



**Thammasat University
Faculty of Economics
Bachelor of Economics (International Program)**

AC 201

Fundamental Accounting

Semester 1/2016
(August – December 2016)

Course Description:

The basic principles, concepts, and procedures for collecting and recording accounting information; preparation and analysis of financial reports; accounting cycle; accounting and disclosure for assets, liabilities, and owners' equity.

Course Objectives:

The purpose of this course is to introduce students the role of accounting as a window through which to see how economic events affect business. The students will learn conceptual framework as well as accounting procedures. The emphasis will be on preparing and using accounting information for financial analysis.



Class Time and Venue:

Group: 046401
Day: Fridays
Time: 2:00 p.m. – 5:00 p.m. (3-hour class)
Venue: Faculty of Economics Building, Room #202

Instructors:

| Instructor | Contact Info. | Office | Office Hours |
|--|---------------------------------|--|---|
| Assistant Professor Dr. Orapan Yolrabil | E-mail: orapan@tbs.tu.ac.th | Room #555 TBS Building Office phone: 02-613-2215 | One hour before each class and by appointment |
| Ajarn Santana Singhasaneh, CPA | E-mail: santana@tbs.tu.ac.th | Room #530 TBS Building Office phone: 02-613-2239 | One hour before each class and by appointment |

E-mail: Please begin the subject of all your emails sending to us with “**AC201-BE-1-2016**” [course number-program-semester-academic year]. For example, if you would like to ask questions related to Chapter 1, you must send your email with a subject “**AC201-BE-1-2016: Questions about Chapter 1.**”

Facebook: <https://www.facebook.com/groups/AC201.BE.1.2016/>
This FB group is intended to create a communication channel between instructor and students enrolled in the course. Teaching materials, exercises, exam guidelines will be posted in this group. The students can post questions or issues that need clarifications here in the group.



Main Text:

Libby, Libby, and Short. **Financial Accounting: 8th Edition (Global Edition)**. McGraw-Hill Education. 2014.
ISBN-13 9780077158958



Required readings/course materials:

Instructors' handouts
Handouts can be downloaded from the BE Moodle System at
<http://be-moodle.econ.tu.ac.th> with enrollment key = 1042 .

Suggested Readings:

Texts:

- Kimmel, Weygandt, and Kieso. **Financial Accounting: Tools for Business Decision Making, 7th Edition (International Student Version).** John Wiley & Sons, Inc. 2013. ISBN:978-1-118-37972-1.
- Phillips, Libby, and Libby. **Fundamentals Financial Accounting 3rd Edition.** McGraw-Hill International. 2011.
- Harrison, Horngren, Thomas, and Suwardy. **Financial Accounting: International Financial Reporting Standards, 8th Edition.** Pearson Education, 2011.

Thai Financial Reporting Standards:



Selected Thai Financial Reporting Standards will be discussed in class.

Framework for the Preparation and Presentation of Financial Statements

TAS 1 Presentation of Financial Statements

TAS 2 Inventories

TAS 7 Statement of Cash Flows

TAS 16 Property, Plant and Equipment

TAS 18 Revenues

TAS 37 Provisions, Contingent Liabilities and Contingent Assets

TAS 38 Intangible Assets

TAS 101 Doubtful Accounts and Bad Debts

TAS 105 Accounting for Investment in Debt and Equity Securities

Links:

Useful links are provided below:

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|--|--|
| www.fap.or.th | Federation of Accounting Professions of Thailand |
| www.set.or.th | The Stock Exchange of Thailand |
| www.settrade.com | The Stock Exchange of Thailand Group |
| www.sec.or.th | Securities and Exchange Commission of Thailand |
| www.moc.go.th | Ministry of Commerce of Thailand |
| www.bot.or.th | Bank of Thailand |
| www.iasb.org | International Accounting Standard Board |





Tentative Grading:

| | |
|---|-------------|
| Midterm Examination <i>Date:</i> Friday, October 7, 2016 <i>Time:</i> 2:00 p.m. – 5:00 p.m. (3 hours) <i>Topics Covered:</i> Financial Statement Presentation, Accounting Cycle, Cash, Receivables, and Inventories | 40% |
| Final Examination <i>Date:</i> Friday, December 16, 2016 <i>Time:</i> 1:30 p.m. – 4:30 p.m. (3 hours) <i>Topics Covered:</i> Property, Plant, and Equipment, Natural Resources, Intangible Assets, Debt Financing, Equity Financing, Investments in Debt and Equity Securities, Statement of Cash Flows, and Financial Statement Analysis | 40% |
| Quizzes and Assignments | 20% |
| <ul style="list-style-type: none"> ▪ Quizzes 15% ▪ Project 5% | |
| | 100% |

Note that weighting assigned might be changed as instructors see fit.

Course Administration:

1. Practices (0%)

The students are required to read the chapter before class. The students are recommended to work on review problems at the end of each chapter (no credits taken).

2. Exams (80%)

There are 2 exams throughout the course. The weight assigned to each exam (Midterm and Final exam) is 40%, and 40%, respectively. Thus, the total weight for all exams is 80%. The exams are closed-note, closed-book. Only basic calculators are allowed in the exams. Statistical and financial calculators are NOT allowed.

3. Quizzes (15%)

The unannounced quizzes may be and will be given in class. The students must prepare for the quizzes at all time. No make-up quiz is allowed for any reasons. The lowest quiz score will be dropped. Quizzes must be taken ONLY in the section that the students are registering for. Quizzes taken in the wrong section or taken in both sections will NOT be graded.

4. Project (5%)

At the end of the course, the students are required to do project on financial statement analysis. The students must be able to integrate the knowledge acquired during the semester to analyze entity's financial performance, financial position, and other aspects based on financial reports of the entity. The instructors will assign a company listed on The Stock Exchange of Thailand for this project. The students will be working on this project in groups of 6 to 8. Detailed requirements of this project are stated in the following section.

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inancial Statement Analysis Project:

Project Requirements:

1. Form a group of 6-8 students to perform financial analysis on the assigned company.
2. Acquire key financial information and financial ratios of assigned company during the past 3-5 years from www.set.or.th or other information sources. Additional information (more detailed information), is also available at company's website, www.sec.or.th, www.settrade.com, and other public sources.
3. The set of information acquired must include at least the followings:
 - Financial Data: Assets (especially, Accounts Receivable and Inventory), Liabilities (Accounts Payable), Equity, Paid-up Capital, Dividend, Revenue, Expense (especially cost of goods sold, and other key expense items), Net Profit, and Market Capitalization (in million Baht).
 - Financial Ratio: Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin, Price-Earnings Ratio (P/E), Book Value per Share, Dividend Yield.
4. Perform basic financial statement analysis on the acquired information. The project should be organized in the following ways:
 - a. Describe nature of business/industry and products/services of the assigned company.
 - b. Present key financial data and financial ratios (in tabular format and/or in graphical format).
 - c. Analyze the trend of key financial data and financial ratios whether the company is in good shape. From the acquired financial data or financial ratios, if you spot problems that the company is facing or will be facing, please specify. Additional ratios (such as accounts receivable turnover, inventory turnover, total assets turnover ratio, debt-to-equity ratio, current ratio, quick ratio, interest coverage ratio, and etc.) may be calculated based on financial statement items acquired to be able to perform a more detailed financial analysis. For each of the financial ratios, describe the meaning and calculation formula before analyzing the ratio. You are required to do your own research on the interpretation of each of the financial ratio. Based on the financial ratios, you should at least address the following aspects:
 - Profitability eg. Return on Equity, Earnings per Share, Gross Profit Margin, Net Profit Margin, and etc.
 - Liquidity eg. Current Ratio, Quick Ratio, Accounts Receivable Turnover, Inventory Turnover, and etc.
 - Solvency eg. Debt-to-Equity Ratio, Interest Coverage ratio, and etc.
 - Efficiency eg. Return on Assets, Asset Turnover, and etc.
 - d. Conclude whether the investors should invest in company's debt or equity securities based on your analysis.
5. Length of the project (analysis part) should not exceed 10 pages.
6. The project is due on **Wednesday, November 30, 2016 at 2:00 p.m.** at the BE Office. Early submission of the report is welcome.

A ttendance and Class Conduct:

Regular attendance at the lectures is essential for successful completion of this course.

To ensure proper learning environment in our classroom, the class size is limited. Accordingly, the students are NOT allowed to attend the class in which they are NOT registered for.

The students must respect the rights of their classmates. Disruptive behaviors during the class sessions are NOT acceptable. These include, but not limited to, excessive talking to classmates on topics unrelated to the classroom materials, using electronic devices and/or mobile phones, using laptop computers without permission, eating food, arriving late, leaving early, coming and going during the class meeting. The student who engages in any of such behaviors will be asked to leave the classroom and will receive zero score on his/her quiz given on that day.

All communication devices must be muted and kept out of sight during lectures and quizzes.

Dishonesty during the quizzes and tests will result in an immediate "F" grade in this course and suspension according to Thammasat University Code of Conduct.

I mportant Dates:



ACADEMIC CALENDAR 1/2016

| Semester 1 | |
|--|-----------------------|
| August - December 2016 | |
| Classes Begin | August 15, 2016 |
| Adding and Dropping Courses w/o Record | August 15 – 29, 2016 |
| Mid-term Examination Period | October 3 – 8, 2016 |
| Course Withdrawal With "W" | October 19 - 25, 2016 |
| Last Day of Classes | December 4, 2016 |
| Final Examination Period | December 6 - 22, 2016 |



HOLIDAYS FOR SEMESTER 1/2016

| Semester 1 | | |
|------------------------|-------------|--|
| August - December 2016 | | |
| October | Monday 24 | Substitution for King Chulalongkorn Memorial Day |
| December | Saturday 5 | His Majesty the King's Birthday |
| | Monday 12 | Substitution for Constitution Day |
| | Saturday 31 | New Year's Eve |



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Course Schedule:

| Sessions | Topics |
|--------------|--|
| Session #1 | <p>Course Overview</p> <p>Chapter 1: Financial Statements and Business Decisions</p> <ul style="list-style-type: none"> The Four Basic Financial Statements: Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Stockholders' Equity, and Statement of Cash Flows |
| Session #2 | <p>Chapter 2: Investing and Financial Decisions and the Statement of Financial Position</p> <ul style="list-style-type: none"> Accounting Concepts Nature of Business Transactions The Accounts Transaction Analysis Debit/Credit, Journal Entry, T-Account Classified Statement of Financial Position |
| Session #3 | <p>Chapter 3: Operating Decisions and the Statement of Comprehensive Income</p> <ul style="list-style-type: none"> The Operating Cycle Elements of Statement of Comprehensive Income Cash Basis/Accrual Basis Accounting Classified Statement of Comprehensive Income |
| Session #4 | <p>Chapter 4: Adjustments, Financial Statements, the Quality of Earnings</p> <ul style="list-style-type: none"> Adjusting Revenues and Expenses Preparing Financial Statements Closing the Books |
| Session #5 | <p>Chapter 4: Adjustments, Financial Statements, the Quality of Earnings (continued)</p> |
| Session #6 | <p>Chapter 6: Reporting and Interpreting Sales Revenue, Receivables, and Cash</p> <ul style="list-style-type: none"> Accounting for Net Sales Revenue Measuring and Reporting Receivables Reporting and Safeguarding Cash Reconciliation of the Cash Accounts |
| Session #7 | <p>Chapter 7: Reporting and Interpreting Cost of Goods Sold and Inventory</p> <ul style="list-style-type: none"> Nature of Inventory and Cost of Goods Sold Inventory Costing Methods Valuation at Lower of Cost of Net Realizable Value |
| Midterm Exam | <p>Date: Friday, October 7, 2016 Time: 2:00 p.m. – 5:00 p.m. (3 hours)</p> |
| Session #8 | <p>Chapter 8: Reporting and Interpreting Property, Plant, and Equipment; Natural Resources; and Intangibles</p> <ul style="list-style-type: none"> Understanding the Business Acquisition and Maintenance of Plant and Equipment – Classifying Long-Lived Assets, Measuring and Recording Acquisition Cost Use, Impairment, and Disposal of Plant and Equipment – Depreciation Concepts, Alternative Depreciation Methods (Straight-line, Units-of-Production, Declining-Balance) Natural Resources and Intangible Assets – Acquisition and Depletion of Natural Resources, Acquisition and Amortization of Intangible Assets |

| Sessions | Topics |
|-------------|--|
| Session #9 | <p><u>Chapter 9: Reporting and Interpreting Liabilities</u></p> <ul style="list-style-type: none"> ▪ Understanding the Business ▪ Liabilities Defined and Classified ▪ Current Liabilities – Accounts Payable, Accrued Liabilities, Notes Payable, Current Portion of Long-term Debt, Deferred Revenues ▪ Long-term Liabilities – Long-term Notes Payable and Bonds ▪ Present Value Concepts – Present Value of a Single Amount, Present Value of an Annuity, Applications of Present Values ▪ Financial Analysis -- Quick Ratio, Accounts Payable Turnover |
| Session #10 | <p><u>Chapter 10: Reporting and Interpreting Bonds</u></p> <ul style="list-style-type: none"> ▪ Understanding the Business ▪ Characteristics of Bonds Payable ▪ Reporting Bonds Transactions – Bonds Issued at Par, Bonds Issued at Discount, Bonds Issued at Premium ▪ Early Retirement of Debt |
| Session #11 | <p><u>Chapter 11: Reporting and Interpreting Shareholders' Equity</u></p> <ul style="list-style-type: none"> ▪ Understanding the Business ▪ Ownership of a Corporation – Benefits of Share Ownership, Authorized, Issued, and Outstanding Shares ▪ Ordinary Share Transactions – Share Issuance, Share Repurchase ▪ Dividends on Ordinary Shares ▪ Share Dividends and Share Splits ▪ Preference Shares – Dividends on Preference Shares |
| Session #12 | <p><u>Chapter 12: Reporting and Interpreting Investments in Other Corporations</u></p> <ul style="list-style-type: none"> ▪ Understanding the Business ▪ Types of Investments and Accounting Methods – Passive Investments in Debt and Equity Securities, Investments in Equity Securities for Significant Influence, Investments in Equity Securities for Control ▪ Debt Held to Maturity: Amortized Cost Method – Bond Purchases, Interest Earned, Principal at Maturity ▪ Passive Investments: The Fair Value Method – Classifying Passive Investments at Fair Value, Securities Available for Sale, Comparing Trading and Available-for-Sale Securities ▪ Investments in Significant Influence: Equity Method – Recording and Reporting Investments under the Equity Method ▪ Controlling Interests: Mergers and Acquisitions |
| Session #13 | <p><u>Chapter 13: Statement of Cash Flows</u></p> <ul style="list-style-type: none"> ▪ Understanding the Business ▪ Classifications of the Statement of Cash Flows – Cash Flows from Operating Activities, Investing Activities, and Financing Activities, Net Increase (Decrease) in Cash, Relationships to the Statement of Financial Position, Statement of Comprehensive Income ▪ Reporting and Interpreting Cash Flows from Operating Activities – Direct VS. Indirect Method ▪ Completing the Statement and Additional Disclosures – Statement Structure, Noncash Investing and Financing Activities |



| Sessions | Topics |
|-------------|--|
| Session #14 | Chapter 5: Communicating and Interpreting Accounting Information <ul style="list-style-type: none">▪ Understanding the Business▪ Players in the Accounting Communication Process▪ The Disclosure Process▪ A Closer Look at Financial Statement Formats and Notes▪ Return on Assets Analysis: A Framework for Evaluating Company Performance Chapter 14: Analyzing Financial Statements <ul style="list-style-type: none">▪ Understanding the Business▪ The Investment Decision▪ Understanding a Company's Strategy▪ Financial Statement Analysis▪ Ratio and Percentage Analysis – Component Percentages, Tests of Profitability, Tests of Solvency, Market Tests▪ Interpreting Ratios and Other Analytical considerations |
| Session #15 | Wrap-up |
| Final Exam | Date: Friday, December 16, 2016 Time: 1:30 p.m. – 4:30 p.m. (3 hours) |