

ITEM		
1. Title of subject	FINANCIAL ACCOUNTING	
2. Subject code	DBA 107	
3. Status of subject	Compulsory	
4. Stage	Diploma	
5. Credit Hours	Four (4)	
6. Pre-Requisite	None	
7. Assessment	30% Coursework 2 Progress tests (15% each)  70% Final Examination	
8. Semester	Semester 2	
9. Objective of subject	To introduce the student to the more in-depth areas of the accounting system within an accounting framework. To have understood the wider elements related to the subject, so that he/she can prepare the financial statements of various organisations (sole trader, partnerships & limited companies) of a business.	
10. Synopsis of subject	The course deals with the various issues of the Accounting process rather than the how only. It explores and discusses the application of the methods applied to the preparation of financial statements of various organisations.	
11. Details of subject	Contents	Hours
Week 1	Topic: <ul style="list-style-type: none"> <li>• To discover the theoretical framework relating to specific accounting areas;</li> <li>• To cover a more in-depth study into accounting ratios, single-entry &amp; incomplete records, income &amp; expenditure accounts.</li> </ul>	4

	<p>Learning Outcomes:</p> <ol style="list-style-type: none"> <li>1. Calculate the basic accounting ratios, such as mark-up &amp; margin. To use the accounting ratios to calculate the missing figures in financial statements. To calculate the gross profit on sales and the stock turnover ratios.</li> <li>2. Find capital, the sales &amp; purchases figures from the given set of details together with the balance sheet.</li> <li>3. Understand the main differences between the financial statements of profit and non-profit making organisations.</li> <li>4. Prepare income &amp; expenditure accounts together with the balance sheet.</li> <li>5. Make the appropriate entries for donations, subscriptions &amp; life membership normally amortised over a specific period of time.</li> </ol> <p>Activity: Answer questions raised by students. Text: Wood &amp; Sangster, Chapter 1 Compulsory reading of pp 372-330, pp 381-399 &amp; pp 401-412. Must do some questions from each topic.</p> <p>Further reading for this lesson: Melville, Chapter 10/11 (pp 158-165)</p>	
<p>Week 2/3</p>	<p>Topic: Introduction to Partnership Accounts Recognition of goodwill &amp; the accounting entries; Goodwill adjustments.</p> <p>Learning Outcomes:</p> <ol style="list-style-type: none"> <li>1. Explain what a partnership is and how it differs from a sole trader;</li> <li>2. Distinguish between limited partners &amp; general partners;</li> <li>3. Describe the main features of a partnership agreement;</li> <li>4. Explain what happens if there is no partnership agreement;</li> <li>5. Prepare the ledger of a partnership and the final accounts of a partnership;</li> <li>6. Explain the meaning of the term goodwill and how to record goodwill.</li> </ol> <p>Activity: Text: Wood &amp; Sangster Compulsory reading of pp 466-479; Do Questions 41.1 to 45.5.</p> <p>Further reading for this lesson: Melville, Chapter 12 (pp 187-193)</p>	<p>8</p>
<p>Week 4/5</p>	<p>Topic: Introduction to Revaluation of Partnership Assets Dissolution of a partnership</p>	<p>8</p>

	<p>Learning Outcomes:</p> <ol style="list-style-type: none"> <li>1. Explain why there is a need to have the assets re-valued;</li> <li>2. Calculate the profit or loss on revaluation;</li> <li>3. Explain what happens when a partnership is dissolved;</li> <li>4. Show the entries relating to the dissolution of a partnership. Explain the rules pertaining to the partnership dissolution;</li> <li>5. Explain the reason behind the “Garner vs Murray” rule.</li> </ol> <p>Activity: Text: Wood &amp; Sangster Compulsory reading of pp 494-500 &amp; pp 501-520.</p> <p>Further reading for this lesson: -</p>	
<p>Week 6/7</p> <p>Progress Test 1</p>	<p>Topic: Introduction to Limited Liability Companies</p> <p>Explain the following terms - authorised share capital, issued share capital and preference shares that form the capital structure of a limited company.</p> <p>Explain the different reserves such as share premium account, general reserve, revaluation reserve, capital revaluation reserve &amp; others.</p> <p>Learning Outcomes:</p> <ol style="list-style-type: none"> <li>1. Ensure that the student understands the limited company differs from sole trader and a partnership;</li> <li>2. Explain the different classes of shares;</li> <li>3. Explain how the dividends are distributed to the different classes of shares;</li> <li>4. Explain the difference between shares and debentures;</li> <li>5. Prepare the Profit &amp; Loss and Appropriation account for internal &amp; external purposes;</li> <li>6. Ensure the student can prepare the Balance Sheet.</li> </ol> <p>Activity: Text: Wood &amp; Sangster Compulsory reading of pp 522-550.</p> <p>Further reading for this lesson: -</p>	<p>8</p>
<p>Week 8</p>	<p>Topic: Manufacturing accounts Departmental accounts</p> <ul style="list-style-type: none"> <li>• Understand the term cost</li> <li>• Know the basic elements of cost</li> <li>• Prime cost &amp; production</li> <li>• Understand the term department</li> <li>• Understand the term contribution, and the contribution made by each department</li> </ul>	<p>4</p>

	<p>Learning Outcomes: The student should be able to appreciate why manufacturing and departmental accounts are prepared.</p>	
	<p>Activity: Text: Wood &amp; Sangster Compulsory reading of pp 414-432 &amp; pp 434-440.</p>	
	<p>Further reading for this lesson: -</p>	
Week 9/10	<p>Topic: Cash Flow Statement (CFS) Explain why a CFS is prepared and why it is important to look at cash flow and not profit alone.</p>	8
	<p>Learning Outcomes: 1. Know why a CFS can provide useful information for decision- making; 2. Know the range of sources &amp; application of funds; 3. Know how to adjust net profit for non-cash items to find the net cash flow from operating activities; 4. Know to prepare the CFS using the Direct &amp; Indirect method; 5. Know the uses of preparing a CFS.</p>	
	<p>Activity: Text: Wood &amp; Sangster Compulsory reading of pp 264-288.</p>	
	<p>Further reading for this lesson: -</p>	
Week 11	<p>Topic: Working Capital Management</p> <ul style="list-style-type: none"> <li>• Definition - current assets versus current liabilities</li> <li>• The working capital cycle</li> </ul>	4
	<p>Learning Outcomes: Able to calculate the working capital cycle.</p>	
	<p>Activity: Text: Wood &amp; Sangster</p>	
	<p>Further reading for this lesson: -</p>	
Week 12/13	<p>Topic: Interpretation of Financial Statements Why are financial ratios important? Discuss the importance of the following ratios: profitability, liquidity, gearing, efficiency and investment ratios.</p>	8
	<p>Learning Outcomes: 1. Know how to calculate the above category of ratios; 2. Interpret the ratios which have been calculated; 3. Identify some of the main limitations of ratio analysis.</p>	
	<p>Activity: Text: Wood &amp; Sangster Compulsory reading of pp 566—594.</p>	

	Further reading for this lesson: Dyson, J. R. (2004). <i>Accounting for Non-Accounting Students</i> (6 <sup>th</sup> ed.). London: FT Prentice Hall.	
Week 14	REVISION	4
	Total	56
12. Text	<p>Compulsory Wood, F., &amp; Sangster, A. (2006). <i>Business Accounting, Vol. 1/2</i> (10<sup>th</sup> ed.). Pearson Education.</p> <p>References (1) Horngren, C. (2006). <i>Introduction to Accounting</i> (9<sup>th</sup> ed.). US. (2) Thomas, A. (2005). <i>Introduction to Financial Accounting</i> (5<sup>th</sup> ed.). McGraw Hill. (3) Melville, A. (1999). <i>Financial Accounting</i> (2<sup>nd</sup> ed.). UK: Pitman. (4) Dyson, J. R. (2004). <i>Accounting for Non-Accounting Students</i> (6<sup>th</sup> ed.). London: FT Prentice Hall.</p>	

