**National University of Singapore**

**nus business School**

**Department of Accounting**

**ACC1701X ACCOUNTING FOR DECISION MAKERS**

**Acc1002X FINANCIAL ACCOUNTING**

**Semester 1, 2020/21**

**Faculty:**

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| --- | --- | --- | --- |
| Name | Role | Email | Room |
| Ms Elaine Tan | Module Co-Coordinator, Lecturer & Tutor | biztsje@nus.edu.sg | BIZ2 01-02 |
| Dr Hanny Kusnadi | Co-Lecturer | bizhann@nus.edu.sg | TBA |
| Ms Yong Ching Lian | Tutor | bizycl@nus.edu.sg | BIZ2 01-02 |
| Mr Philip Toh | Tutor | biztkpp@nus.edu.sg | BIZ2 01-02 |

# 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. This course introduces the principles of financial accounting and familiarizes students with the financial statements. Therefore, students will learn 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 **non-business** students and will be taught from the ***user*** perspective.

Note: This module should be distinguished from ACC1701/ACC1002, which is also introductory financial accounting, but to be taught to **business** students.

# Module Objectives

The key objectives of this module are:

1. To understand the basic concepts and principles underlying financial accounting.
2. To learn how business transactions are measured and reported, and how such transactions affect the financial statements.
3. To analyse and interpret financial reports.
4. To understand and use most of the common information presented in published financial statements.

Note: There is no prerequisite for this module.

# Assessment & Evaluation

50% Final Examination

2-hour opened-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 23 November 2020, 1700hr.

30% Group Project

Each project group will comprise of four members from the same tutorial group and submit a group project report for grading. The submission deadline for the report is 13 November 2020, 2359hr.

10% 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.

10% Tutorial Presentation

Students are to form into groups of 4 to deliver an in-class presentation during the tutorial sessions. The tutor will assess the quality of the presentation and the performance of each student.

# Schedule and Outline

In view of the current Covid19 situation, all lectures and tutorials are tentatively planned to be conducted online. *[ET: Elaine Tan / HK: Hanny Kusnadi]*

|  |  |
| --- | --- |
| Week | Session |
| 1 | **Business Decisions and Financial Accounting** *Lecturer: HK*Learning objectives:* Describe various organizational forms and business decision makers.
* Describe the purpose, structure, and content of the four basic financial statements.
* Explain how financial statements are used by decision makers.
* Describe factors that contribute to useful financial information.
* Describe the decision to become a public company and explain the implications for accounting.

Reading:Fred Phillips, Robert Libby, and Patricia Libby, Chapter 1 |
| 2 | **The Balance Sheet** *Lecturer: HK*Learning objectives:* Identify financial effects of common business activities that affect the balance sheet.
* Apply transaction analysis to accounting transactions.
* Use journal entries and T-accounts to show how transactions affect the balance sheet.
* Prepare a trial balance and a classified balance sheet.
* Interpret the balance sheet using the current ratio and an understanding of related concepts.

Reading:Fred Phillips, Robert Libby, and Patricia Libby, Chapter 2 |
| 3 | **The Income Statement** *Lecturer: HK*Learning objectives:* Describe common operating transactions and select appropriate income statement account titles.
* Explain and apply the revenue and expense recognition principles.
* Analyze, record, and summarize the effects of operating transactions using the accounting equation, journal entries, and T-accounts.
* Prepare an unadjusted trial balance.
* Evaluate net profit margin, and understand income statement limitations.

Reading:Fred Phillips, Robert Libby, and Patricia Libby, Chapter 3 |
| 4 | **Adjustments, Financial Statements, and Financial Results** *Lecturer: HK*Learning objectives:* Explain why adjustments are needed.
* Prepare adjustments needed at the end of the period.
* Prepare an adjusted trial balance.
* Prepare financial statements.
* Explain the closing process.
* Explain how adjustments affect financial results.

Reading:Fred Phillips, Robert Libby, and Patricia Libby, Chapter 4 |
| 5 | **Fraud, Internal Control, and Cash** *Lecturer: HK*Learning objectives:* Define fraud and internal control.
* Explain common principles and limitations of internal control.
* Apply internal control principles to cash receipts and payments.
* Perform the key control of reconciling cash to bank statements.
* Explain the reporting of cash.
* Describe the operations of petty cash systems.

Reading:Fred Phillips, Robert Libby, and Patricia Libby, Chapter 5 (exclude Sarbanes-Oxley Act on pages 216 - 217) |
| 6 | **Receivables, Bad Debt Expense, and Interest Revenue** *Lecturer: HK*Learning objectives:* Describe the trade-offs of extending credit.
* Estimate and report the effects of uncollectible accounts.
* Compute and report interest on notes receivable.
* Compute and interpret the receivables turnover ratio.
* Record bad debts using the direct write-off method.

Reading:Fred Phillips, Robert Libby, and Patricia Libby, Chapter 8 |
| 7 | **Merchandising Operations and the Multistep Income Statement** *Lecturer: ET*Learning objectives:* Distinguish between service and merchandising operations.
* Explain the differences between periodic and perpetual inventory systems.
* Analyze purchase transactions under a perpetual inventory system.
* Analyze sales transactions under a perpetual inventory system.
* Analyze sales of bundled items under a perpetual inventory system.
* Prepare and analyze a merchandiser’s multistep income statement.
* Record purchase and sales discounts under a perpetual inventory system.

Reading:Fred Phillips, Robert Libby, and Patricia Libby, Chapter 6 (exclude “Net Method” on page 276 and “Periodic System” on pages 277 – 278) |
| 8 | **Inventory and Cost of Goods Sold** *Lecturer: ET*Learning objectives:* Describe the issues in managing different types of inventory.
* Explain how to report Inventory and Cost of Goods Sold.
* Compute costs using four inventory costing methods.
* Report inventory at the lower of cost or market/net realizable value.
* Evaluate inventory management by computing and interpreting the inventory turnover ratio.
* Compute inventory costs in perpetual systems.
* Determine the effects of inventory errors.

Reading:Fred Phillips, Robert Libby, and Patricia Libby, Chapter 7 |
| 9 | **Long-Lived Tangible Assets** *Lecturer: ET*Learning objectives:* Define, classify, and explain the nature of long-lived assets.
* Apply the cost principle to the acquisition of long-lived assets.
* Apply various depreciation methods as economic benefits are used up over time.
* Explain the effect of asset impairment on the financial statements.
* Analyze the disposal of long-lived tangible assets.
* Interpret the fixed asset turnover ratio.
* Describe factors to consider when comparing companies’ long-lived assets.
* Calculate changes in depreciation arising from changes in estimates or capitalized cost.

Reading:Fred Phillips, Robert Libby, and Patricia Libby, Chapter 9 (exclude Intangible Assets on pages 411 - 413 and Supplement: 9A Natural Resources on page 417) |
| 10 | **Stockholders’ Equity** *Lecturer: ET*Learning objectives:* Explain the role of stock in financing a corporation.
* Explain and analyze common stock transactions.
* Explain and analyze cash dividends, stock dividends, and stock split transactions.
* Record journal entries for large and small stock dividends.
* Describe the characteristics of preferred stock and analyze transactions affecting preferred stock.
* Analyze the earnings per share (EPS), return on equity (ROE), and price/earnings (P/E) ratios.

Reading:Fred Phillips, Robert Libby, and Patricia Libby, Chapter 11 (exclude Supplement: 11A Owners’ Equity for Other Forms of Business on pages 525 - 529) |
| 11 | **Statement of Cash Flows** *Lecturer: ET*Learning objectives:* Identify cash flows arising from operating, investing, and financing activities.
* Report cash flows from operating activities, using the indirect method.
* Report cash flows from PPE disposals using the indirect method.
* Report cash flows from investing activities.
* Report cash flows from financing activities.
* Interpret cash flows from operating, investing, and financing activities.
* Report and interpret cash flows from operating activities using the direct method.

Reading:Fred Phillips, Robert Libby, and Patricia Libby, Chapter 12 |
| 12 | **Liabilities** *Lecturer: ET*Learning objectives:* Explain the role of liabilities in financing a business.
* Explain how to account for common types of current liabilities.
* Describe how to account for contingent liabilities.
* Calculate and interpret the debt-to-assets ratio and the times interest earned ratio.

Reading:Fred Phillips, Robert Libby, and Patricia Libby, Chapter 10 (exclude Long Term Liabilities on pages 455 – 462 and Supplement 10A, 10B, 10C & 10D on pages 465 – 479) and Appendix C (only pages C1 – C10)**Measuring and Evaluating Financial Performance**Learning objectives:* Describe the purpose and uses of horizontal, vertical, and ratio analyses.
* Use horizontal (trend) analysis to recognize financial changes that unfold over time.
* Use vertical (common size) analysis to understand important relationships within financial statements.
* Calculate financial ratios to assess profitability, liquidity, and solvency.
* Interpret the results of financial analyses.
* Describe how analyses depend on key accounting decisions and concepts.

Reading:Fred Phillips, Robert Libby, and Patricia Libby, Chapter 13 (exclude Supplement 13A and Supplement 13B on pages 626 – 628) |
| 13 | Revision/Consultation |

# 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 LumiNUS 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 will be as listed in the detailed course outline in LumiNUS.
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.

Please refer to the Appendix for the ACC1002X/ACC1701X Summary Teaching Schedule.

# Recommended textbook

# Main Text

Fred Phillips, Robert Libby, and Patricia Libby, *Fundamentals of Financial Accounting*, McGraw-Hill, 6th edition.

# Supplementary Text

John J. Wild, Winston Kwok, Ken W. Shaw, and Barbara Chiappetta,

Financial Accounting: Information for Decisions, Revised 3rd Edition, McGraw-Hill Education (Asia), 2020

# 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**

**ACC1701X / ACC1002X Summary Teaching Schedule (2020/21 Semester 1)**

|  |  |  |  |
| --- | --- | --- | --- |
| **WeekNo.** | **Week Beginning(2020)** | **Lecture Topic** | **Tutorial Topic** |
| 1 | 10 Aug | **Topic 1**: Business Decisions and Financial Accounting | N.A. |
| 2 | 17 Aug | **Topic 2**: The Balance Sheet | N.A. |
| 3 | 24 Aug | **Topic 3**: The Income Statement | Topic 1 |
| 4 | 31 Aug | **Topic 4**: Adjustments, Financial Statements, and Financial Results | Topics 2 & 3 |
| 5 | 7 Sep | **Topic 5**: Fraud, Internal Control, and Cash | Topic 4 |
| 6 | 14 Sep | **Topic 6**: Receivables, Bad Debt Expense, and Interest Revenue  | Topic 5 |
| **Recess**(19 to 27 Sep) |
| 7 | 28 Sep | **Topic 7**: Merchandising Operations and the Multistep Income Statement | Topic 6 |
| 8 | 5 Oct | **Topic 8**: Inventory and Cost of Goods Sold | Topic 7 |
| 9 | 12 Oct | **Topic 9**: Long-Lived Tangible Assets | Topic 8 |
| 10 | 19 Oct | **Topic 10:** Stockholders’ Equity | Topic 9 |
| 11 | 26 Oct | **Topic 11:** Statement of Cash Flows | Topic 10 |
| 12 | 2 Nov | **Topic 12:** Liabilities; Measuring and Evaluating Financial Performance | Topic 11 |
| 13 | 9 Nov |  Revision/Consultation | Topic 12 |

Note:

1. Lectures for this module are on Tues and Thurs, 10am to 12pm.

2. Tutorials commence from Week 3 (week beginning 24 Aug 2020). 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 LumiNUS.