

**ABSA 102 - Introductory Accounting II**

Course Title	Introductory Accounting II				
Course Code	ABSA 102				
Course Type	Compulsory				
Level	BA (Level 1)				
Year / Semester	2 <sup>nd</sup>				
Teacher's Name	Andreas Georgiou/Nicos Hadjimichael				
ECTS	6	Lectures / week	3	Laboratories/week	
Course Purpose	<p>The main purpose of this course is to expand on the principles developed in the module "Introductory Accounting I" and for students to apply their accounting knowledge to other business organisations such as sole traders, partnerships, limited companies and non-profit making organisations.</p> <p>It also aims to further develop the student's ability to assess the financial position of an organisation from final accounts using techniques such as ratio analysis. Students will also be expected to prepare accounts for manufacturing businesses.</p>				
Learning Outcomes	<p>By the end of the lesson, the student will be able to:</p> <ol style="list-style-type: none"> <li>1. Prepare final accounts for manufacturing businesses and partnerships.</li> <li>2. Apply the principles of double entry and prepare accounts from incomplete records.</li> <li>3. Apply control accounts as a means for detecting errors in accounts.</li> <li>4. Apply journal entries to correct errors in the accounting records.</li> <li>5. Calculate accounting ratios in the areas of: profitability, liquidity, solvency and efficiency (based on a case study scenario).</li> <li>6. Use a spreadsheet program to construct formulas for accounting ratios (based on a case study scenario).</li> <li>7. Interpret financial statements for unincorporated businesses from accounting ratios calculated.</li> <li>8. Analyse the differences between how firms perform in terms of their financial performance and financial position.</li> <li>9. Summarise the reporting requirements of non-profit organisations and being able to prepare accounts for non-profit organisations.</li> <li>10. Demonstrate university-level communication skills for presentations and written reports.</li> </ol>				
Prerequisites	<b>ABSA 101.</b>		Corequisites	<b>None.</b>	

## Course Content

- It is assumed the contents of the module ABSA 101 are carried forward to this module.
- **Journal entries, correction of errors and suspense account:** Preparing journal entries with codes that could be used in computerised systems. Apply journal entries to correct errors in the accounting records. Explain the reason for suspense accounts and being able to perform accounting entries for the suspense account. Preparing statements showing the corrected profit where there are errors in the accounts. Identify and explain the types of error and how they affect the trial balance.
- **Control accounts:** Outline the purpose of control accounts for the accounts receivable and accounts payable. Prepare the control reconciliations for the accounts receivable ledger and accounts payable ledger.
- **Preparing financial accounts: Incomplete records:** Apply techniques used in incomplete records situations such as: the statement of financial position approach to calculate profit; the use of control accounts to calculate missing figures; the use of cash and bank summaries and, using ratio analysis to calculate missing figures.
- **Non-profit organisations:** Identify the main sources of income for non-profit organisations. Contrast the capital accounts with the accumulated funds reserve. Prepare the Income and Expenditure Account and Statement of Financial Position for non-profit organisations.
- **Manufacturing accounts:** Discuss their purpose and preparing manufacturing accounts.
- **Introduction to ratio analysis:** Examine the purpose and importance of interpreting financial statements. Examination and analysis of key ratios for the financial performance (profitability) and financial position of a firm (liquidity, solvency and efficiency). Calculate key ratios (either manually or by spreadsheet) and based on the data and interpret the performance of firms.
- **Introduction to inventory valuation:** Identify and examine methods for carrying out inventory valuation. Apply the relevant accounting standard for valuing inventory.
- **Introduction to partnership accounts:** Examine the legal framework of partnerships. Prepare statements of profits and a statement of financial position for a partnership. Prepare: the appropriation account of the partnership; the partners' capital accounts and, partners' current accounts.
- **Preparing financial statements: An Introduction to limited company accounts:** Contrast the differences between sole trader and limited company accounts. Be in a position to explain the purpose and

	<p>characteristics of each component of the company's capital and reserves. Disclosure notes. Events after the reporting period.</p> <p>• <b>Preparing basic consolidated financial statements:</b> Distinguish between the parent, subsidiaries and associates. Prepare a basic consolidated statement of financial position.</p>
Teaching Methodology	<p>The taught part of course is delivered to the students by means of lectures, conducted with the help of computer presentations. Lecture notes and presentations are available through the web for students to use in combination with the textbooks.</p> <p>Lectures are supplemented with class exercises carried out in class and via homework. Class exercises for homework are submitted on the e-learning platform for students to attempt and the solutions are posting on the platform at a later date (around one week).</p>
Bibliography	<p><u>Textbooks:</u></p> <p>F Wood and A Sangster, Business Accounting Volume I, 14<sup>th</sup> Edition, Pearson, 2018.</p> <p><u>References:</u></p> <p>Pauline Weetman, Financial &amp; Management Accounting: An introduction, 8<sup>th</sup> Edition, 2019, Pearson.</p> <p>BPP Learning Media, FIA Foundations of Financial Accounting FFA (ACCA F3): Interactive Text Paperback, 2019, BPP</p> <p>Kaplan Publishing, ACCA (INT) Financial Accounting (FA) Study Text, Latest Edition, Kaplan Publishing.</p>
Assessment	<p><u>(a) Methods:</u> Students will be assessed with coursework that involves an online assignment (quiz), a midterm test and a final exam. The course involves both explaining theoretical concepts and also solving numerical problems in financial accounting.</p> <p><u>(b) Criteria:</u> The assessment criteria can be generalised as follows concerning the area assessed:</p> <ul style="list-style-type: none"> <li>• 86% or more – Excellent application of problem solving skills.</li> <li>• 76%-85% - Very good application of problem solving skills.</li> <li>• 66%-75% - Good application of problem solving skills.</li> <li>• 56%-65% - Satisfactory with some success in applying problem solving skills</li> <li>• 50%-55% -Satisfactory with limited success in applying problem solving skills</li> <li>• Below 50% -Little or no application of problem solving skills.</li> </ul> <p><u>(c) Weights:</u></p> <ul style="list-style-type: none"> <li>• Assignment (online) 20%</li> <li>• Mid-term test 20%</li> <li>• Final exam 60%</li> </ul>

Language	English.