**Kuwait University**

**College of Business Administration**

**Department of Accounting**

**Course Syllabus**

***Acct 112 – Introduction to Financial Accounting II***

Dr. Khaled Abdulsalam

**Lecture time and location**

**Acct 112/ 04**: 135, 2pm, D1 1001

**Acct 112/ 06AX**: 135, 3pm, D1 1001

**Contact Information**

**Location**: Department of Accounting – 4th Floor

**Email**: Khaled.abdulsalam@ku.edu.kw

**Office hours**: Sunday, Tuesday, Thursday at 1pm, S04 1039, or by appointment

**Course Description**

The Second of two courses that introduce the basic concepts, systems, terminology of financial accounting, and procedures for preparing financial statements, including problems of identification, measurement, and disclosure of main elements of financial statements. Interpretation, analysis, and use of information communicated through financial reports are emphasized.

**Course Learning Objectives**

Upon successful completion of the course, students will be able to:

**LO1.** Explain the historical cost principal, depreciation and disposal of plant assets. Explore the basic issues related to natural resources and intangible assets.

**LO2.** Distinguish between the types of current liabilities and non-current liabilities and identify the accounting and financial reporting for both liabilities.

**LO3.** Understand the major characteristics of corporation and the issuance of shares and accounting for shareholder’s equity.

**LO4.** Explore the reasons behind corporations’ investments in debt and equity securities. Understand the accounting for investments and how such investments arereported.

**LO5.** Explore the usefulness and the purpose of the statement of cash flows, and how to prepare the statement of cash flows under the indirect method.

**LO6.** P Explain the need for comparative analysis and identify the tools of financial statement analysis.

**CLO Mapping to CBA Skill Based Competency Goals\***

|  |  |  |
| --- | --- | --- |
| CLO | Competency Goal |  |
| Analytical | Communication | Information Technology | Business Ethics | General Business Knowledge |
| 1 | I |  |  |  | I |
| 2 | I |  |  |  | I |
| 3 | I |  |  |  | I |
| 4 | I |  |  |  | I |
| 5 | I |  |  |  | I |
| 6 | I |  |  |  | I |

**Type of Emphases:**

* **(I) Introduce:** Students will be introduced to the skill and their grasp of it assessed in the course.
* **(A) Apply:** The course will not cover the skill. Students should have a high-level grasp of the skill and are required to apply it in the course.
* **(R) Reinforce:** Students should have an introductory-level grasp of the skill and the course will improve their mastery to a higher level.

**Required Material**

*“****Financial Accounting****” IFRS* by Weygandt, Kimmel, and Kieso, 3rd Edition, by Wiley



**Course Requirements Policies**

* + **Classroom Conduct**

Using your phone (or any electronic device) and talking in class is distracting and disrespectful to your fellow colleagues and professor.

* + - Inappropriate and disruptive classroom behavior might lead to your dismissal from class.
	+ **Attendance**

Please arrive on time, attendance will be taken after ***five minutes.***

Every Student in this course must abide by the Kuwait University policy of attendance (published in the Student Guide, chapter 3, section 13). A copy of the student guide can be accessed on: <http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf>

* + **Participation**

It is very important that students are prepared for each class period. The quality of our classroom discussions in large part depends on you and your preparation for class.

* + **Cheating and Plagiarism**

Every student in this course must abide by the Kuwait University Policy on Cheating and Plagiarism (Published in the student guide, chapter 3, section 2). A copy of the study guide can be accessed online on:

<http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf>

* + **Make-up Exams: :** Make-up Exams will be given for missed exams with a University approved excused absence only.
	+ **Communication:** Class announcements will be posted on *Teams.*
	+ **Disability:** Any student who has a need for special accommodation should contact me privately to discuss the specific situation NO later than the first week. You should contact the Dean of Students Affairs Office for proper documentation to maintain an individualized service plan of accommodation

**Student Evaluation**

**Note:** Acc. 112 has a unified course outline for all sections. The final examination is a unified comprehensive exam. Your course grade will be determined as follows:

* + 15% Class participation, homework, and quizzes
	+ 20% Midterm 1 – **Wednesday 06/04/2022, 12:30 to 2:00 pm**
	+ 20% Midterm 2 – **Wednesday 18/05/2022, 12:30 to 2:00 pm**
	+ 45% Final Exam – **Monday 06/06/2022, 11:00 to 1:00 pm**

*NOTE: The weight of the scores may change.*

**Grade Distribution**

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| --- | --- |
| Grade | Range |
| A | ≥ 95 |
| A- | ≥ 90 and < 95 |
| B+ | ≥ 87 and < 90 |
| B | ≥ 83 and < 87 |
| B- | ≥ 80 and < 83 |
| C+ | ≥ 77 and < 80 |
| C | ≥ 73 and < 77 |
| C- | ≥ 70 and < 73 |
| D+ | ≥ 65 and < 70 |
| D | ≥ 60 and < 65 |
| F | < 60 |

**Course Outline**

|  |  |  |
| --- | --- | --- |
| ***Week*** | ***Chapter*** | ***Topics Pages*** |
| **1, 2, 3, 4**  | **9** | Plant Assets, Natural Resources and Intangible Assets**Plant Assets.………………………………………………………………………………428***Determining the Cost of Plant Assets*.………………………………………………..428-431*Depreciation (excluding Component depreciation, dep. and income taxes).………….*431-440*Expenditures During Useful Life ………………………………………………….....................*441*Plant Asset Disposals*…………………………………………………………………441-444**Extractable Natural Resources……………………………………………………..444-445****Intangible Assets………………………………………………………………………….446***Accounting for Intangible Assets*……………………………………………………...446-448*Research and Development Costs*………………………………………………………….449**Statement Presentation and Analysis……………………………………………………450***Presentation………………………………………………………………………………………….450***APPENDIX 9A: Exchange of Plant Assets…………………………………………451-452** |
| **5, 6, 7**  | **10** | **Liabilities****Current Liabilities……………………………………………………………………….482***Notes Payable…………………………………………………………………………………482-483**Sales Taxes Payable………………………………………………………………………….483-484**Unearned Revenues………………………………………………………………………………..484**Current Maturities of Long-Term Debt……………………………………………………484-485**Statement Presentation……………………………………………………………………………485***Non-Current Liabilities…………………………………………………………………486***Bond Basics…………………………………………………………………………………...487-491**Accounting for Bond Issues…………………………………………………………………491-496**Accounting for Bond Redemptions…………………………………………………………496-497**Accounting for Long-Term Notes Payable……………………………………………….497-498**Statement Presentation………………………………………………………………………499-500***APPENDIX 10A: Effective-Interest Method of Bond Amortization………………..502***Amortizing Bond Discount…………………………………………………………………502-503**Amortizing Bond Premium…………………………………………………………………504-505* |
| **8, 9**  | **11** | **Corporations: Organization, Share Transactions, Dividends, and Retained Earnings****The Corporate Form of Organization………………………………………………..538***Characteristics of a Corporation…………………………………………………………538-540**Forming a Corporation………………………………………………………………………….541**Ownership Rights of Shareholders…………………………………………………………….541**Share Issue Considerations……………………………………………………………….541-544**Corporate Capital………………………………………………………………………….545-546***Accounting for Share Transactions…………………………………………………..547***Accounting for Ordinary Share Issues…………………………………………………..547-549**Accounting for Treasury Shares………………………………………………………….550-553**Accounting for Preference Shares……………………………………………………….553-555***Dividends………………………………………………………………………………555***Cash Dividends……………………………………………………………………………..555-558**Share Dividends……………………………………………………………………………558-560**Share Splits…………………………………………………………………………………560-561***Retained Earnings…………………………………………………………………….562***Retained Earnings Restrictions……………………………………………………………….563**Prior Period Adjustments……………………………………………………………………..564**Retained Earnings Statement……………………………………………………………564-565***Statement Presentation and Analysis………………………………………………566***Presentation……………………………………………………………………………………566* |

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| --- | --- | --- |
| **10, 11**  | **12** | **Investments****Why Corporations Invest………………………………………………………….600-601****Accounting for Debt Investments……………………………………………………...601***Recording Acquisition of Bonds………………………………………………………………...601**Recording Bond Interest……………………………………………………………………601-602**Recording Sale of Bonds…………………………………………………………………………602***Accounting for Share Investments…………………………………………………….604***Holdings of Less than 20%.........................................................................................604-605**Holdings Between 20% and 50%...............................................................................605-606**Holdings of More than 50%..............................................................................................606***Valuing and Reporting Investments ….………………………………………………608***Categories of Securities…………………………………………………………………….608-613**Statement of Financial Position Presentation…………………………………………...614-615**Presentation of Realized and Unrealized Gain or Loss………………………………..615-616**Classified Statement of Financial Position……………………………………………...616-617* |
| **11, 12** | **13** | **Statement of Cash Flows****Statement of Cash Flows: Usefulness and Format…………………………………..646***Usefulness of the Statement of Cash Flows…………………………………………………..646**Classification of Cash Flows……………………………………………………………..646-648**Significant Non-Cash Activities……………………………………………………………….648**Format of the Statement of Cash Flows………………………………………………...648-649**Preparing the Statement of Cash Flows……………………………………………………..650**Indirect and Direct Methods…………………………………………………………………..651***Preparing the Statement of Cash Flow-Indirect Method………………………651-652***Step 1: Operating Activities………………………………………………………………652-656**Summary of Conversion to Net Cash Provided by Operating Activities-Indirect Method.656**Step 2: Investing and Financing Activities…………………………………………………..658**Step 3: Net Change in Cash…………………………………………………………………659-660* |
| **13** | **14** | **Financial Statement Analysis****Basics of Financial Statement Analysis………………………………………………..712***Need for Comparative Analysis…………………………………………………………………712***Ratio Analysis………………………………………………………………………718-719***Liquidity Ratios………………………………………………………………………………719-723**Profitability Ratios…………………………………………………………………………..723-727**Solvency Ratios………………………………………………………………………………727-728**Summary of Ratios…………………………………………………………………………..728-729* |

**CBA Competency Goals**

1. **Analytical Competency**: A CBA graduate will be able to use analytical skills to solve business problems and make a well-supported business decision.

***Students Learning Objectives****:*

* Use appropriate analytical techniques to solve a given business problem.
* Critically evaluate multiple solutions to a business problem.
* Make well-supported business decisions.
1. **Communication Competency**: A CBA graduate will be able to communicate effectively in a wide variety of business settings.

***Students Learning Objectives****:*

* Deliver clear, concise, and audience-centered presentations.
* Write clear, concise, and audience-centered business documents.
1. **Information Technology Competency**: A CBA graduate will be able to utilize Information Technology for the completion of business tasks.

***Students Learning Objectives****:*

* Use data-processing tools to analyze or solve business problems.
1. **Ethical Competency**: A CBA graduate will be able to recognize ethical issues present in business environment, analyze the tradeoffs between different ethical perspectives, and make a well-supported ethical decision.

***Students Learning Objectives****:*

* Identify the ethical dimensions of a business decisions.
* Recognize and analyze the tradeoffs created by application of competing ethical perspectives.
* Formulate and defend a well-supported recommendation for the resolution of an ethical issue.
1. **General Business Knowledge**: A CBA graduate will be able to demonstrate a basic understanding of the main business disciplines’ concepts and theories.

***Students Learning Objectives****:*

* Acquire a fundamental understanding of knowledge from the main business disciplines (e.g., finance, accounting, marketing, and management information systems, among others).