






Diploma in Accounting & Finance (519) – Financial Accounting

Prerequisites: Knowledge of accounting terminology.	Corequisites: A pass or higher in Diploma in BA & Computer Systems or equivalence.
<p>Aim: This course is designed to introduce the fundamentals of accounting, to develop candidates with an understanding of the basic concepts underlying business transactions and financial statements, and to enable them to determine the most appropriate financial measures in doing business transactions. Emphasis is placed on accounting practices and in-depth examination of the major assets, liabilities and stockholders' equity accounting, both of which intend to portray corporate financial position, operating results, cash flows, and financial strength. The course also analyses a detailed study of accounting principles and practices with problems of liabilities and owner's equity valuation and classification as well as balance sheets to reflect short-term and long-term liabilities, reserves and retained earnings.</p>	
Required Materials: Recommended Learning Resources.	Supplementary Materials: Lecture notes and tutor extra reading recommendations.
<p>Special Requirements: The course requires a combination of lectures, demonstrations and discussions.</p>	
<p>Intended Learning Outcomes:</p> <p>1 Understand the basic concepts and statement of principles for Financial Reporting</p> <p>2 Analyse the structure of the UK Regulatory Framework</p> <p>3 Understand the importance of Revenue - IAS 18</p>	<p>Assessment Criteria:</p> <p>1.1 Discuss what is meant by a conceptual framework and GAAP.</p> <p>1.2 Describe the objectives of financial statements and qualitative characteristics of financial information.</p> <p>1.3 Define the elements of financial statements.</p> <p>1.4 Be able to apply the above definition to practical situation.</p> <p>2.1 Explain the role of the Companies Acts.</p> <p>2.2 Outline the standard setting process and the role of the: Financial Reporting Council, Accounting Standards Boards, Urgent Issues Task Force and Financial Reporting Review Panel.</p> <p>2.3 Explain the relationship between UK and International Accounting Standards (IASs).</p> <p>2.4 Describe accounting concepts and accounting theory. Outline the concept of 'comprehensive income'.</p> <p>3.1 Outline the principles of the timing of revenue recognition.</p> <p>3.2 Explain the role of the concept of substance over form in relation to recognising sales revenue.</p> <p>3.3 Explain and define realised profits.</p> <p>3.4 Discuss the various points in the production and sales cycle where it may, depending on circumstances, be appropriate to recognise gains and losses – give examples of this.</p> <p>3.5 Describe the ASB's 'balance sheet approach' to revenue recognition within</p>

<p>4 Understand the preparation of Financial Statements for Limited Companies.</p>	<p>its Statement of Principles.</p> <p>4.1 State the requirements of the Companies Acts regarding: the duty to prepare annual accounts; the form and content of the prescribed formats and the main provisions of Company law including accounting rules.</p> <p>4.2 Prepare the financial statements of limited companies in accordance with the prescribed formats and relevant accounting standards.</p> <p>4.3 Distinguish between small and medium companies and outline the disclosure exemptions relating to these companies.</p>
<p>5 Describe the importance of reporting financial performances</p>	<p>5.1 Explain the contents and purpose of statement of recognised income and expenses, including reconciliation of movement in shareholders' funds and statement of movement in reserves.</p> <p>5.2 Define prior period adjustments and accounts for the correction of fundamental errors and changes in accounting policies.</p>
<p>6 Explore share capital and reserves- IAS 39</p>	<p>6.1 Explain the need for an accounting standard on financial instruments (IAS 39).</p> <p>6.2 Distinguish between debt and share capital.</p> <p>6.3 Be able to apply the requirements of IAS 39 to the issue and finance costs of: equity and preference shares; debt instruments with no conversion rights, and convertible debt.</p> <p>6.4 Explain and apply the general requirement to purchase or redeem shares.</p> <p>6.5 Be able to apply the requirements that allow private companies to redeem share out of capital.</p> <p>6.6 Discuss the advantages of companies being able to redeem shares.</p> <p>6.7 Define and discuss the Companies Acts rules relating to profit available for distribution.</p> <p>6.8 Calculate the profits available for distribution of public and private companies.</p>
<p>7 Describe the IAS 16 requirements on treating Property, Plant and Equipment, Impairment of Intangible fixed Assets and Goodwill</p>	<p>7.1 Define the recoverable amount of an asset; define impairment losses.</p> <p>7.2 Give examples of, and be able to identify, circumstances that may indicate that an impairment of fixed assets has occurred.</p> <p>7.3 Describe what is meant by an income generating unit.</p> <p>7.4 Define the initial cost of a fixed asset (including self-constructed asset) and apply this to various examples of expenditures distinguishing between</p>

<p>8 Address the accounting for the substance of transactions issue</p>	<p>capital and revenue items.</p> <p>7.5 Describe, and be able to identify, subsequent expenditures that may be capitalised.</p> <p>7.6 State and appraise the effects of IAS 16's rules for the revaluation of fixed assets.</p> <p>7.7 Calculate depreciation on revalued assets.</p> <p>8.1 Explain the importance of recording the substance rather than the legal form of transactions – give examples of previous abuses in this area.</p> <p>8.2 Describe the features which may indicate that the substance of transactions may differ from their legal form.</p> <p>8.3 Explain and apply the principles in FRS 5 for the recognition of assets and liabilities.</p> <p>8.4 Be able to recognise the substance of transactions in general, and specifically account for the following types of transactions: stock sold on sale or return / consignment stock; sale and repurchase / leaseback agreements and factoring of debtors.</p>
<p>9 Define hire purchase and leasing- IAS 17</p>	<p>9.1 Distinguish between a hire purchase contract and a lease.</p> <p>9.2 Describe and apply the method of determining a lease type (ie, an operating or finance lease).</p> <p>9.3 Explain the effect on the financial statement of a finance lease being incorrectly treated as an operating lease.</p> <p>9.4 Be able to account for operating leases in financial statements.</p> <p>9.5 Be able to account for finance leases in the financial statements of the lessor and lessee.</p> <p>9.6 Outline the principles of IAS 17 and its main disclosure requirements. Note: the net cash investment method will not be examined.</p>

Recommended Learning Resources: Financial Accounting

<p>Text Books</p>	<ul style="list-style-type: none"> • Fundamental Financial Accounting Concepts with Harley-Davidson Annual Report by Edmonds. ISBN: 0071284176 • Financial Accounting: Understanding and Practice by Perks. ISBN: 0077115406 • Financial Accounting: An Introduction by Davies. ISBN: 0077109406
<p>Study Manuals</p> 	<p>BCE produced study packs</p>
<p>CD ROM</p> 	<p>Power-point slides</p>
<p>Software</p> 	<p>None</p>

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