

## Accounting specialisation

### ABSA203 - Intermediate Financial Accounting I

Course Title	Intermediate Financial Accounting I			
Course Code	ABSA 203			
Course Type	Elective			
Level	BA (Level 1)			
Year / Semester	3 <sup>rd</sup>			
Teacher's Name	Dr Christos Minas / Dr Andreas Georgiou / Mr Nicolas Hadjimichael			
ECTS	6	Lectures / week	3	Laboratories/week
Course Purpose	<p>This course aims to build on the principles obtained in ABSA 101 and ABSA 102 by aiming at providing students the knowledge to apply more advanced financial accounting concepts.</p> <p>A major aspect of the course is the preparation of statements of profit and other comprehensive income and statements of financial position for limited companies that are in accordance with the statutory legislation and accounting standards.</p> <p>Students will also be expected to prepare consolidated statement of financial position under the acquisition accounting method. The course will also cover the accounting principles concerning the issue of securities and reconstructions.</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 financial statements for limited companies either for publication or for internal use.</li> <li>2. Summarise and apply the accounting standards in the areas of: tangible assets, intangible assets and depreciation.</li> <li>3. Apply the principles of double entry concerning the redemption of securities and the purchase by a company of its own shares.</li> <li>4. Apply the basic principles of simple consolidated statement of financial position (group balance sheet).</li> <li>5. Prepare investment accounts for limited companies and apply the principles of double entry to company reorganisations including the issue of shares and debentures.</li> <li>6. Use a spreadsheet program to prepare an extended trial balance and to prepare financial statements for limited companies (based on a case study scenario).</li> </ol>			

Prerequisites	ABSA 102.	Co-requisites	None.
Course Content	<ul style="list-style-type: none"> <li>• <b>It is assumed the contents of the modules ABSA 101 and ABSA 102 are carried forward to this module.</b></li> <li>• <b>Issue of shares and debentures:</b> Examine the theory on the issue of shares and issue of debentures. Recognise the procedure when issuing shares. Prepare the application and allotment account and the journals for these entries. Prepare the ledgers for the: ordinary shares, share premium, debentures and debenture premium and prepare the relevant journals entries for these. Record entries and journals for calls in arrears and calls in advance.</li> <li>• <b>Redemption of securities and purchase of own shares:</b> Recognise the legislation concerning redemption of securities and the purchase by a company of its own shares. Prepare the ledger entries and journal entries when a firm redeems its securities (for example loan stock, redeemable preference shares etc.). Prepare a revised statement of financial position after the redemption of securities. Prepare the ledger entries and journal entries when a firm purchases its own shares out of distributable reserves or through a mix of a new issue of shares or through distributable reserves. Prepare a revised statement of financial position after the purchase of a company of its own shares.</li> <li>• <b>Capital reorganisations:</b> Explain what is meant by the terms: “bonus issues”, “share splits”, “share consolidation” and “rights issues”. Prepare the necessary journal and ledger entries for: bonus issues; share splits; share consolidation; and, rights issues. Be able to interpret the effect on the statement of financial position of these capital organisations.</li> <li>• <b>Investment accounts:</b> Examine the theory and practice of double entry bookkeeping as applied to investments with their effect on the statement of financial position. Prepare the relevant ledger entries and journals concerned with investment in securities and the returns on these investments (e.g. dividends, interest). Prepare extracts concerning investments for the statement of profit and statement of financial position.</li> <li>• <b>Limited company financial statements for internal use:</b> Prepare final accounts for limited company accounts for internal use. Determine from given information in the statement of profit the: revenue, cost of sales; gross profit; profit before tax and profit for the year. Determine</li> </ul>		

from given information in the statement of financial position: non-current assets; current assets; capital and reserves; non-current liabilities and current liabilities. Examine the limitations of financial statements. Prepare final accounts via the extended trial balance through a spreadsheet program.

- **Limited company financial statements for publication:** Examine formats in line with the relevant legislation and accounting standards. Explain the nature and components of reserves. Prepare final accounts for limited company accounts for publication for single entities. Determine from given information in the statement of profit (in a form for publication): revenue, cost of sales; gross profit; profit before tax and profit for the year. Be able to apply in the financial statements for the impairment of assets and taxation. Determine from given information in the statement of financial position (in a form for publication): non-current assets; current assets; capital and reserves; non-current liabilities and current liabilities. Prepare the statement of equity from given information. Prepare extracts of the notes to the financial statements including those of property, plant and equipment.
- **Conceptual and regulatory framework:** Explain the term conceptual framework and why there is a need for it for financial reporting. Examine the role of international financial reporting standards (regulatory framework) in financial reporting. Examine the qualitative characteristics of useful information

That include amongst others: faithful representation and relevance. Examine what is meant by recognition and its criteria.
- **Accounting standards:** Examination of: definitions; recognition criteria; stages of recognitions; measurements and disclosure rules of accounting standards related to tangible assets, intangible assets and depreciation.
- **Introduction to consolidated financial statements (consolidated statement of financial position):** Explain the terms: parent, subsidiary, control and non-controlling interest. Analyse the significance of subsidiaries and non-controlling interests to group accounts. Prepare consolidated adjustments for goodwill, non-controlling interests and the retained profit. Prepare from given information a consolidated statement of financial position involving two or more companies in a group.

<p>Teaching Methodology</p>	<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>
<p>Bibliography</p>	<p><u>Textbooks:</u></p> <p>F Wood and A Sangster, Business Accounting Volume 2, 14<sup>th</sup> Edition, Pearson, 2018.</p> <p><u>References:</u></p> <p>Kaplan Publishing, ACCA Paper F3 (INT) Financial Accounting (FA) Complete Text, Latest Edition, Kaplan Publishing.</p> <p>Pauline Weetman, Financial &amp; Management Accounting: An introduction, 8<sup>th</sup> Edition, 2019, Pearson.</p> <p>BPP, AIA 13 Financial Accounting 3: Study Text, BPP Learning Materials, 2019.</p> <p>Andreas Georgiou (2018), The Cyprus Tourism Sector and its Investment Environment, Science Prospects, Issue 9 (108), 2018, pp. 202-208.</p>
<p>Assessment</p>	<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.
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