

ABSA204 - Intermediate Financial Accounting II

Course Title	Intermediate Financial Accounting II			
Course Code	ABSA 204			
Course Type	Elective			
Level	BA (Level 1)			
Year / Semester	4 th			
Teacher's Name	Dr Christos Minas / Mr Nicolas Hadjimichael			
ECTS	6	Lectures / week	3	Laboratories/week
Course Purpose	<p>The course builds on the principles obtained in ABSA 203 and its main aim is for students to be able to prepare certain aspects of financial statements (such as statements of cash flow and consolidated statements of financial position with adjustments) and to be able to interpret this information. It also examines accounting standards at a more advanced level than at ABSA 101, ABSA 102 and ABSA 203.</p> <p>It aims to provide students with the knowledge to deal with the accounting aspects concerning the acquisition and disposal of businesses.</p>			
Learning Outcomes	<p>By the end of the lesson, the student will be able to:</p> <ol style="list-style-type: none"> 1. Prepare the consolidated statement of financial position (for 2 or more companies in the group) involving consolidation adjustments and interpret the financial position of the group. 2. Prepare statements of cash flows in accordance with international accounting standards and be in a position to interpret the results. 3. Interpret the financial performance and financial position of limited companies using ratio analysis. 4. Apply the accounting entries involving partnership dissolution. 5. Formulate the journal entries of a company involving an acquisition of an unincorporated business and a transfer of a business to the company. 6. Explain: definitions; recognition criteria; stages of recognitions; measurements and disclosure rules of accounting standards related to provisions and contingencies; impairment of assets; non-current assets for sale and goodwill amongst others. 7. Apply the principles of accounting standards in a corporate setting. 8. Work in groups by participating in joint projects interpreting the results of public companies and presenting their results. 9. Demonstrate university-level communication skills for presentations and written reports. 			

Prerequisites	ABSA 203.	Co-requisites	None.
Course Content	<ul style="list-style-type: none"> • All aspects from previous modules in financial accounting that is ABSA 101, ABSA 102 and ABSA 203 are carried forward to this module. • Consolidated Statement of Financial Position: Prepare simple consolidated statements of financial position. Apply consolidated adjustments such as inter group profits, fair value adjustments, elimination of inter-group trading balances and the provision of unrealised profit amongst others. Be able to calculate the goodwill on consolidation, non-controlling interest and consolidated retained earnings from given information. Be able to prepare from given information the consolidated statement of financial position with consolidated adjustments. • Theory of business combinations: Explain the theory and practice of business combinations. Apply the acquisition method of consolidation. • Ratio analysis: Explain the why interpreting financial information is used in business. Explain the purpose of accounting ratio and trend analysis. Identify the accounting ratios concerning the main profitability ratios, liquidity ratios, gearing, efficiency ratios and investment ratios and applying them to case study scenarios. Analyse the interrelationships between ratios. Calculating ratios from a set of final accounts of public companies and be in a position to interpret the financial performance of the firm. Explain the limitation of interpretation techniques such as ratio analysis. Interpret the performance of non-profit organisations and public sector entities. • Statements of cash flow: Outline the formats in line with international accounting practice. Prepare statements of cash flows for limited company for publication. Interpret the results from statements of cash flow. Outline the accounting practice concerning cash flow statements and explain the role of: operating, investing and financing activities. Outline the format of cash flow statements in accordance with accounting standards comparing the direct method to the indirect method. Analyse the relationship between cash flow and profit. Prepare cash flow statements given final accounts and notes. • Acquisitions of unincorporated businesses: Apply the double entry bookkeeping when an unincorporated business is acquired by a limited company. Analyse the double entry bookkeeping from the company 		

	<p>viewpoint concerning the acquisition. Be able to be in a position to interpret the financial position of the partnership. Analyse the reasons behind partnership dissolutions. Apply the double entry bookkeeping when a partnership is disposed of to a limited company. Analyse the double entry bookkeeping from the company viewpoint concerning its acquisition. Be able to be in a position to interpret the effects of the financial position of the company that has acquired the partnership. Calculate any profit earned prior to incorporation and apply the relevant accounting treatment.</p> <ul style="list-style-type: none"> • Accounting standards: Identify the definition of provisions and contingencies, its recognition and measurement provisions, disclosures and accounting treatment. Identify the definition of tangible non-current assets and intangible assets and examine standards related to this area concerning: definitions, its recognition and measurement provisions, disclosures and accounting treatment. The standards covered include: property, plant and equipment, non-current assets for sale, intangible assets, government grants and investment properties. Apply the standard on impairment of assets and other standards affected by this such as goodwill. Summarise standards connected to reporting financial performance including discontinued operations. Discuss the developments concerning off balance sheet finance. Critically appraise the effects on performance and on the financial position of off balance sheet options such as leasing.
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> F Wood and A Sangster, Business Accounting Volume 2, 14th Edition, Pearson, 2018.</p> <p><u>References:</u> Kaplan Publishing, ACCA Paper F3 (INT) Financial Accounting (FA) Complete Text, Latest Edition, Kaplan Publishing. Pauline Weetman, Financial & Management Accounting: An introduction, 8th Edition, 2019, Pearson. 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 a group assignment (with a written report and presentation), 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"> • 86% or more – Excellent application of problem solving skills. • 76%-85% - Very good application of problem solving skills. • 66%-75% - Good application of problem solving skills. • 56%-65% - Satisfactory with some success in applying problem solving skills • 50%-55% -Satisfactory with limited success in applying problem solving skills • Below 50% -Little or no application of problem solving skills. <p><u>(c) Weights:</u></p> <ul style="list-style-type: none"> • Group Assignment 20% • Mid-term test 20% • Final exam 60%
<p>Language</p>	<p>English.</p>