

MODULE: FINANCIAL ACCOUNTING

Code: BAIH-1-1-09
Unit Title: Financial Accounting
Semester: A1
Stage: 1
Theme: Financial Management
Number of Credits: 4 semester credits / 6 quarter units

INTRODUCTION

Knowledge of financial accounting is a pre-requisite for all students seeking to understand the dynamics underpinning business transactions. This module introduces students to basic theoretical and practical accounting principles and concepts, so that they can apply them to business entities. This key module is designed to ensure students understand the importance of financial and accounting principles and can relate them to their experience of managing cash and other financial transactions.

AIMS

- To provide a clear understanding of the importance of financial information in terms of identifying an organisation's financial operation.
- To provide a basic knowledge of the generation and use of financial accounting information.
- To ensure students analyse and interpret financial statements.
- To ensure students fully appreciate the reporting of financial and non-financial information.

LEARNING OUTCOMES

On completion of this module successful students will be able to:

- Describe the accounting process and the role that accountants play in collecting and presenting financial information.
- Define the major classifications of accounts; describe specific accounts found within each classification with accuracy and clarity.
- Understand the correct application of debits and credits by analysing business transactions for a variety of accounting situations.
- Discuss the basis of the double-entry accounting system and identify the normal balances of the various types of accounts.
- Identify and interpret the principal financial instruments/statements.
- Identify and describe commonly used depreciation methods.
- Explain ratio analysis and the purpose it serves for managers, investors & creditors

SYLLABUS

Introduction to Accounting

- Accounting Defined
- The accounting function, bases and policies and their application to recording of transactions and drafting of accounting statements
- Theory of double entry and underlying assumptions
- The Accounting Equation
- Asset valuation alternatives, historical cost, replacement cost, net realisable value and economic value
- Sources & Application of Funds
- Effects of changing price levels

Accounting Records, Procedures and Systems

- Range and scope of financial statements
- Concepts and conventions of financial statements
- Computer systems and applications
- Books of Prime Entry:-
 - Control Accounts
 - Journals
 - Personal Ledgers
 - Nominal Ledgers
 - Accounting for Accruals, Prepayment and Adjustment
 - Trial Balance and Preparation of Final Accounts

Accounting for Stock, Analysis & Interpretation of Financial Statements

- Accounting for Stock, Fixed Assets and Depreciation
- Capital and Revenue Expenditure, Bad Debts, Bad Debt Provision
- Reserves and Provisions
- Bank Reconciliation, Accounting for PAYE & VAT
- Balance Sheets
- Profit & Loss
- Ratio Analysis
- Liquidity, Solvency, Activity and Operating Ratios
- Departmental Statements

Financial Reporting for Different Entities and Awareness of Current Developments

- Understanding applications of accounting standards for grants, extraordinary and exceptional items of tax, stock, depreciations, research and development, cash-flow statements

Objectives, Analysis and Interpretation of Financial Statements

- Definitions, application and interpretation of basic financial ratios
- Significance and limitations of financial ratios
- Limitations of historical cost reporting
- Characteristics of useful information, problems associated with its production

WORKLOAD

Contact: 45 hours

Directed Learning: 30 hours

Independent Learning Time: 45 hours

Total: 120 hours