

Course Syllabus

AC 201 FUNDAMENTAL ACCOUNTING

Number of credits: 3 credits (3-0-6)

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.

Week	Course Content	Reading References
1	Course Overview Chapter 1: Financial Statements and Business Decisions ■ The Four Basic Financial Statements: Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Stockholders' Equity, and Statement of Cash Flows	Course package
2	Chapter 2: Investing and Financial Decisions and the Statement of Financial Position ■ Accounting Concepts ■ Nature of Business Transactions ■ The Accounts ■ Transaction Analysis ■ Debit/Credit, Journal Entry, T-Account ■ Classified Statement of Financial Position	Course package
3	Chapter 3: Operating Decisions and the Statement of Comprehensive Income ■ The Operating Cycle ■ Elements of Statement of Comprehensive Income ■ Cash Basis/Accrual Basis Accounting ■ Classified Statement of Comprehensive Income	Course package

4	Chapter 4: Adjustments, Financial Statements, the Quality of Earnings ■ Adjusting Revenues and Expenses ■ Preparing Financial Statements ■ Closing the Books	Course package
5	Chapter 4: Adjustments, Financial Statements, the Quality of Earnings (continued)	Course package
6	Chapter 6: Reporting and Interpreting Sales Revenue, Receivables, and Cash ■ Accounting for Net Sales Revenue ■ Measuring and Reporting Receivables ■ Reporting and Safeguarding Cash ■ Reconciliation of the Cash Accounts	Course package
7	Chapter 7: Reporting and Interpreting Cost of Goods Sold and Inventory ■ Nature of Inventory and Cost of Goods Sold ■ Inventory Costing Methods ■ Valuation at Lower of Cost or Net Realizable Value	Course package
8	Midterm Exam Date: Friday, March 6, 2015	Venue: Faculty of Economics, Thammasat University, Tha Prachan Campus
9	Chapter 8: Reporting and Interpreting Property, Plant, and Equipment; Natural Resources; and Intangibles ■ 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	Course package

10	Chapter 9: Reporting and Interpreting Liabilities ■ 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	Course package
11	Chapter 10: Reporting and Interpreting Bonds ■ 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	Course package
12	Chapter 11: Reporting and Interpreting Shareholders' Equity ■ 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	Course package
13	Chapter 12: Reporting and Interpreting Investments in Other Corporations ■ 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	Course package

14	Chapter 13: Statement of Cash Flows ■ 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 ■ Reporting and Interpreting Cash Flows from Investing Activities ■ Reporting and Interpreting Cash Flows from Financing Activities ■ Completing the Statement and Additional Disclosures – Statement Structure, Noncash Investing and Financing Activities	Course package
15	Chapter 5: Communicating and Interpreting Accounting Information ■ 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 ■ 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	Course package
16	Wrap-up	Course package
17	Final Exam Date: Wednesday, May 20, 2015	Venue: Faculty of Economics, Thammasat University, Tha Prachan Campus

Assignments Given via Network System

- 1 Regulations for Giving and Submitting Assignments
- 2 Learning Management System Used (LMS)

Evaluation

Midterm Exam	40%
Final Exam	40%
Assignment	-
Quizzes	15%
Financial Statement Analysis Project and Presentation	5%

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 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 onat the BE Office. Early submission of the report is welcome.

Reading List and References

Main Documents and Text Books

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



Key Documents and Information

Instructor's handouts:

The handouts can be downloaded from the BE Moodle System at <http://be-moodle.econ.tu.ac.th>.

Recommended Documents and Informations

Text:

(1) Kimmel, Weygandt, and Kieso. Financial Accounting: Tools for Business Decision Making, 7th Edition (International Student Version). John Wiley & Sons, Inc. 2013.

(2) Harrison, Horngren, Thomas, and Suwardy. Financial Accounting: International Financial Reporting Standards, 9th Edition (Global Edition). Pearson Education Limited. 2014.

(3) William, Haka, Bettner, Carcello, Lam, and Lau. Financial Accounting: International Financial Reporting Standards, 2nd Edition (Asia Global Edition). McGraw-Hill Education. 2015.

Thai Financial Reporting Standards and Related International Financial Reporting Standards:

Selected Thai Financial Reporting Standards will be discussed in class.

Framework for the Preparation and Presentation of Financial Statements

TAS1 Presentation of Financial Statements

TAS2 Inventories

TAS7 Statement of Cash Flows

TAS16 Property, Plant and Equipment

TAS18 Revenues

TAS37 Provisions, Contingent Liabilities and Contingent Assets

TAS38 Intangible Assets

TAS101 Doubtful Accounts and Bad Debts

TAS105 Accounting for Investment in Debt and Equity Securities

Links:

The useful links are provided below:

www.bot.or.th Bank of Thailand

www.ifrs.org International Accounting Standard Board

www.fap.or.th Federation of Accounting Professions of Thailand

www.moc.go.th Ministry of Commerce of Thailand

www.sec.or.th Securities and Exchange Commission of Thailand

www.set.or.th The Stock Exchange of Thailand

www.settrade.com The Stock Exchange of Thailand Group