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| SUBJECT: | Basics of Accounting | | |
| HOURS: | 45 | ECTS: | 4 |
| semester | Winter | Academic year | 2013/2014 |

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| Name/title of the author: | |
| Course Description: | <p>The course is aimed at understanding the origins, structure, functions, and principles of accounting. Individual components of balance sheet of an entity, together with their measurement methods will be subject to detailed analysis.</p> <p>Basic types of business transactions and their impact on assets and liabilities and on the balance sheet accounts and profit and loss accounts will be presented.</p> <p>Practical information will be delivered on recording the most important business transactions, cost accounting basics, cost recording systems, as well as settling prepayments and accruals in time.</p> <p>Stages of calculating the financial result and methods of income statement preparation will be presented.</p> |
| Learning Outcomes (Goals and Objectives of the course): | <p>General objectives:</p> <ul style="list-style-type: none"> • practical skills relevant to the functions, objectives, and principles of modern accounting, and to become familiar with the basic items used in financial accounting, • recording the most important business transactions, • ability to prepare basic components of financial statements: the balance sheet, profit and loss account. <p>Specific objectives.</p> <p>The student will be able to:</p> <ul style="list-style-type: none"> • put the basic accounting principles into practice, • determine the accomplishment of the basic business objectives of an entity, • classify assets and liabilities, • prepare opening and closing balance sheets, • determine the impact of business transactions on assets and liabilities, • prepare records of selected business transactions on balance sheet accounts, and on profit and loss accounts, • prepare records of business transactions in two cost recording systems, and settle prepayments and accruals in time, • identify and account for sales revenue and the cost of sale, • determine and calculate the basic elements of financial result, • calculate and distribute the financial result of an entity, • prepare the profit and loss account. |
| Entrance qualifications: | <p>Prerequisites: basic prior knowledge in mathematics is required for financial statement preparation, basic computer software knowledge.</p> |

Course Content:

Lectures:

- Introduction into accounting
- Objectives, functions, principles of accounting
- Balance, balance sheet method, balance sheet aspects, form, items (1)
- Balance, balance sheet method, balance sheet aspects, form, items (2)
- Dynamic assets and capital account, business operations, accounting records, bookkeeping accounts, general ledger accounts and sub-ledger records, accounting documents, accounting policy
- Model chart of accounts, chosen aspects
- Measurement concepts in accounting: functions, valuation during the year and at the end of a financial year, methods of measurement
- Cost account structure, functioning, cost types, cost recording systems, prepayments and accruals
- Structure, functioning of full cost calculation, variable costing, cost calculation, cost calculation system, types of cost accounting
- The financial reporting – purpose, principles, users, elements of financial statements, requirements of financial statement publication and audit, IFRS conceptual framework - the qualitative characteristics of useful financial information
- The profit and loss account – possible variants, steps of calculating the main lines of the statement - gross profit (loss) on sales; operating profit (loss); profit (loss) on ordinary activities; profit before tax (gross profit or loss); profit after taxation (net profit or loss)
- The cash flow statement – purpose, principles and presentation methods – direct & indirect
- Empirical evidence for convergence of Local Accounting Rules and International Financial Reporting Standards
- New regulations on the presentation of financial statements according to the IASB and the FASB
- Examination, revision of material

Classes:

- Objectives, functions, principles of accounting
- Balance, balance sheet method, balance sheet aspects, form, items
- Dynamic assets and capital account, business operations, accounting records, bookkeeping accounts, general ledger accounts and sub-ledger records, accounting documents, accounting policy
- Model chart of accounts, chosen aspects
- Cost account structure, functioning, cost types, cost recording systems, prepayments and accruals
- The profit and loss account – possible variants, steps of calculating the main lines of the statement - gross profit (loss) on sales; operating profit (loss); profit (loss) on ordinary activities; profit before tax (gross profit or loss); profit after taxation (net profit or loss)

Assessment policy
(examination):

Assessment system

| Name of activity | Topics of the e-course work | Points |
|------------------|---|--------|
| e- test 1 | Balance, balance sheet method, balance sheet aspects, form, items (1) | 5 |
| e- test 2 | Balance, balance sheet method, balance sheet aspects, form, items (2) | 5 |
| e- test 3 | Measurement concepts in accounting: functions, valuation during the year and at the end of a financial year, methods of measurement | 5 |
| e- test 4 | Cost account structure, functioning, cost types, cost recording systems, prepayments and accruals | 5 |
| e- test 5 | Empirical evidence for convergence of Local Accounting Rules and International Financial Reporting Standards | 5 |
| e- test 6 | New regulations on the presentation of financial statements according to the IASB and the FASB | 5 |
| Exercise 1 | Balance, balance sheet method, balance sheet aspects, form, items (1) | 3 |
| Exercise 2 | Balance, balance sheet method, balance sheet aspects, form, items (1) | 3 |
| Exercise 3 | Balance, balance sheet method, balance sheet aspects, form, items (2) | 3 |
| Exercise 4 | Balance, balance sheet method, balance sheet aspects, form, items (2) | 3 |
| Exercise 5 | Measurement concepts in accounting: functions, valuation during the year and at the end of a financial year, methods of measurement | 3 |
| Exercise 6 | Measurement concepts in accounting: functions, valuation during the year and at the end of a financial year, methods of measurement | 3 |
| Exercise 7 | Cost account structure, functioning, cost types, cost recording systems, prepayments and accruals | 3 |
| Exercise 8 | Cost account structure, functioning, cost types, cost recording systems, prepayments and accruals | 3 |
| Exercise 9 | Empirical evidence for convergence of Local Accounting Rules and International Financial Reporting Standards | 3 |
| Exercise 10 | Empirical evidence for convergence of Local Accounting Rules and International Financial Reporting Standards | 3 |

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| Exercise 11 | New regulations on the presentation of financial statements according to the IASB and the FASB | 3 |
| Exercise 12 | New regulations on the presentation of financial statements according to the IASB and the FASB | 3 |
| Exam | | 134 |
| Total | | 200 |

Grading Scale

| Points | Grade |
|---------|-------|
| 200 | 5,5 |
| 191-199 | 5,0 |
| 173-190 | 4,5 |
| 155-172 | 4,0 |
| 141-154 | 3,5 |
| 121-140 | 3,0 |
| 0-120 | 2,0 |

Basic literature:

Kothari J., Barone E., Financial Accounting. An International Approach, FT Prentice Hall, London 2006.

Further reading/ Complementary literature:

Choi F. D. S., Meek G. K., International Accounting, Pearson Prentice Hall, 2011 New Jersey.

Elliott B., Elliott J., Financial Accounting and Reporting, FT Prentice Hall, London 2011.

Godfrey J., Hodgson A., Holmes S., Tarca A., Accounting Theory, John Wiley&Sons, Sidney 2006.

Scott W. R., Financial Accounting Theory, Prentice Hall, Toronto 2003.

Schroeder R. G., Clark M. W., Cathey J. M., Financial Accounting Theory and Analysis, John Wiley and Sons, New Jersey 2008.

Sutton T., Corporate Financial Accounting and Reporting, FT Prentice Hall, London 2004.

Wolk H. I., Dodd J. L., Rozycki J. J., Accounting Theory, Conceptual Issues in a Political and Economic Environment, Sage Publications, California 2008.

Course materials/bibliography:

Methods of Instruction:

Stationary courses, e-learning courses, assignments, case-studies, self reading,

team work, tests, exam

Classes are held according to the schedule available at Cracow University of Economics.

Attendance is not mandatory for traditional lectures.

During traditional lectures, the following topics will be discussed:

- Introduction into accounting
- Objectives, functions, principles of accounting
- Dynamic assets and capital account, business operations, accounting records, bookkeeping accounts, general ledger accounts and sub-ledger records, accounting documents, accounting policy
- Model chart of accounts, chosen aspects
- Structure, functioning of full cost calculation, variable costing, cost calculation, cost calculation system, types of cost accounting
- The financial reporting – purpose, principles, users, elements of financial statements, requirements of financial statement publication and audit, IFRS conceptual framework - the qualitative characteristics of useful financial information
- The profit and loss account – possible variants, steps of calculating the main lines of the statement - gross profit (loss) on sales; operating profit (loss); profit (loss) on ordinary activities; profit before tax (gross profit or loss); profit after taxation (net profit or loss)
- The cash flow statement – purpose, principles and presentation methods – direct & indirect

Examination will also be conducted stationary.

E-courses are based on **study of the e-course materials, and e-tests and exercises completion**.

During the e-course it is mandatory to **become familiar with the following issues**:

- Balance, balance sheet method, balance sheet aspects, form, items (1)
- Balance, balance sheet method, balance sheet aspects, form, items (2)
- Measurement concepts in accounting: functions, valuation during the year and at the end of a financial year, methods of measurement
- Cost account structure, functioning, cost types, cost recording systems, prepayments and accruals
- Empirical evidence for convergence of Local Accounting Rules and International Financial Reporting Standards
- New regulations on the presentation of financial statements according to the IASB and the FASB

During e-courses **regular study is required**. E-tests can be taken using the e-Moodle Platform only. Deadlines are posted on the e-Moodle Platform.

Notes / suggestions:

