***Introduction to Financial Accounting 2, Spring 2017*** Dr. Abdullah Alawadhi



***Kuwait University***

***College of Business Administration***

***Accounting Department***

**Course Syllabus**

 **ACCT 112: Introduction to Financial Accounting (2)**

**Spring 2017**

Dr. Abdullah Alawadhi

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**Class hours**: Sunday - Tuesday – Thursday (S-T-T)

**From:** 9:00am to 9:50am (52)

**From:** 3:00pm to 3:50pm (02X)

**Office Hours:** 10:00am – 10:50am (S-T-T) or by appointment

# 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 Objectives

This course is the second course in Accounting. The course focuses on Financial Accounting and is designed to teach the concepts and procedures underlying the measurement and reporting of financial information. This course is useful to the education of any student aspiring to a career as a professional accountant. In addition, this course provides valuable training for students whose career goals are in finance or other fields that are dependent on financial accounting and reporting as an important source of data..

# Policies

***You are responsible for knowing these policies***

***“I didn’t know” is not an excuse***

* ***Respect.*** Respect is number one priority. Show respect and you will be treated with respect. Do not chit chat in class, do not use cell phone in class, come prepared and show you did some effort.
* ***Cheating***. All of the following acts will be considered as cheating:
* Presenting work that you copied from someone else as yours
* Talking to others during exams or quizzes
* Looking over someone else's exam during the exam or quizzes
* Using your mobile phone during exams or quizzes (regardless of what are you using it for)
* Communicating with anyone else during any quiz or exam
* **Punishment for cheating is as follows (from the university guidelines)**
	+ Students will be given an F for ALL of their classes for that semester
	+ Students can also be denied class registration for the next semester
* ***Class Time***. Be on time for the lecture, I will not lock the door or not allow you to enter if you arrive late, but I will take note and this might affect you attendance grade
* ***Make-up Exams.*** Make-up Exams will be given for missed exams **only** with a University approved excused absence.
* ***Professor – Students Communication***. For ease of communication between us, I will post announcements in twitter and myU related to my classes.
	+ Twitter: @mas2rs
	+ myU: mas2rs
* ***Disability***. Any student who has a need for accommodation based on the impact of a disability should contact me privately to discuss the specific situation NO later than the first week. You should contact the Dean of Students Affairs Office for proper documentation to maintain an individualized service plan of accommodations.

# Class Materials:

**Required Text:** Financial Accounting-IFRS Edition” 2nd Edition, by Weygandt, Kimmel and Kieso.

# Wiley Plus:

Wiley Plus is a web-based assignment and assessment solution required for this course. It 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 Access Code provided with your Textbook. Access codes are packaged with a new textbook in the bookstore, at no additional cost.

To register, please visit

<https://edugen.wiley.com/edugen/secure/index.uni>

and click “*Get Started*.” Then follow the instructions

***Direct link:***

Acc112 Spring 2017 Class: [www.wileyplus.com/class/568749](http://www.wileyplus.com/class/568749)

# Grading

The grades for this class are distributed as follows:

|  |  |
| --- | --- |
| Grade | Activity |
| 20 | First Midterm22/3/2017 12:30-2:00 |
| 20 | Second Midterm24/4/2017 12:30-2:00 |
| 10 | Assignments |
| 10 | Quizzes |
| 40 | Final Exam 3-5pm 27/5/2017 |
| **100** | **Total** |

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# Grades will be posted regularly on my website: [www.aalawadhi.com](http://www.aalawadhi.com) under your course section

# Grade distribution

|  |  |
| --- | --- |
| Range | Grade |
| >= 95 | **A** |
| 90-94 | **A-** |
| 87-89 | **B+** |
| 83-86 | **B** |
| 80-82 | **B-** |
| 77-79 | **C+** |
| 73-76 | **C** |
| 70-72 | **C-** |
| 65-69 | **D+** |
| 60-64 | **D** |
| <= 59 | **F** |

Course Study Plan

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| --- | --- | --- |
| ***Week*** | ***Chapter*** | ***Topics Pages*** |
| **1 & 2** | **9** | **Plant Assets, Natural Resources and Intangible Assets****Plant Assets.………………………………………………………………………………410***Determining the Cost of Plant Assets*.………………………………………………..410-413*Depreciation (excluding Component depreciation, dep. and income taxes).………….*413-421*Expenditures During Useful Life …………………………………………………..............*421-422*Plant Asset Disposals*…………………………………………………………………423-425**Extractable Natural Resources……………………………………………………..426-427****Intangible Assets………………………………………………………………………….428***Accounting for Intangible Assets*……………………………………………………...428-430*Research and Development Costs*…………………………………………………….430-431**Statement Presentation and Analysis……………………………………………………432***Presentation………………………………………………………………………………………….432***APPENDIX 9A: Exchange of Plant Assets…………………………………………436-437** |
| **3 & 4** | **10** | **Liabilities****Current Liabilities……………………………………………………………………….462***Notes Payable…………………………………………………………………………………462-463**Sales Taxes Payable……………………………………………………………………………….463**Unearned Revenues………………………………………………………………………….463-464**Current Maturities of Long-Term Debt…………………………………………………………464**Statement Presentation……………………………………………………………………………465***Non-Current Liabilities…………………………………………………………………467***Bond Basics…………………………………………………………………………………...467-471**Accounting for Bond Issues…………………………………………………………………472-475**Accounting for Bond Retirements…………………………………………………………475-476**Accounting for Long-Term Notes Payable……………………………………………….477-478**Statement Presentation…………………………………………………………………………..479***APPENDIX 10B: Effective-Interest Method of Bond Amortization………………..488***Amortizing Bond Discount…………………………………………………………………488-490**Amortizing Bond Premium…………………………………………………………………490-491* |
| **4 & 5**  | **11** | **Corporations: Organization, Share Transactions, Dividends, and Retained Earnings****The Corporate Form of Organization………………………………………………..520***Characteristics of a Corporation…………………………………………………………520-522**Forming a Corporation………………………………………………………………………….523**Ownership Rights of Shareholders…………………………………………………………….524**Share Issue Considerations……………………………………………………………….524-527**Corporate Capital………………………………………………………………………….527-529***Accounting for Share Transactions…………………………………………………..529***Accounting for Ordinary Share Issues…………………………………………………..529-532**Accounting for Treasury Shares………………………………………………………….532-535**Accounting for Preference Shares……………………………………………………….536-537***Dividends………………………………………………………………………………538***Cash Dividends……………………………………………………………………………..538-541**Share Dividends……………………………………………………………………………542-544**Share Splits…………………………………………………………………………………544-545***Retained Earnings…………………………………………………………………….546***Retained Earnings Restrictions……………………………………………………………….547**Prior Period Adjustments……………………………………………………………………..548**Retained Earnings Statement……………………………………………………………548-549***Statement Presentation and Analysis………………………………………………549***Presentation……………………………………………………………………………….550-551* |

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| **5 & 6** | **12** | **Investments****Why Corporations Invest………………………………………………………..582-583****Accounting for Debt Investments……………………………………………………583***Recording Acquisition of Bonds………………………………………………………………583**Recording Bond Interest……………………………………………………………………….584**Recording Sale of Bonds………………………………………………………………………584***Accounting for Share Investments…………………………………………………….585***Holdings of Less than 20%................................................................................................586**Holdings Between 20% and 50%...............................................................................586-588**Holdings of More than 50%.......................................................................................588-589***Valuing and Reporting Investments, 590***Categories of Securities…………………………………………………………………….590-593**Statement of Financial Position Presentation………………………………………………..594**Presentation of Realized and Unrealized Gain or Loss……………………………….594-595**Classified Statement of Financial Position……………………………………………..595-598* |
| **7** | **13** | **Statement of Cash Flows****Statement of Cash Flows: Usefulness and Format…………………………………..624***Usefulness of the Statement of Cash Flows…………………………………………………..624**Classification of Cash Flows……………………………………………………………..624-626**Significant Non-Cash Activities……………………………………………………………….626**Format of the Statement of Cash Flows………………………………………………...626-627**Preparing the Statement of Cash Flows……………………………………………………..628**Indirect and Direct Methods……………………………………………………………..628-629***Preparing the Statement of Cash Flow-Indirect Method…………………………..629***Step 1: Operating Activities…………………………………………………………………630-634**Summary of Conversion to Net Cash Provided by Operating Activities-Indirect Method.634**Step 2: Investing and Financing Activities………………………………………………..636-637**Step 3: Net Change in Cash…………………………………………………………………637-639* |
| **8** | **14** | **Financial Statement Analysis****Basics of Financial Statement Analysis………………………………………………..688***Need for Comparative Analysis…………………………………………………………………688***Ratio Analysis………………………………………………………………………694-695***Liquidity Ratios………………………………………………………………………………695-699**Profitability Ratios……………………………………………………………………………699-702**Solvency Ratios……………………………………………………………………………….703-704**Summary of Ratios……………………………………………………………………………704-705* |