



# FINANCIAL ACCOUNTING

<b>Course code</b>	<i>FIN101</i>
<b>Course title</b>	<i>Financial Accounting</i>
<b>Type of course</b>	<i>Compulsory</i>
<b>Stage of study</b>	<i>Undergraduate</i>
<b>Year of study</b>	<i>1<sup>st</sup></i>
<b>Semester</b>	<i>Spring</i>
<b>ECTS</b>	<i>6: 48 hours of lectures and seminars, 112 hours of individual work, 2 hours of consultations</i>
<b>Coordinating lecturer</b>	<i>Dmitrij Katkov, CFA</i>
<b>Study form</b>	<i>Full-time</i>
<b>Course prerequisites</b>	<i>None</i>
<b>Course language</b>	<i>English</i>

## Course description

This course presents the underlying framework and concepts of financial accounting in the context of how accounting fits into the overall business environment of contemporary society. Financial accounting is the basic means of recording and reporting financial information in a business. Students will learn how accounting functions as an information development and communication system that supports economic decision making and provides value to entities and society. Students will discover the uses and limitations of financial statements. The course covers accounting principles in accordance with international standards for accounting, standard accounting procedures, and accounting methods that are specific to certain features of business.

## Course objectives

The aim of this course is to provide knowledge and practical skills required to understand and analyze the financial information of a company. The course adopts a decision-maker perspective of accounting by emphasizing the relation between accounting data and the underlying economic events that generated them. The course focuses initially on how to record economic events in the accounting records and how to prepare and interpret the primary financial statements that summarize a firm's economic transactions.

<b>Subject Learning outcomes (SLO)</b>	<b>Learning methods</b>	<b>Evaluation methods</b>
SLO1. To identify the essential accounting features, goals and be able to implement them. To be able to read, understand and examine the data in the annual report, to explain the key components in the financial statements.	Lectures, seminars, self-study	Mid-term exam and final exam
SLO2. To understand accounting process and its organization procedures, to explain the difference between cash-based and accrual accounting.	Lectures, self-study	Mid-term exam
SLO3. To be able to account income, expenses, long-term and short term assets, equity, and liabilities. To apply financial statements correction factors. To be able to distinguish after-balance events and to show them in the financial statements. To record business transactions using financial accounting practices.	Lectures, solving exercises	Mid-term exam and final exam
SLO4. To be able to select accounting policy distinguishing all three aspects: organizational, technical and methodological. To prepare financial statements from the source data based on accounting transactions.	Lectures, solving exercises, self-study	Mid-term exam and final exam
SLO5. To prepare financial statements and acquire knowledge and practical skills in keeping accounting in the companies.	Lectures, solving exercises, self-study	Mid-term exam and final exam



## Quality management

This course will be structured in such a way as to facilitate the use of different methods of instruction. Students are expected to take an active role in their learning experience and will be expected to have read the assigned material prior to class and to have prepared any written assignments. Classroom time will consist of one or all of the following: lecture, question and answer, group discussions and class exercises and problems. Work may be done individually or in small groups.

The readings will come from the required text. Lectures and discussions will enable the professor and the students to expand on and clarify the material presented in the readings.

## Cheating prevention

The teaching and testing methods are chosen taking into account the purpose of the minimization of cheating opportunities. The ISM regulations on academic ethics are fully applied in the course.

## Course structure

	TOPIC	IN-CLASS HOURS		READINGS
		Theory	Seminars	
1	The principles of accounting. Accounting as a form of communication	1		1 & 2
2	Financial statements and the annual report. Processing accounting information	2	2	2 & 3
3	Income measurement and accrual accounting	2	2	4
4	Inventories and cost of goods sold	2	2	5
	<b>Mid-term exam 1</b>		2	
5	Cash and internal control	2	2	4
6	Receivables and short-term investments	2	2	5
7	Fixed assets – tangible and intangible. Depreciation and amortization	3	2	7
	<b>Mid-term exam 2</b>		2	
8	Current liabilities and contingencies	1	1	9
9	Long-term liabilities	2	2	10
10	Shareholders' equity	2	2	14
11	Statement of cash flows	4	2	20
12	Financial reporting standards. Accounting in Lithuania	1	1	Handouts
		<b>24</b>	<b>24</b>	
	<b>Final exam</b>	2		

## Individual work and assessment:

TYPE	TOTAL HOURS	EVALUATION, %
Mid-term exam 1	38	30
Mid-term exam 2	37	30
Final exam	37	40
<b>Consultations</b>	<b>2</b>	
<b>Total:</b>	<b>114</b>	<b>100</b>

## Course requirements:

- Mid-term exams.** They will take place during the *first* part of the course. Mid-terms will cover topics discussed during the classes until then (class no. 1-7) and will consist of open and close questions as well as exercises. Each mid-term exam grade will have 30% impact on the final course grade. Students are recommended to bring calculators.
- Final exam.** It will cover the last topics in course and will have a 40% impact on the final course grade. Students are recommended to bring calculators.

In case of a negative final grade, students are allowed a re-sit exam. It will cover all course material. The weight of a re-sit is 100%.



**Course materials:**

Main:

1. Horngren, Charles T., Harrison, Walter T. (2006). Financial Accounting 6th ed.. New Jersey Pearson Prentice Hall.

Additional:

2. International Financial Reporting Standards (IFRS) ([www.ifrs.org](http://www.ifrs.org))
3. Verslo apskaitos standartai (VAS) ([www.aat.lt](http://www.aat.lt))
4. Būhalterinės apskaitos įstatymas (<http://www3.lrs.lt>)
5. Finansinės atskaitomybės įstatymas (<http://www3.lrs.lt>)