

HAILEY COLLEGE OF COMMERCE
UNIVERSITY OF THE PUNJAB, LAHORE

Course Title: Financial Accounting I

Credit Hours: 3

Course Code: BSC-103

Semester: 01

1.0 Introduction of the Course:

The Financial Accounting I course introduces students to the foundational principles and practices used in accounting to record, classify, and summarize financial transactions. The course aims to equip students with the skills to prepare financial statements, which are essential for both internal and external decision-making.

2.0 Pre-Requisites Course or Other Requirements/Skills:

No specific prerequisites are required for this course.

3.0 Course Learning Outcomes:

On completion of this course, the student will be able to:

- 1. Understanding Accounting Concepts and Principles:**
 - Grasping the basic concepts of accounting, including the accounting equation (Assets = Liabilities + Equity).
 - Learning Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS), depending on the region.
- 2. Understanding Assets, Liabilities, and Equity:**
 - Learning how different types of assets (current and non-current), liabilities, and equity are recorded and presented in financial statements.
- 3. Recording Financial Transactions:**
 - Learning how to record and classify business transactions using the double-entry accounting system (debits and credits).
 - Familiarity with accounting journals and ledgers.
- 4. Preparation of Financial Statements:**
 - Understanding how to prepare key financial statements:
 - **Balance Sheet** (Statement of Financial Position)
 - **Income Statement** (Statement of Profit and Loss)
- 5. Cash Control, Bank reconciliation and related adjustments:**
 - Understanding the reasons for difference between bank account and cash book.
 - Need and value of bank reconciliation statement
 - Preparation of bank reconciliation statement

- 6. Recognition and Measurement of Revenue and Expenses:**
 - Understanding when and how revenues and expenses should be recognized according to accounting standards.

- Differentiating between accrual and cash basis accounting.

4.0 Course Contents:

Unit 1: Introduction to business and accounting

- 1.1 Understand nature of business and significance of accounting in business
- 1.2 Defining transactions and relating to business transactions
- 1.3 Understanding and differentiate key features of different forms of business: sole proprietorship, partnership, and limited company
- 1.4 Understand meaning and difference between book keeping and accounting

Unit 2: Fundamental accounting concepts and statements

- 2.1 Understanding main accounting concepts: GAAP, accrual, consistency, completeness, true and fair view, materiality, prudence, going concern, substance over form.
- 2.2 Listing and defining main accounting statements and their purpose: statement of financial position, statement of comprehensive income
- 2.3 Familiarizing with basic accounting layout of accounting statements
- 2.4 Understanding uses and users of financial statements

Unit 3: Book keeping: elements of financial statements

- 3.1 Defining and identification of basic elements of financial statements: assets, liabilities, equity, income, expenses
- 3.2 Using accounting equation

Unit 4: Double entry system and rules of debit and credit

- 4.1 Double entry system and its usefulness
- 4.2 Rules of debit and credit
- 4.3 Elements of Accounting
- 4.4 Understanding nature, function and usefulness of chart of accounts
- 4.5 Identification of financial and non- financial transaction and passing entries Using accounting equation

Unit 5: Starting of Accounting Cycle

- 5.1 Basics of passing an entry and understanding use of business documents and vouching system
- 5.2 Learning basic contents of sales day book, sales ledger, customer/debtor ledger, purchase day book, purchase journal and ledger
- 5.3 Learning to use a cash book, types of cash book
- 5.4 Recording entries in respective books of accounts
- 5.5 Learning format and features of general ledger
- 5.6 Posting entries to ledger and balancing accounts
- 5.7 Learning format, purpose and limitations of a trial balance
- 5.8 Demonstration of mapping between ledger balances and trial balance

Unit 6: Adjustments

- 6.1 Understanding Adjustments and purpose of adjustment
- 6.2 Adjusting Entries
- 6.3 Understanding prepayments and accruals and passing entries

Unit 7: Financial Statements of Service organizations

- 7.1 Understanding the nature and purpose of financial accounts statements and preparing these statements.
- 7.2 Income Statement
- 7.3 Statement of Owners' Equity
- 7.4 Balance Sheet/ Statement of financial position

Unit 8: Financial Statements of Trading organizations

- 8.1 Income Statement
- 8.2 Statement of Owners' Equity
- 8.3 Balance Sheet/ Statement of financial position

Unit 9: Closing Entries and Trail Balance

- 9.1 Understanding nature and passing closing entries
- 9.2 Closing Trail Balance

Unit 10: Cash Control, Bank reconciliation and related adjustments

- 10.1 Understanding need and value of bank reconciliation statement
- 10.2 Understanding reasons for difference between bank account and cash book.
- 10.3 Preparation of bank reconciliation statement
- 10.4 Correction of cash book error and passing journal entries considering bank reconciliation statement.

Unit 11: Depreciation and its methods

- 11.1 Understanding nature of depreciation and accumulated depreciation and passing entries
- 11.2 Using different methods of depreciation calculation: straight line, diminution balance, sum of digits, number of units produced method
- 11.3 Understanding gain/ loss on disposal of asset and passing entries

Unit 12: Receipts and payment accounts

- 12.1 Understand the nature and purpose of receipt and payment accounts and its preparation

5.0 Teaching-Learning Strategies

- 1. Lectures
- 2. Handouts
- 3. Group Discussions
- 4. Classroom Presentations
- 5. Projects and Term Paper
- 6. Quizzes
- 7. Case Study, Reading Assignment

7.0 Textbooks

1. CAF-01 Introduction to Accounting – Study Text by ICAP
2. Contemporary Financial Accounting by Dr. Saeed Ahmad Sabir
3. Financial Accounting 17th Edition by Jan Williams and Susan Haka and Mark Bettner and Joseph Carcello
4. Financial & Managerial Accounting by Jerry J. Weygandt, Paul D. Kimmel, Donald E. Kieso