

Universitat Pompeu Fabra

Introduction to Financial Accounting

Grades:	Administració i Direcció d'Empreses (ADE)	code: 20837
	Economia (ECO)	code: 20837
	Ciències Empresarials - Management (MNG)	code: 20643
	International Business Economics (IBE)	code: 21126
	Doble grau ADE/ ECO – Dret	code: 20837

Year: First

Term: Third

ECTS credits: 5

Hours that the students have to dedicate: 125

Language: English

1. Presentation

Introduction to Financial Accounting is a main subject taught in the third term of the first year.

The subject configuration focuses on understanding the basic accounting concepts to determine the financial statements resulting from the activity of the organization.

This system of information is applicable to different types of organizations. The central axis of the subject is the understanding and the elaboration of an accounting cycle that starts from the book-keeping of basic transactions of the company to the final elaboration of a balance sheet and a profit and loss account which corresponding to the entrepreneurial activity in a given period of time.

The knowledge and the correct application of accounting rules and valuation criteria complete the necessary requirements to achieve knowledge and the basic capacities for the professional future development of the student; with the follow-on studies, especially those related to a professional itinerary in accounting and finance.

The attainment of these skills is through a process of educational innovation and in- process experimentation specifically in this subject, centered on the necessary process of learning required skills in order to apply this learning in practice; focused on a model of education directed at the development of their overall capacities, in addition to the pure acquisition of knowledge.

Class hours have been reduce to encourage active learning by the student. This means that students are involved permanently, developed through continuous assessment and personal study of the works listed in the bibliography. Also giving more emphasis on teamwork and communication skills, both oral and written as they are two key skills in the professional development of graduates.

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2. Competencies

The competencies that the student should achieve in this subject according to the Dublin descriptors, described in *"Memory request for official verification"*:

General competencies

The general competencies of achievement for all grades are taught in this subject are:

G2. Be able to justify their own positions consistent with arguments and defend them publicly.

G9. Establishing habits of self-discipline, demanding thoroughness in completing academic work in an organised and timely manner.

G10. Have a proactive attitude in the desire for knowledge, essential in any learning process and throughout future career projection.

G11. Being able to apply acquired knowledge with flexibility and creativity, to adapt to new situations and contexts.

Specific competencies for the grade International Business Economics

G4. Be able to use English in all fields of work (read, write and speak at a high level).

G13. Demonstrate a level of knowledge sufficient for professional performance.

G16. Use the appropriate information in formulating proposals and problem solving.

G18. Apply knowledge and procedures relevant to a range of complex situations.

Specific competencies for the grade Empresarials – Management

G3 Be able to communicate, both orally and written, in the two official languages of Catalonia, Catalan and Spanish, both internally and with audiences.

G12. Be able to progress in learning and training processes continuously.

G13. Sufficiently demonstrate a level of knowledge professionally.

G14. Use the appropriate information in formulating proposals and problem solving.

Specific competencies for the grade Administració i Direcció d'Empreses

G3 Be able to communicate, both orally and written, in the two official languages of Catalonia, Catalan and Spanish, both internally and with audiences.

G17. Use the appropriate information in formulating proposals and problem solving.

G20. Apply knowledge and procedures relevant to a range of complex situations.

What should students know and know-how?

- a. Be able to transform economic information into accounting information.
- b. Application of theoretical knowledge to practice accounting.
- c. Have skills in the understanding and registering accounting information.

- d. Have basic general knowledge of accounting concepts, accounting legislation and valuation criteria.
- e. Understanding of the meaning of “accounting result”: profit and losses, changes in the composition of equity.
- f. Preparation, presentation and resolution of cases studies and exercises in the field.
- g. Work in group in the resolution and presentation of exercises and proposed cases studies.
- h. Elaboration and presentation of clear and structured accounting information.
- i. Understanding and analysis of a firm’s activity transforming it into accounting information.
- j. Preparation and presentation of accounting information: record books and financial statements: the balance sheet and income statement.

3. Content

The subject is divided into ten topics which are as follows:

Topic 1. Accounting and Information Systems

The Nature of Accounting and the Importance of Information. The Role and Objectives of Accounting. Major Users of Accounting Information. Accounting Systems. Requirements towards Accounting Information.

HORNGREN ET AL: Chapter 1.

SERRA SALVADOR ET AL: Chapter 1, p. 20 – 38

Topic 2. The Balance Sheet

The Financial Position/Condition of a Company. The Three Major Elements of a Balance Sheet: The Owners' Equity: Types of Ownership, Assets and Liabilities. The Balance Sheet Equation.

HORNGREN ET AL: Chapter 1.

SERRA SALVADOR ET AL: Chapter 2, p. 40 – 66

Topic 3. Accounting Methods

Presentation of the Financial Position at a Moment in Time. Investment and Financing. Business activities: economic and accounting transactions. Double-Entry Recording Framework. Types of accounting entries – Classical Theory versus Modern Theory. Recording of transactions. How rich is the company at a certain moment? Changes in the owners' equity. Income. The Income Statement. Link Balance Sheet to Income Statement.

HORNGREN ET AL: Chapter 1 and 2.

SERRA SALVADOR ET AL: Chapter 3, p. 70 – 96

Topic 4. The Recording Process: Journals, Ledgers, Accounts

The Account as an Accounting Instrument. Chart of Accounts. Journals and Ledgers. Double-Entry System.

HORNGREN ET AL: Chapter 3.

SERRA SALVADOR ET AL: Chapter 4, p. 100 – 123

Topic 5. Inventories

Types of Inventories. Permanent and Periodic Inventory Systems. Recording Entries of Purchases and Sales with Permanent and Periodic Inventory Systems. General Comparison of Both Systems.

HORNGREN ET AL: Chapter 7.

SERRA SALVADOR ET AL: Chapter 5 and 6, p. 126 – 206

Topic 6. The Accounting Cycle - An Introduction

Total Income and Periodic Income. The Accounting Cycle - An Introduction. Valuation of Assets and Liabilities. Basic Accounting Principles.

HORNGREN ET AL: Chapter 5.

SERRA SALVADOR ET AL: Chapter 7, p. 208 – 250

Topic 7. The Periodic Income: Revenues and Expenses

Revenues: Examples and Classes. Expenses: Examples and Classes. The Accrual Basis of Accounting. The Periodic Income – Its Calculation and Recording. Amortization/Depreciation of Assets.

HORNGREN ET AL: Chapter 2, 4 and 8.

SERRA SALVADOR ET AL: Chapter 8 and 10, p. 254 – 286, p. 320 – 347

Topic 8. Accounting of Basic Transactions

Accounts receivable. Noncurrent Assets. Financial Liabilities and Financial Investments.

HORNGREN ET AL: Chapter 6, 8 and 9.

SERRA SALVADOR ET AL: Chapter 9, 10 and 11, p. 290 – 378

Topic 9. The Accounting Cycle In Detail

Steps in the Accounting Cycle. Opening the Accounts. Entries to the Accounts. Closing the Accounts. Determination of the Periodic Income. The Income Statement – Forms of Presentation: The T-Account Form and the Multi-step Report Form.

HORNGREN ET AL: Chapter 5.

SERRA SALVADOR ET AL: Chapter 7, p. 208 – 250

Topic 10. Legal Aspects of Accounting

Legal Regulation of Accounting in Spain. Formal Accounting Principles and Concepts. The Spanish General Accounting Plan: Concept, Objective, Characteristics.

SERRA SALVADOR ET AL: Chapter 12, p. 380 – 393

4. Bibliography.

Main Textbook

STICKNEY, WEIL, SHIPPER and FRANCIS. (referred as STICKNEY ET AL.)

Financial Accounting. An Introduction to Concepts, Methods and Issues.

South-Western Cengage Learning. 13th. Edition. 2010

OR

HORNGREN, SUNDEM, ELLIOTT (referred to as HORNGREN ET AL:

Introduction to Financial Accounting, Prentice Hall. 8th. edition. 2002

OR

HARRISON AND HORNGREN

Financial Accounting, 5th edition, Prentice Hall, 2004

Textbooks in Spanish

SERRA SALVADOR; GINER INCHAUSTI; VILAR SANCHIS referred to as SERRA SALVADOR ET AL:

Sistemas de Información Contable (Una Introducción a la Contabilidad),

València: Tirant lo Blanch, 1996, 2a edició.

Textbooks in Catalan

ROSANS I MARTI, J.M.:

Informació comptable per la presa de decisions empresarials: una introducció a la Comptabilitat,

Barcelona: Ariel, 1992.

ALEMANY I COSTA, J.

"La comptabilitat com un sistema d'informació a les organitzacions. Una introducció als conceptes, mètodes i utilitats" Edició digital. Febrer 2012

www.upf.edu/usquid-facecon/publicacions/introducciocomptabilitat.html

Financial Accounting Glossary

You can find a glossary of the accounting terms used in class (in English, Spanish and Catalan)

under the following web address: <http://www.accid.org/glossari.php>

5. Grading

Accounting is a "hands-on" subject and practice is ESSENTIAL for your success.

The evaluation of the attainment of the whole of the skills will be carried out in progressive way through the participation in the activities that will be developed during the course. The final qualification of the subject will be the result of the evaluation of the following sections:

5.1 Evaluation criteria

Continuing evaluation: (50% of the final note)

- a) In person partial exam 30% (Unrecoverable in July).
- b) Hand in of case studies to be worked during the seminars 20% (Unrecoverable in July).

Final Evaluation: (50% of the final note)

The final exam is a **compulsory** activity, which is carried out within the exams period. The exam has a maximum duration of 4 hours. In this part it is necessary to obtain a 5 (out of 10) in order to pass the subject (recoverable in July).

July Evaluation

The recovery of the July evaluation worth 50%. Must pass the exam (5 out of 10) to make the final assessment on the average continuous evaluation.

5.2 Policy review of recovery and summary of evaluation criteria

Continuous assessment cannot recover or compensate. This applies to 20% for practices and for the mid-term exam (30%).

The final exam (50%) can be recovered in case of having it suspended. The day of the recovery will be announced during the academic year.

The following table summarizes the evaluation criteria and the potential for recovery in case of failing the exam:

Continuous assesment (50%)		Final exam (50%)
Seminars (20%)	Mid term exam (30%)	
Yes	Yes	The weight of continuous assessment in conjunction with the final examination gives the final result. To make it medium must pass the final exam (get a 5 out of 10)
Unrecoverable		If you fail the final exam, you can retake it in July

In the extraordinary situation of being part of an exchange program officially recognized by the UPF, the student can be evaluated using different evaluation mechanisms.

6. Methodology

Two types of sessions and working methods so that students acquired the knowledge described in the syllabus.

The sessions are divided into two groups: lectures and consulting sessions and study.

LECTURES

- **Plenary sessions**

The whole group participates in the plenary sessions (90 minutes). The lecturer introduces the key theoretical concepts in accounting under each topic.

- **Weekly seminars in reduced groups.**

Sessions lasts 90 minutes. The aim of the seminars is consolidate students' knowledge and put them into practice through active participation.

They can be of two types:

- a. Are solved and resolved the doubts in the exercises previously proposed by Professor and questions that have been generated in the plenary sessions. The sessions will be concluded by the resolution of an exercise (or more) ad hoc chosen by the Professor.
- b. Students prepare and make one or more exercises indicate by the Professor in the same session. In the session will be presented the right solution/s, resolve any doubts that may have been generated during the individual work of the students and during the plenary sessions. The sessions will be concluded by the resolution of an exercise (or more) ad hoc chosen by the Professor.

CONSULTING SESSIONS AND STUDY

Tutorials query: students can contact the teacher by email or to check the tutorial hours in Aula Global. Also, it is possible to make an appointment.

Homework: includes work-study to assimilate concepts and procedures covered during class meetings. The aim of the work is the individual preparing for the examinations.

7. Temporary planning

Weekly organization

Week		Monday Plenary Session	Tuesday Plenary Session	Thursday Seminar Session
1		1. Accounting and Information System.	2. The Balance Sheet.	
2		2. The Balance Sheet	3. Accounting Methods	
3		3. Accounting Methods	Holiday: Sant Jordi	
4		4. Journal, Ledger and Accounts	5. Inventories	1 st Session
5		5. Inventories	6. The accounting cycle. An Introduction	2 nd . Session
6		6. The accounting cycle. An Introduction	7. The Periodic Income: Revenues and Expenses	3 rd . Session
7		HOLIDAY	MID TERM EXAM	4 th session
8		7. The Periodic Income: Revenues and Expenses	7. The Periodic Income: Revenues and Expenses	5 th Session
9		8. Accounting of Basic Transactions	8. Accounting of Basic Transactions	6 th . Session
10		9. The Accounting Cycle in detail.	9. The accounting Cycle in detail.	

You will be assigned randomly to a seminar at the beginning of the course.

You are expected to attend the seminar hour assigned. No changes are allowed.