUCH AS LAPTOP, IPADS) during class for any purpose not related to the furtherance of the class objectives is strictly prohibited. Students violating this policy will be given one (1) warning. A second violation of this policy will result in the student being counted absent for the class.*

- III. *Students are expected to follow the AUCA ACADEMIC HONESTY code. All types of plagiarism are strictly prohibited. If a student fails to observe this requirement, the instructor may assign an "F" for the work or an "F" for the whole class, depending on the type of assignment and relevant circumstances. Students are expected to read and follow the section on the Student Academic Dishonesty of the AUCA Code of Student Rights, Responsibilities and Conduct. ALSO ENSURE YOUR STUDENTS UNDERTSTAND THE CLEAR DIFFERENCE BETWEEN OUTRIGHT PLAGARISM, RE-PHARASE AND PARAPHRASING AS THERE IS A THIN RED LINE BETWEEN THEM; AT LEAST TAKE 10 MINS OF CLASS TIME EXPLAINING THE DIFFERENCE AS IT GOES A LONG WAY FROM ISSUES THAT CAN COME UP LATER ON DURING ASSIGNMENT MARKING AND STUDENTS COULD SAY THEY DID NOT KNOW THE DIFFERENCE NOR THE LECTURER DID NOT EXPLAIN IN CLASS*

- IV. *You are encouraged to study together and to discuss information and concepts covered in lecture and the sections with other students. You can give "consulting" help to or receive "consulting" help from such students. However, this permissible cooperation should never involve one student having possession of a copy of all or part of work done by someone else, in the form of an e-mail, an e-mail attachment file, a diskette, or a hard copy.*

8. GRADING CRITERIA

| Grade Component | Percent |
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| Quizzes | 20% |
| Individual assignments | 10% |
| Midterm exam | 30% |
| Final exam | 40% |
| Total | 100% |

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| A 100-93% | B- 82-80% | D+ 69-67% |
| A- 92-90% | C+ 79-77% | D 66-61% |
| B+ 89-87% | C 76-73% | D- 62-60% |
| B 86-83% | C- 72-70% | Failing Grade: below 60% |

9. Explanation of Grades Obtained

- A** Student demonstrates exceptional understanding and able to critique existing literature and shows good abilities to derive policy implications; Performs well in every aspect of class participation and submits final paper of Journal quality.
- B** Ability to think conceptually and to perform in class participations, and in final paper. Student is able to form plausible arguments and provides reasonable conclusions.
- C** Marginal ability to analyze material presented in lectures and readings. While the student has attended class and involved in discussions, performance is merely class average.
- D** Limited ability to analyze material presented in lectures and readings. While the student has attended class and involved in discussions, performance has been below class average.
- F** Poor learning or lack of effort, the student has failed to demonstrate even a minimal capacity to analyze concepts and theories. Misses most classes and performed very poorly in, or even failed to participate in class discussions. The final paper, if submitted, has been of a poor standard or plagiarized.

10. Tentative Course Schedule: *May change to accommodate guest presenters & student needs*

| Week | Dates | Topics to be discussed | Assignment | Other |
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| 1 | 05.09 - 07.09 | Introduction. No classes. Make up class is scheduled for October 21. | | |
| 2 | 12.09 - 14.09 | Overview. The context and purpose of financial reporting. The qualitative characteristics of financial information. The use of double-entry and accounting systems. The regulatory framework. IFRS. Sales, purchase and cash transactions. Returns, discounts and sales tax. | 1- Ch. 1-5. (pp. 1-90) | |
| 3 | 19.09 - 21.09 | Inventory. Valuation of inventory. Methods of calculating the cost of inventory. Period-end vs. continuous inventory records. | 1- Ch 6. (pp. 91-120) IAS 2 "Inventory" | Quiz 1. |
| 4 | 26.09 - 28.09 | Non-current assets. Capital vs. Revenue expenditure. Acquisition. Depreciation. Disposal. Revaluation. | 1- Ch. 7-8. (pp. 121-162) IAS 16 "Property, plant and equipment" | Quiz 2. |
| 5 | 03.10 | Intangible non-current assets. Research and | 1- Ch. 9. | Quiz 3. |

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| | - 05.10 | development. Measurement of intangible assets. IAS 38 disclosure requirements. Amortization. Accounting for goodwill. | (pp. 163-174) IAS 38 "Intangible assets" | |
| 6 | 10.10 - 12.10 | Accounting for lease. Regulation. Lease advantages. Definition. Classification. Operating and finance lease. Special issues of lease accounting. | IAS 17 "Lease". | Quiz 4. |
| 7 | 17.10 - 19.10 | Financial instruments. Classification. Initial measurement. Subsequent measurement. | IFRS 9 "Financial Instruments" | Quiz 5. |
| | 21.10 | Make up class. Accruals and prepayments. Receivables. Payables, provisions and contingent liabilities. Payroll accounting. | 1- Ch.10-12 (pp.175-220) | Quiz 6. |
| 8 | 24.10 - 26.10 | Capital structure and finance costs. Ordinary share capital. Rights issue. Bonus issues. Dividends. Loan notes. Preference shares. | 1- Ch.13 (pp.221-242) | Deadline for Individual assignment I Quiz 7. |
| 9 | 31.10 | MIDTERM EXAM | | |
| | 02.11 | Review of Midterm exam | | |
| 10 | 06.11 - 10.11 | FALL BREAK | | |
| 10 | 14.11 - 16.11 | Accounting for corporate income tax. Deferred tax asset and deferred tax liability. Permanent and temporary differences. | IAS 12 "Income taxes" | Quiz 8. |
| 11 | 21.11 - 23.11 | Correction of errors. Suspense accounts. Control accounts and reconciliations. Bank reconciliations. Disclosure notes. Events after the reporting period. Incomplete records. | 1- Ch. 14-16 pp.243-290 1- Ch. 17-18 pp. 291-342 | Quiz 9. |
| 12 | 28.11 - 30.11 | Statement of Cash Flows (excluding partnerships) | 1- Ch. 19 pp. 343-376 IAS 7 "Statement of Cash Flows" | Quiz 10. |
| 13 | 05.12 - 07.12 | Accounting of the effects of changes in foreign exchange rates. Currency of statements. Recognition of exchange differences. Interpretation of financial statements. Importance and purpose of analysis of financial statements. Ratios. Analysis of financial statements. | 1- Ch. 20 pp. 377-400 IAS 21 "The effects of changes in Foreign Exchange Rates" | |

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| 14 | 12.12 - 14.12 | Simple consolidated financial statements. Subsidiaries. Associates. REVIEW | 1- Ch.21-22 pp.401-454 | <i>Deadline for Individual Assignme nt II</i> |
| 15 | 19.12 | FINAL EXAM | | |

11: Readings

| Item | Author(s) | Reference |
|------|--|--|
| 1 | Kaplan Publishing | ACCA PAPER F3 Financial Accounting. Complete text |
| 2 | Kaplan Publishing | ACCA PAPER F3 Financial Accounting. Exam Kit |
| 3 | IFRS 2017 | www.iasplus.com |
| 4 | Law of Accounting of the Kyrgyz Republic | |
| 5 | Tax Code of the Kyrgyz Republic | |