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|  | **Kuwait University****College of Business Administration****Accounting Department** | **A blue and yellow logo with a boat and sun  Description automatically generated** |

Introduction to Financial Accounting (2)

**(Accounting 112/05)**

**Spring 2024/2025**

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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 Objective**

LO 1: Explain the historical cost principal, depreciation and disposal of plant assets. Explore the basic issues related to natural resources and intangible assets.

LO 2: Distinguish between the types of current liabilities and non-current liabilities and identify the accounting and financial reporting for both liabilities.

LO 3: Understand the major characteristics of corporation and the issuance of shares and accounting for shareholder’s equity.

 LO 4: Explore the reasons behind corporations’ investments in debt and equity securities. Understand the accounting for investments and how such investments are reported.

LO 5: 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.

LO 6: Explain the need for comparative analysis and identify the tools of financial statement analysis.

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| Course Learning Objectives | Analytical Competency | Communication Competency | Information Technology Competency | Ethical Competency | General Business Knowledge |
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| 2 | I |  |  |  | I |
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| 6 | I |  |  |  | I |

**Type of Emphases:**

* **(I)ntroduce:** Students will be introduced to the skill and their grasp of it assessed in the course.
* **(A)pply:** 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)einforce:** Students should have an introductory-level grasp of the skill and the course will improve their mastery to a higher level.

**Text Book:**

Weygandt & Kimmel, **“Financial Accounting with International Financial Reporting Standards”** 5th Edition, (Wiley, 2022).



**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% First Exam Wednesday 12/3/2025, 7:30 to 9:00 pm**
* **20% Second Exam Wednesday 23/4/2025, 12:30 to 2:00 pm**
* **45% Final Exam – Wednesday 21/5/2025, 5:00 to 7:00 pm**

**Grades**

**A 95**

**A- 90**

**B+ 87**

**B 83**

**B- 80**

**C+ 76**

**C 73**

**C- 70**

**D+ 65**

**D 60**

**Office Hours:**

**12:30 -2:00 PM Wednesday Or by Appointment**

**Class Handouts and Homework:**

Homework will be posted on the **Wiley Plus** website. Wiley Plus is a web-based assignment and assessment solution required for this course. Wiley Plus is designed to assist you with your coursework based on your needs. As outlined in this syllabus, assignments will make up a significant portion of your overall course grade. You need to register using the Wiley Plus access code. Course handouts will be posted in teams.

**Course Policies**

1. **Exam make-up policy**

Students are expected to take quizzes and exams at the times scheduled. Possible exceptions include serious illness, family emergency, or a legitimate conflict with recognized University activities. **No make-up quiz will be given** but rather the points assigned for that quiz will be added to the points assigned to the final exam.

1. **Attendance and lateness**

In the event of absences, it is the student responsibility to obtain missed class lecture notes, handouts, and assignment from another student. Students are expected to attend class on time; no one will be admitted after I start the lecture. Students can’t leave early without a valid reason. Every student in this course must abide by the Kuwait University Policy on Attendance.

1. **Academic dishonesty**

If you choose to cheat on assignments or examinations, university regulations related to that matter will be implemented. Every student in this course must abide by the Kuwait University Policy on Cheating and Plagiarism.

1. **Classroom behavior**

Inappropriate and disruptive classroom behavior might lead to your dismissal from class. **Examples** of unacceptable behavior include but are not limited to: social chatting with other students, arriving late, **allowing mobile phones to ring**, **sending and reading SMS messages**, leaving the classroom to answer a phone call, studying and doing homework for other classes and inappropriate behavior toward the instructor or classmates.

Course Study Plan

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| ***Week*** | ***Chapter*** | ***Topics Pages***  |
| **1, 2, 3, 4, 5**  | **9** | **Plant Assets, Natural Resources and Intangible Assets****Plant Assets Expenditures…………………………………………………………9-2 to 9-3***Determining the Cost of Plant Assets……………………………………………………..9-3 to 9-6**Expenditures During Useful Life…………………………………………………………..9-6* **Depreciation****Methods** *(excluding Component depreciation, depreciation and income taxes)…..9-7 to 9-8**Factors in Computing Depreciation……………………………………………………...9-8 to 9-9* *Depreciation Methods……………………………………………………………………..9-9 to 9-13**Revaluation of Plant Asset……………………………………………………………….9-14 to 9-15**Revising Periodic Depreciation………………………………………………………..9-15 to 9-16***Plant Assets Disposals………………………………………………………….9-16 to 9-17***Retirement of Plant Asset………………………………………………………………9-17 to 9-18**Sale of Plant Asset………………………………………………………………………9-18 to 9-19***Natural Resources and Intangible Assets***Natural Resources and Depletion…………………………………………………….9-20**Intangible Assets………………………………………………………………………..9-21 to 9-24***Statement Presentation and Analysis** *Presentation…………………………………………………………………………….9-25***APPENDIX 9A: Exchange of Plant Assets………………………………….9-26 to 9-28** |
| **5, 6, 7****7, 8**  | **10****11** | **Current Liabilities****Accounting for Current Liabilities***What is a Current Liability?..............................................................................10-2 to 10-3**Notes Payable…………………………………………………………………………10-3 to 10-4**Value-Added and Sales Taxes Payable……………………………………………10-4 to 10-5**Unearned Revenues………………………………………………………………….10-5**Current Maturities of Long-Term Debt…………………………………………...10-8***Reporting Current Liabilities***Reporting Uncertainty……………………………………………………………….10-8 to 10-10**Reporting of Current Liabilities……………………………………………………10-10 to 10-11***Non-Current Liabilities****Overview of Bonds………………………………………………………….11-2** *Types of Bonds………………………………………………………………………11-3**Issuing Procedures…………………………………………………………………11-3**Bond Trading……………………………………………………………………….11-4**Determining the Market Price of a Bond………………………………………11-5 to 11-6***Accounting for Bonds Transactions…………………………………….11-7***Issuing Bonds at Face Value……………………………………………………11-7 to 11-8**Discount or Premium on Bonds………………………………………………..11-8 to 11-9**Issuing Bonds at a Discount……………………………………………………11-9 to 11-10**Issuing Bonds at Premium……………………………………………………..11-10 to 11-12**Redeeming Bonds……………………………………………………………….11-12 to 11-13***Accounting for Non-Current Liabilities***Long-Term Notes Payable…………………………………………………….11-13 to 11-14.**Lease Liabilities………………………………………………………………..11-15* **Reporting and Analyzing Non-Current Liabilities***Presentation……………………………………………………………………11-16**Debt and Equity Financing………………………………………………….11-17 to 11-18* **APPENDIX 11A: Effective-Interest Method of Bond Amortization***Amortizing Bond Discount…………………………………………………..11-19 to 11-20**Amortizing Bond Premium………………………………………………….11-21 to 11-22* |
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| **9, 10** | **12** | **Corporations: Organization, Share Transactions and Equity****The Corporate Form of Organization………………………………………12-2 to 12-3***Characteristics of a Corporation……………………………………………………12-3 to 12-6**Forming a Corporation………………………………………………………………12-6**Shareholder Rights……………………………………………………………………12-6 to 12-7* *Share Issue Considerations………………………………………………………….12-8 to 12-10**Corporate Capital…………………………………………………………………….12-10 to 12-12***Accounting for Share Transactions***Accounting for Ordinary Shares…………………………………………………….12-12 to 12-14**Accounting for Preference Shares………………………………………………….12-14 to 12-15**Accounting for Treasury Shares……………………………………………………12-15 to 12-18***Dividends and Splits…………………………………………………………12-19***Accounting for Cash Dividends…………………………………………………….12-19 to 12-21**Dividend Preference…………………………………………………………………12-21 to 12-23**Accounting for Share Dividends…………………………………………………..12-24 to 12-25**Accounting for Share Splits………………………………………………………..12-26 to 12-27***Reporting and Analyzing Equity***Retained Earnings………………………………………………………………….12-28 to 12-29* *Presentation of Statement of Financial Position………………………………12-29 to 12-30* |
| **11, 12****13, 14** | **13****14** | **Investments****Debt Investments***Why Companies Invest……………………………………………………….13-3 to 13-4**Accounting for Debt Investments…………………………………………..13-4 to 13-6***Share Investments……………………………………………………13-7** *Holdings of Less than 20% …………………………………………………13-7 to 13-8**Holdings Between 20% and 50% …………………………………………13-9 to 13-10**Holdings of More than 50% ………………………………………………13-10 to 13-11***Valuing and Reporting Investments……………………………….13-12** *Categories of Securities……………………………………………………13-12 to 13-18* *Statement of Financial Position Presentation………………………….13-18 to 13-19* *Presentation of Realized and Unrealized Gain or Loss………………13-19 to 13-20* *Classified Statement of Financial Position…………………………….13-20 to 13-21* **Statement of Cash Flows****Statement of Cash Flows: Usefulness and Format…………………14-3***Usefulness of the Statement of Cash Flows……………………………….14-3* *Classification of Cash Flows……………………………………………….14-3 to 14-5**Significant Non-Cash Activities……………………………………………14-5**Format of the Statement of Cash Flows………………………………….14-5 to 14-6***Preparing the Statement of Cash Flow-Indirect Method…………14-7***Indirect and Direct Methods………………………………………………14-7 to 14-9**Step 1: Operating Activities……………………………………………….14-9 to 14-13**Step 2: Investing and Financing Activities……………………………..14-13 to 14-14**Step 3: Net Change in Cash……………………………………………..14-14 to 14-15* |
| **14, 15** | **15** | **Financial Analysis: The Big Picture****Basics of Financial Statement Analysis***Need for Comparative Analysis…………………………………………15-3***Ratio Analysis……………………………………………………..15-9***Liquidity Ratios…………………………………………………………..15-9 to 15-13**Profitability Ratios………………………………………………………15-13 to 15-16**Solvency Ratios………………………………………………………….15-16 to 15-18**Summary of Ratios……………………………………………………..15-18* |

**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.

**Student Learning Objectives:**

1. Use appropriate analytical techniques to solve a given business problem.
2. Critically evaluate multiple solutions to a business problem.
3. Make well-supported business decisions.

1. **Communication Competency:**A CBA graduate will be able to communicate effectively in a wide variety of business settings.

**Student Learning Objectives:**

1. Deliver clear, concise, and audience-centered presentations.
2. 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.

**Student Learning Objectives:**

1. 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.

**Student Learning Objectives:**

1. Identify the ethical dimensions of a business decision.
2. Recognize and analyze the tradeoffs created by application of competing ethical perspectives.
3. 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.

**Student Learning Objectives:**

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