

	Parts:	When will be tested?
part 1	Basics of accounting	
	fin vs mgmt accounting	midterm test
	ac cycle	midterm test
	ac documents	midterm test
	double entry	midterm test
	accruals	midterm test
part 2	Conceptual framework	
	role of framework	midterm test
	role of IFRS	midterm test
	fin statements	midterm test
	ac policies, estimates, errors	midterm test
part 3	Assets	
	PPE	midterm test (will be confirm
	Intangible assets	final exam
	Right-to-use asset (lease)	final exam
	Current assets	final exam
part 4	FI	final exam
part 5	Liabilities	
	Provisions	final exam
part 5	Equity	final exam
part 6	Deferred tax	final exam
part 6	FX	final exam

Note: topics for midterm test will be also included into final exam

No. of lecture class MU week
lecture 1

wk1
wk1
wk1
wk1
wk1

lecture 2, lecture 3

wk2
wk2
wk2, wk3
wk3

lecture 4, lecture 5

(held later)

wk5
wk5
wk6
wk6

lecture 6, lecture 7

wk7

lecture 7

wk8

lecture 7, lecture 8 wk9

lecture 8 wk9

Total split of points:

Task	Points
presentation of	20
midterm test	20
final exam	60
<u>total</u>	<u>100</u>

extra points 10

max grade 100 points

Comments:

number of examples required will be confirmed. Topic can be chosen by student BUT must be relevant :
will be on Nov 4, 2020. Duration of test will be confirmed later
will be in January 2021. Date and duration will be confirmed later.

for presentation of additional examples

(A)

to the course. Presentations need to have paper backup (i.e. written version) and will be held at the last

: seminar.

Part I. Basics of accounting

1 fin vs management accounting

Comparison between financial and management accounting		Chapter
	Financial Accounting	Management Accounting
Purpose	Record historic transactions	<ul style="list-style-type: none"> assist in controlling the business operations planning how the business will develop making decisions between alternatives
Audience	External parties – particularly shareholders, lenders and regulators	Internal management and owners of the organisation
Legal requirements	<ul style="list-style-type: none"> prepare financial statements (in accordance with legal requirements) prepare accounts for tax authorities 	<ul style="list-style-type: none"> No legal requirement to prepare No set format for presentation

Comparison between financial and management accounting (cont.)		Chapter
	Financial Accounting	Management Accounting
Format	Must conform to accounting and legal requirements	Presented in such a format as to be easily understood by managers
Perspective	Historic performance (i.e. backwards looking only)	Both future perspective (for planning and decision-making) and historic perspective (for control)
Nature of Information	Almost entirely financial	Both financial and non-financial
Frequency of Preparation	Usually once a year	As often as necessary – daily, weekly preparation or monthly, depending upon the needs of managers.

2 accounting cycle and double entry book keeping

preparation of financial statements

transactions recorded in subledger accounts (e.g. sales day book, purchases day book, cash book, petty cash book, journals)
 subledger accounts are balanced and closed off in trial balance extracted from GL accounts
 year-end adjustments made and GL accounts closed
 trial balance used to prepare financial statements

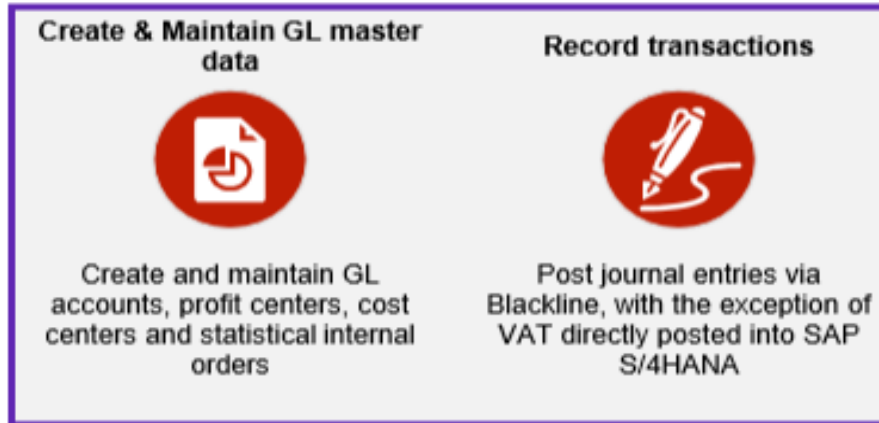
books of primary entry (records in subledgers) - are used to update GL accounts
 sales day book
 purchases day book
 cash book (cash receipts, cash payments, petty cash book)
 journals

control accounts (records in general ledger) - are used to prepare trial balance
 reconciliation (rec)

recs - means of checking how to prepare a rec:

suspense accounts (incomplete records)

end-to-end period close includes:



3 accounting documents

Quotation	A written offer to provide goods or services at a particular price. No transaction has taken place yet and therefore nothing is recorded in the accounts.
Sales order	An order note for goods required by a customer.
Purchase order	An order note for goods required from a supplier
Goods received note	A list of goods received from a supplier. Prepared by the recipient business.
Goods despatched note	A list of goods sent to a customer. Prepared by the seller.
Invoice	A demand for payment sent to a customer.
Statement	A document sent to a customer listing all transactions between the business and that customer.
Credit note	A note sent to a customer who returns goods or overpays. This reduces the amount owed by that customer.
Debit note	A note sent to a supplier to whom goods have been returned. It is in effect a request for them to issue a credit note.
Remittance advice	A document sent to a supplier alongside any payment sent to them. It details which invoices are being paid.
Receipt	A note to confirm that payment has been received.

Book of prime entry	Transaction type
Sales day book (SDB)	Credit sales
Purchases day book (PDB)	Credit purchases
Sales returns day book (SRDB)	Returns of goods sold on credit
Purchases returns day book (PRDB)	Returns of goods purchased on credit

5 accruals and prepayments

arises when moment of impact on P/L and moment

Cash flow now	Cash flow later
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Income statement now		Accrual
Income statement late	Prepayment	

Accrued expense

Db
Cr

Accrued income

Db
Cr

Prepaid expense

Db
Cr

Prepaid income (aka deferred income)

Db
Cr

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customer accounts, vendor accounts)

to control/general ledger (GL) accounts (e.g. debtor account, creditor account etc.)

ed off

ccounts

sh)



alance

that balancee on the control (GL) account agrees with balance on the ledger account

take breakdowns at transaction level of all records from related subledger accounts

compare total amount from breakdown and GL cummulative balance

if two total amount do not reconcile, investigate the variance

Perform GL account clearing	Perform foreign exchange revaluation	Perform period end and close book
		
<p>Clearing is performed by matching offsetting entries in the same account with the amount netting off to zero in the base currency</p>	<p>Maintenance of exchange rates and the revaluation of foreign currency transactions at period end</p>	<p>Month end and Year end complete the close of a period are performed; forward of GL balance new financial year</p>



nt of actual cas are not the same:

release

Expense (P/L)
Accrued expense (B/S)

Db Accrued expense (B/S)
Cr Invoice received or credit note issued

Accrued income (B/S)
Income (P/L)

Db Invoice issued or debit note issued
Cr Accrued income (B/S)

Prepaid expense (B/S)
Expense (P/L)

Db Expense (P/L)
Cr Prepaid expense (B/S)

Income (P/L)
Deferred income (B/S)

Db Deferred income (B/S)
Cr Income (P/L)

tasks
ts

Consolidate financial results



nd tasks to
a financial
; incl. roll
es into the
ear

Consolidation of financial data
for the Group in HFM

profit redu

ded to customer (payable) (B/S)
l to vendor (receivable) (B/S)

0 impact on P/L when actual expense/income is received

release of amounts from B/S into P/L

Expense

accrued
current liability

prepaid
profit incre current asset

Income

accrued
profit incre current asset

prepaid
profit redu

currentliability