

# BACHELOR of ECONOMICS



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

# AC201

## Fundamental Accounting

**Semester 2/2012  
(January – May 2013)**

### **Course Description:**

A study of the evolution of accounting; the functions of accounting in identifying, recording, and classifying financial transactions; characteristics of various types of accounts; the accounting principles and concepts for measuring these financial transactions; a preparation of financial statements; and the usefulness and limitations of accounting information.

### **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.



**Instructors:**

| Instructor                                 | Contact Info.                  | Office                                                                 | Office Hours             |
|--------------------------------------------|--------------------------------|------------------------------------------------------------------------|--------------------------|
| Assistant Professor<br>Dr. Orapan Yolrabil | Email:<br>orapan@tbs.tu.ac.th  | Room #555 and BBA Office,<br>TBS Building<br>Office phone: 02-613-2208 | By appointment via email |
| Ajarn Santana<br>Singhasaneh, CPA          | Email:<br>santana.tu@gmail.com | Room #530<br>TBS Building<br>Office phone: 02-613-2239                 | By appointment via email |

Please begin the subject of all your emails sending to us with  
**"AC201-BE-2-2012"**

[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 the subject **"AC201-BE-2-2012: Questions about Chapter 1."**

**Class Time and Venue:**

**Group:** 046401  
**Day:** Fridays  
**Time:** 02:00 p.m. – 05:00 p.m. (3-hour class)  
**Venue:** Faculty of Economics Building, Room #202

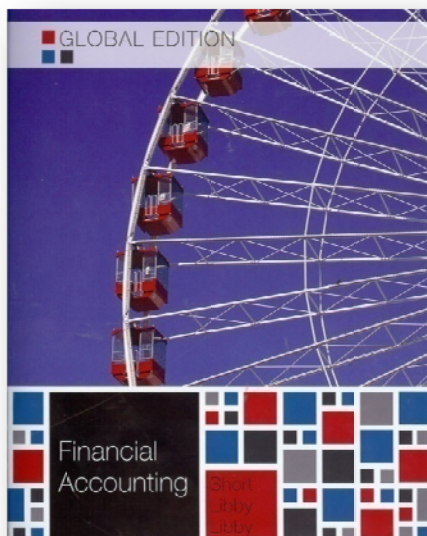
**Group:** 046402  
**Day:** Saturdays  
**Time:** 09:00 a.m. – 12:00 noon (3-hour class)  
**Venue:** Faculty of Economics Building, Room #202

**Tentative Grading:**

|                                                                                                                                                                                                                                     |     |             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-------------|
| <b>Midterm Examination</b>                                                                                                                                                                                                          |     | 40%         |
| <i>Date:</i> TBA .....                                                                                                                                                                                                              |     |             |
| <i>Time:</i> ..... (3 hours)                                                                                                                                                                                                        |     |             |
| <i>Topics Covered:</i> Financial Statement Presentation, Accounting Cycle, Cash, Receivables, and Inventories                                                                                                                       |     |             |
| <b>Final Examination</b>                                                                                                                                                                                                            |     | 40%         |
| <i>Date:</i> Friday, May 17, 2013                                                                                                                                                                                                   |     |             |
| <i>Time:</i> 9:00 a.m. – 12:00 noon (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 |     |             |
| <b>Quizzes and Assignments</b>                                                                                                                                                                                                      |     | 20%         |
| ▪ Quizzes                                                                                                                                                                                                                           | 15% |             |
| ▪ Project                                                                                                                                                                                                                           | 5%  |             |
|                                                                                                                                                                                                                                     |     | <b>100%</b> |

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

## Required Text and Materials:



### Text:

Short, Libby, and Libby.

**Financial Accounting** 7<sup>th</sup> (Global) Edition. McGraw-Hill/Irwin. 2011.

## Recommended Text, Materials, and Links:

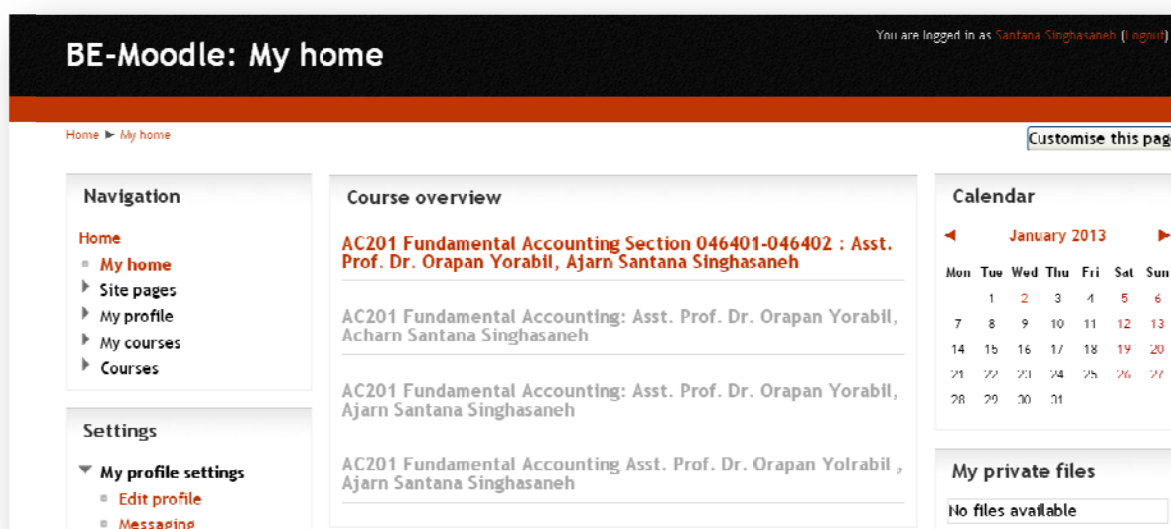
### Text:

Phillips, Libby, and Libby. **Fundamentals Financial Accounting** 3<sup>rd</sup> Edition. McGraw-Hill International. 2011.

Harrison, Horngren, Thomas, and Suwardy. **Financial Accounting: International Financial Reporting Standards** 8<sup>th</sup> Edition. Pearson Education, 2011.

### Lecture Notes:

Instructors' handouts (uploaded to the BE Moodle System at <http://be-moodle.econ.tu.ac.th>)



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**Course overview**

AC201 Fundamental Accounting Section 046401-046402 : Asst. Prof. Dr. Orapan Yorabil, Ajarn Santana Singhasaneh

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AC201 Fundamental Accounting Asst. Prof. Dr. Orapan Yorabil, Ajarn Santana Singhasaneh

**Calendar**

January 2013

| Mon | Tue | Wed | Thu | Fri | Sat | Sun |
|-----|-----|-----|-----|-----|-----|-----|
|     | 1   | 2   | 3   | 4   | 5   | 6   |
| 7   | 8   | 9   | 10  | 11  | 12  | 13  |
| 14  | 15  | 16  | 17  | 18  | 19  | 20  |
| 21  | 22  | 23  | 24  | 25  | 26  | 27  |
| 28  | 29  | 30  | 31  |     |     |     |

**My private files**

No files available

## 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 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:

The useful links are provided below:

|                                                        |                                                  |
|--------------------------------------------------------|--------------------------------------------------|
| <a href="http://www.fap.or.th">www.fap.or.th</a>       | Federation of Accounting Professions of Thailand |
| <a href="http://www.set.or.th">www.set.or.th</a>       | The Stock Exchange of Thailand                   |
| <a href="http://www.settrade.com">www.settrade.com</a> | The Stock Exchange of Thailand Group             |
| <a href="http://www.sec.or.th">www.sec.or.th</a>       | Securities and Exchange Commission of Thailand   |
| <a href="http://www.moc.go.th">www.moc.go.th</a>       | Ministry of Commerce of Thailand                 |
| <a href="http://www.bot.or.th">www.bot.or.th</a>       | Bank of Thailand                                 |
| <a href="http://www.iasb.org">www.iasb.org</a>         | International Accounting Standard Board          |



## 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.

## Financial 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](http://www.set.or.th) or other information sources. Additional information (more detailed information), is also available at company's website, [www.sec.or.th](http://www.sec.or.th), [www.settrade.com](http://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 **Monday, April 29, 2013 at 12:00 noon** at the BE Office. Early submission of the report is very 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 currently limited to 50. 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 the lectures.

***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.***



## Important Dates:



### ACADEMIC CALENDAR 2012

#### Semester 2

#### January - May 2013

|                                    |                             |
|------------------------------------|-----------------------------|
| <b>Classes Begin</b>               | January 7, 2013             |
| <b>Mid-term Examination Period</b> | February 24 – March 2, 2013 |
| <b>Course Withdrawal With "W"</b>  | March 13 - 18, 2013         |
| <b>Last Day of Classes</b>         | April 28, 2013              |
| <b>Final Examination Period</b>    | May 1 - 17, 2013            |



### HOLIDAYS FOR SEMESTER 2/2012

#### Year 2013

|                 |             |                                    |
|-----------------|-------------|------------------------------------|
| <b>January</b>  | Tuesday 1   | New Year's Day                     |
| <b>February</b> | Monday 25   | Makha Bucha Day                    |
| <b>April</b>    | Saturday 6  | Chakri Memorial Day                |
|                 | Monday 8    | Chakri Memorial Day (Substitution) |
|                 | Saturday 13 | Songkran Festival Day              |
|                 | Sunday 14   | Songkran Festival Day              |
|                 | Monday 15   | Songkran Festival Day              |
| <b>May</b>      | Sunday 5    | Coronation Day                     |
|                 | Monday 6    | Coronation Day (Substitution)      |
|                 | Monday 13   | Royal Ploughing Ceremony Day       |



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## Course Schedule:

| Sessions     | Topics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Session #1   | <b>Course Overview</b><br><b>Chapter 1: Financial Statements and Business Decisions</b> <ul style="list-style-type: none"> <li>Understanding the Business</li> <li>The Four Basic Financial Statements: An Overview – Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Stockholders' Equity, and Statement of Cash Flows</li> <li>Responsibilities for the Accounting Communication Process – Generally Accepted Accounting Standards, International Financial Reporting Standards, Thai Financial Reporting Standards</li> </ul>                                                                                                |
| Session #2   | <b>Chapter 2: Investing and Financial Decisions and the Statement of Financial Position</b> <ul style="list-style-type: none"> <li>Understanding the Business</li> <li>Overview of Accounting Concepts</li> <li>What Business Activities Cause Changes in Financial Statement Amounts? – Nature of Business Transactions, Accounts</li> <li>How Do Transactions Affect Accounts? – Principles of Transaction Analysis</li> <li>How Do Companies Keep Track of Account Balances? – The Direction of Transaction Effects, Analytical Tools</li> <li>How is the Statement of Financial Position Prepared and Analyzed? – Classified Statement of Financial Position</li> </ul> |
| Session #3   | <b>Chapter 3: Operating Decisions and the Statement of Comprehensive Income</b> <ul style="list-style-type: none"> <li>Understanding the Business</li> <li>How Do Business Activities Affect the Statement of Comprehensive Income – The Accounting Cycle, Elements of Statement of Comprehensive Income</li> <li>How Are Operating Activities Recognized and Measured? – Accrual Accounting</li> <li>The Expanded Transaction Analysis Model – Transaction Analysis Rules</li> <li>How are Financial Statements Prepared and Analyzed?</li> </ul>                                                                                                                          |
| Session #4-5 | <b>Chapter 4: Adjustments, Financial Statements, the Quality of Earnings</b> <ul style="list-style-type: none"> <li>Understanding the Business</li> <li>Adjusting Revenues and Expenses – The Accounting Cycle, Unadjusted Trial Balance, Purpose of Adjustments, Types of Adjustments, Adjustment Process</li> <li>Preparing Financial Statements – Statement of Comprehensive Income, Statement of Changes in Stockholders' Equity, and Statement of Cash Flows</li> <li>Closing the Books – End of Accounting Cycle</li> </ul>                                                                                                                                           |



| Sessions    | Topics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Session #6  | <b><u>Chapter 6: Reporting and Interpreting Sales Revenue, Receivables, and Cash</u></b> <ul style="list-style-type: none"> <li>Understanding the Business</li> <li>Accounting for Sales Revenue – Sales Discounts, Sales Returns and Allowances, Reporting Net Sales</li> <li>Measuring and Reporting Receivables – Classifying Receivables, Accounting for Doubtful Accounts and Bad Debts, Reporting Receivables, Doubtful Accounts Expense, and Bad Debts, Estimating Uncollectible Accounts, Control Over Accounts Receivable</li> <li>Reporting and Safeguarding Cash – Cash and Cash Equivalents Defined, Cash Management, Internal Control of Cash, Reconciliation of the Cash Accounts and the Bank Statements</li> <li>Financial Analysis – Accounts Receivable Turnover</li> </ul> |
| Session #7  | <b><u>Chapter 7: Reporting and Interpreting Cost of Goods Sold and Inventory</u></b> <ul style="list-style-type: none"> <li>Understanding the Business</li> <li>Nature of Inventory and Cost of Goods Sold – Items Included in Inventory, Costs Included in Inventory Purchases, Flow of Inventory Costs, Nature of Cost of Goods Sold</li> <li>Inventory Costing Methods – Cost Flows Assumptions (First-in, First-out; Last-in, First-out [Not Allowed in Thailand]; Weighted Average Cost, Specific Identification), Financial Statement Effects of Inventory Methods</li> <li>Valuation at Lower of Cost or Net Realizable Value</li> <li>Evaluating Inventory Management</li> <li>Control of Inventory</li> <li>Financial Analysis – Inventory Turnover</li> </ul>                       |
| Session #8  | <b><u>Chapter 8: Reporting and Interpreting Property, Plant, and Equipment; Natural Resources; and Intangibles</u></b> <ul style="list-style-type: none"> <li>Understanding the Business</li> <li>Acquisition and Maintenance of Plant and Equipment – Classifying Long-Lived Assets, Measuring and Recording Acquisition Cost</li> <li>Use, Impairment, and Disposal of Plant and Equipment – Depreciation Concepts, Alternative Depreciation Methods (Straight-line, Units-of-Production, Declining-Balance)</li> <li>Natural Resources and Intangible Assets – Acquisition and Depletion of Natural Resources, Acquisition and Amortization of Intangible Assets</li> <li>Financial Analysis -- Fix Asset Turnover</li> </ul>                                                              |
| Session #9  | <b><u>Chapter 9: Reporting and Interpreting Liabilities</u></b> <ul style="list-style-type: none"> <li>Understanding the Business</li> <li>Liabilities Defined and Classified</li> <li>Current Liabilities – Accounts Payable, Accrued Liabilities, Notes Payable, Current Portion of Long-term Debt, Deferred Revenues</li> <li>Long-term Liabilities – Long-term Notes Payable and Bonds</li> <li>Present Value Concepts – Present Value of a Single Amount, Present Value of an Annuity, Applications of Present Values</li> <li>Financial Analysis -- Quick Ratio, Accounts Payable Turnover</li> </ul>                                                                                                                                                                                   |
| Session #10 | <b><u>Chapter 10: Reporting and Interpreting Bonds</u></b> <ul style="list-style-type: none"> <li>Understanding the Business</li> <li>Characteristics of Bonds Payable</li> <li>Reporting Bonds Transactions – Bonds Issued at Par, Bonds Issued at Discount, Bonds Issued at Premium</li> <li>Early Retirement of Debt</li> <li>Financial Analysis – Times Interest Earned, Debt-to-Equity</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                        |

| Sessions    | Topics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Session #11 | <b><u>Chapter 11: Reporting and Interpreting Shareholders' Equity</u></b> <ul style="list-style-type: none"> <li>Understanding the Business</li> <li>Ownership of a Corporation – Benefits of Share Ownership, Authorized, Issued, and Outstanding Shares</li> <li>Ordinary Share Transactions – Share Issuance, Share Repurchase</li> <li>Dividends on Ordinary Shares</li> <li>Share Dividends and Share Splits</li> <li>Preference Shares – Dividends on Preference Shares</li> <li>Financial Analysis – Earnings Per Share, Dividend Yield</li> </ul>                                                                                                                                                                                                                                                                                                                         |
| Session #12 | <b><u>Chapter 12: Reporting and Interpreting Investments in Other Corporations</u></b> <ul style="list-style-type: none"> <li>Understanding the Business</li> <li>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</li> <li>Debt Held to Maturity: Amortized Cost Method – Bond Purchases, Interest Earned, Principal at Maturity</li> <li>Passive Investments: The Fair Value Method – Classifying Passive Investments at Fair Value, Securities Available for Sale, Comparing Trading and Available-for-Sale Securities</li> <li>Investments in Significant Influence: Equity Method – Recording and Reporting Investments under the Equity Method</li> <li>Controlling Interests: Mergers and Acquisitions</li> </ul> |
| Session #13 | <b><u>Chapter 13: Statement of Cash Flows</u></b> <ul style="list-style-type: none"> <li>Understanding the Business</li> <li>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</li> <li>Reporting and Interpreting Cash Flows from Operating Activities – Direct VS. Indirect Method</li> <li>Reporting and Interpreting Cash Flows from Investing Activities</li> <li>Reporting and Interpreting Cash Flows from Financing Activities</li> <li>Completing the Statement and Additional Disclosures – Statement Structure, Noncash Investing and Financing Activities</li> </ul>                                                                                    |
| Session #14 | <b><u>Chapter 5: Communicating and Interpreting Accounting Information</u></b> <ul style="list-style-type: none"> <li>Understanding the Business</li> <li>Players in the Accounting Communication Process</li> <li>The Disclosure Process</li> <li>A Closer Look at Financial Statement Formats and Notes</li> <li>Return on Assets Analysis: A Framework for Evaluating Company Performance</li> </ul> <b><u>Chapter 14: Analyzing Financial Statements</u></b> <ul style="list-style-type: none"> <li>Understanding the Business</li> <li>The Investment Decision</li> <li>Understanding a Company's Strategy</li> <li>Financial Statement Analysis</li> <li>Ratio and Percentage Analysis – Component Percentages, Tests of Profitability, Tests of Solvency, Market Tests</li> <li>Interpreting Ratios and Other Analytical considerations</li> </ul>                         |
| Session #15 | <b><u>Wrap-up</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |