

**The Chinese University of Hong Kong
Department of Economics**

ECO1131A

Financial Accounting for Economists

1st Term 2009 – 2010

Lecture: Tue 1:30pm – 2:15pm FYB LT4
Thu 10:30am – 12:15pm CK TSE

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* All course enquiries of an administrative nature are to be directed to your tutor.

Course Description

Accounting provides a system for which information of an organization is recorded in a set of statements that enables its performance to be assessed by both internal and external parties. Internally, management requires accounting information for business decisions like asset investment and financing. Externally, investors rely on the information for making investment decisions and regulatory bodies depend on the information for taxation and monitory purposes. As such, knowledge of accounting is essential and it concerns every one in a society.

This course focuses on the area of Financial Accounting which aims at serving external users by providing them with financial statements. Thus the course is to provide the fundamental concepts, theoretical structure and the accounting principles that are generally accepted in the preparation of financial statements. Tools like ratio analysis that are commonly used in analyzing financial statements will be explored and discussed. With the prepared statements and the tools, the performance of an organization can be assessed and forecasted.

Content

Topic	Content
Accounting in Business	In this chapter, the importance of accounting to different types of organizations is discussed and its many users and uses are described.
Analyzing and Recording Transactions	This chapter focuses on the accounting processes. The analysis and recording of transactions are explained. The accounting equation, T-account, general ledger, trial balance, and debits and credits are shown as useful tools in the accounting process.
Adjusting Accounts and Preparing Financial Statements	The types of adjustments and their purpose are identified and how accounting adjustments link to financial statements are explained.
Accounting for Merchandising Operations	Merchandising activities and identify income components for a merchandising company are described. This chapter also analyzes and interprets cost flows and operating activities of a merchandising company.
Inventories and Cost of Sales	The items making up merchandise inventory and the costs of merchandise inventory are identified. The effects of inventory methods for both financial and tax reporting are analyzed.
Accounting for Receivables	Accounts receivable and how they occur are described. Then compute accounts receivable turnover and use it to help assess financial condition.
Long-Term Liabilities	Types of bonds and the procedures for issuing them are described. And the types and payment patterns of notes are explained.
Reporting the Statement of Cash Flows	This chapter explains the purpose and importance of cash flow information. Distinguish among operating, investing, and financing activities. And the format of the statement of cash flows is described.
Analysis of Financial Statements	The purpose of analysis is explained. The chapter also identifies tools of analysis and describes standards for comparisons in analysis.

Learning Outcomes

By the end of the course, students will be able:

- To understand the underlying accounting concepts, principles and procedures in preparing financial statements.
- To prepare the set of financial statements that includes Balance Sheet, Income Statement, Statement of Cash Flows and Statement of Owner's Equity.
- To analyze and evaluate on the performance of an organization by applying those tools learnt to the set of financial statements.

Learning Activities

Lecture		Tutorial	
In class	Out class	In class	Out class
3 hours	5 hours	1 hour	1 hour
Mandatory	Mandatory	Mandatory	Optional

Tutorial and Exercises

There will be both in-class and out-class tutorials for concept review, exercise discussion and mid-term preparation (further arrangements will be announced) and exercises will be released periodically on the WebCT.

Assessment

Your final grade is awarded according to the following methods and percentages:

- 2 assignments 15%
- Mid-term examination 30%
- Final examination (*includes all the materials covered*) 55%

Note:

The mid-term examination is scheduled tentatively on 28 October 2009 at 6:30pm.

There will DEFINITELY be NO MAKE-UP mid-term and final examinations.

Textbook

Larson, Wild and Chiappetta, *Fundamental Accounting Principles*, 18th edition, 2007, Irwin McGraw Hill.

Course Schedule (*subject to minor changes*)

Week	Date	Topics	Chapter
1	8/9, T	Introduction	
1	10/9, H	Accounting in Business	1
2	15/9, T	Accounting in Business	1
2	17/9, H	Analyzing and Recording Transactions	2
3	22/9, T	Analyzing and Recording Transactions	2
3	24/9, H	Adjusting Accounts and Preparing Financial Statements	3
4	29/9, T	Adjusting Accounts and Preparing Financial Statements	3
4	1/10, H	Holiday	
5	6/10, T	Accounting for Merchandising Operations	5
5	8/10, H	Accounting for Merchandising Operations	5
6	13/10, T	Accounting for Merchandising Operations	5
6	15/10, H	Inventories and Cost of Sales	6
7	20/10, T	Inventories and Cost of Sales	6
7	22/10, H	Inventories and Cost of Sales	6
8	27/10, T	Accounting for Receivables	9

8	29/10, H	Mid-term Exam, No Lecture	
9	3/11, T	Accounting for Receivables	9
9	5/11, H	Long-Term Liabilities	14
10	10/11, T	Long-Term Liabilities	14
10	12/11, H	Long-Term Liabilities	14
11	17/11, T	Reporting the Statement of Cash Flows	16
11	19/11, H	Reporting the Statement of Cash Flows	16
12	24/11, T	Reporting the Statement of Cash Flows	16
12	26/11, H	Analysis of Financial Statements	17
13	1/12, T	Analysis of Financial Statements	17
13	3/12, H	Analysis of Financial Statements	17

Course Materials (including notes, assignments and exercises) and Announcements
 Will be uploaded to WebCT:- <http://webct.cuhk.edu.hk>

Academic Honesty

Attention is drawn to University policy and regulations on honesty in academic work, and to the disciplinary guidelines and procedures applicable to breaches of such policy and regulations. Details may be found at <http://www.cuhk.edu.hk/policy/academichonesty/> .