Note: This course is for business students (including those on the accounting degree). If you are from other faculties, your course will be ACC1002X, not this one.

AIM
Accounting is the language of business, facilitating communication of the financial aspects of business. This module provides an introduction to the financial accounting branch of accounting. The activities and events of a business entity are summarised by the financial accounting process into published financial statements to be used by external users such as investors and creditors. Such users would need to understand both the financial accounting process and its outputs in order to make investing or lending decisions. Therefore, students will learn how to prepare simple financial statements and also learn how to read, understand and use published financial statements for decision-making. Published financial statements of listed companies will be used as examples. This module is targeted at business students and will be taught from the preparer perspective, as it also trains students to become accountants.

OBJECTIVES
- To understand the basic concepts and principles underlying financial accounting.
- To learn the process that results in published financial statements.
- To prepare simple financial statements.
- To account for common elements of the financial statements.
- To understand and use most of the common information presented in published financial statements.

PREREQUISITE
None

KEY AREAS OF THE SYLLABUS
- Financial accounting: An overview
- Accounting concepts and principles
- Accrual accounting and double entry bookkeeping system
- Accounting for elements in the financial statements
- Preparation of financial statements
- Basic financial ratio Analysis
DETAILED SYLLABUS

1. Overview of Financial Accounting
   a. Objectives of accounting
   b. Accounting assumptions
   c. Qualitative characteristics of accounting information

2. The Financial Statements
   a. Objectives of financial statements
   b. Users of financial statements
   c. Components of financial statements
   d. Elements in the financial statements, including general principles on recognition and measurement

3. Processing Accounting Information
   a. Double entry bookkeeping system
   b. Accrual versus cash accounting
   c. Accounting recording cycle
   d. Adjusting entries
   e. Closing process

4. Accounting for Elements of Financial Statements
   a. Accounting for Accounts Receivable
   b. Accounting for Inventory
   c. Accounting for Long-term Assets
   d. Accounting for Liabilities
   e. Accounting for Shareholders’ Equity
   f. Accounting for Investments

5. Preparing Financial Statements
   a. Preparation of Balance Sheet, including classified balance sheet
   b. Preparation of Income Statement
   c. Preparation of Statement of Changes in Equity
   d. Preparation of Cash Flow Statement
6. **Basic Financial Ratio Analysis**
   a. Types of financial ratios
   b. Usefulness of financial ratios
   c. Limitations of financial ratios

**SCHEDULE**

Weekly sessions of two-hour lectures and two-hour tutorials. A detailed schedule will be available on the University’s Integrated Virtual Learning Environment (IVLE) website before semester starts in January 2010. Please check the IVLE (Go to [ivle.nus.edu.sg](http://ivle.nus.edu.sg) and under “Open Syllabus” search for module code ACC1002) before you attend the 1st lecture as there will be materials you need to download and print.

**ASSESSMENT**

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**TEXTBOOK**