

FUNDAMENTAL ACCOUNTING SYLLABUS

Teaching contents

Lesson 1 Introduction to Accounting

1. Nature of Firm
 - 1.1 From Ethic Man to Economic Man
 - 1.2 Briefing of assumptions from economics
 - 1.3 Nature of Firm: Classical theory
 - 1.4 Nature of Firm: Critical view from the perspective of economic man
- 2 Value of Accounting
 - 2.1 Critical view of nature of firm and trust issues
 - 2.2 Accounting, a lower-cost device of trust
- 3 Origins and Evolution of Accounting
 - 3.1 Origins of accounting
 - 3.2 Evolution of accounting
 - 3.3 Main subjects of accounting
4. How to learn accounting well
 - 4.1 Knowledge, ability and the boundary of accounting
 - 4.2 Enhance one's ability via creative learning

Lesson 2: Economic Transactions and Accounting Equation

Opening Story

1. Enterprises
 - 1.1 Resources in an Enterprise
 - 1.2 Major resources in an enterprise:
 - 1.3 Movements of Material Resources in an Enterprise
 - 1.4 (An example-Beauty Photo Store)
 - 1.5 Movements of Material Resources in an Enterprise
2. Activities of Enterprise
 - 2.1 Inception of Enterprise
 - 2.2 Operating Activities
 - 2.3 Operating activities and changes of asset
 - 2.4 Liquidation of Enterprise
3. Accounting Transactions
 - 3.1 Accounting transactions
 - 3.2 Accounting Events

- 3.3 Accounting Circumstances
 - 4. Elaboration on Accounting Elements
 - 4.1 Assets-Liabilities-Owner's equity-Revenues-Expenses-Profits
 - 4.2 Expense Recognition
 - 4.3 General Recognition Criteria
 - 5. Accounting Equation
 - 6. An Illustration: Beauty Photo Store
- Case for Discussion

Lesson 3: Analyzing and Recording Accounting Transactions Lesson 2: Economic

Opening Story

- 1. business activities as accountants?
 - 1.1 Transactions-external economic exchanges
 - 1.2 Events-internal transactions occur within the organization.
 - 2. Accounts and Their Functions
 - 3. Double-entry Accounting
 - 3.1 History
 - 3.2 Debits and Credits
 - 3.3 Quicker Ways to Remember
 - 4. T-accounts
 - 5. Accounting Equation
 - 5.1 1. History
 - 5.2 2. Nucleus of Accounting Equation
 - 5.3 3. Further Issues Relating the Accounting Equation
 - 5.4 4. The Accounting Equation in Reality
 - 6. Examples: Business Transactions and Accounting Equation
- Case for Open Discussion

Lesson4: Adjusting Accounts for Financial Statement

- 1. Need for adjustments at the end of an accounting period
- 2. Related GAAP
- 3. Accrual and cash basis of accounting
- 4.Type of Adjusting Entries
 - 4.1 There are four types of adjustment;
 - 4.2 Accruing unrecorded revenues;
 - 4.3 Converting liabilities to revenues;

- 4.4 Accruing unrecorded expenses;
- 4.5 Converting assets to expenses
- 5. Adjusted Trial Balance
- 6. Adjustments & Financial Statements

Lesson 5: Adjustments & Financial Statements

- 1. Introduction to worksheet;**
- 2. The purposes of worksheet;**
- 3. The content of worksheet;**
- 4. How to prepare worksheet;**
- 5. The uses of worksheet for preparing financial statement;**
- 6. The meaning of Closing entries;**
- 7. The purpose of closing entries;**
- 8. How to prepare closing entries;**
- 9. Post closing balance.**

Lesson 6: Accounting for Merchandising Activities

- 1. Merchandising company
 - 1.1 Service revenue vs. merchandising revenue
 - 1.2 Operating Cycle of Merchandise Companies
- 2. Periodic and perpetual inventory systems
- 3. Merchandise purchases — Perpetual inventory system
 - 3.1 Gross purchases
 - 3.2 Purchase returns and allowances
 - 3.3 Trade discounts
 - 3.4 Purchase discounts
 - 3.5 Transportation costs
- 4. Revenue from sales and cost of goods sold— Perpetual inventory system
 - 4.1 Sales
 - 4.2 Sales returns and allowances
 - 4.3 Sales discounts
 - 4.4 Gross Profit
 - 4.5 Shrinkage
- 5. Summary of merchandising cost flows
- 6. Closing entries

7. Summary

Lesson 7: Merchandise Inventories and Cost of Sales

1. Items included in inventory
2. Elements of inventory cost
3. Four generally accepted methods of determining inventory costs
 - 3.1 Specific identification inventory costing method
 - 3.2 First-in, first-out (FIFO) inventory costing method
 - 3.3 Last-in, first-out (LIFO) inventory costing method
 - 3.4 Weighted-average inventory costing method
4. Inventory errors
5. Lower of cost or market
6. Estimating inventories
 - 6.1 Retail inventory method
 - 6.2 Gross profit method
7. Summary

Lesson 8: Accounting Information Systems

1. Fundamental principles of accounting information system
 - 1.1 Cost-effectiveness Balance
 - 1.2 Flexibility to meet future needs
 - 1.3 Adequate internal control
 - 1.4 Effective reporting
 - 1.5 Adaptation to organization structure
2. Internal control
 - 2.1 Competent personnel and rotation of duties
 - 2.2 Assignment of responsibility
 - 2.3 Separation of responsibility for related operation
 - 2.4 Separation of operation and accounting
 - 2.5 Proofs and security measure
 - 2.6 Independent review
3. Accounting process and accounting system components

- 3.1 Accounting process
- 3.2 Source documents
- 3.3 Special journals
- 3.4 Subsidiary ledgers
- 3.5 General ledgers (Control account)
4. Computerized Accounting Information System

Lesson 9: Financial Statements

Opening Story

1. What Are the Financial Statements?
2. How Are Financial Statements Prepared?
 - 2.1 Cash Basis.
 - 2.2 Accrual Basis.
 - 2.3 Modified Cash Basis
3. What Are the Functions of Financial Statements?
 - 3.1 Useful for investment decisions. (All financial statements)
 - 3.2 Comprehensible. (All financial statements)
 - 3.3 About economic resources and claims on resources (Balance Sheet).
 - 3.4 About financial performance during a period (Income Statement).
 - 3.5 About cash flows (Statement of Cash Flows).
4. What Financial Statements Are Required by the GAAPs?
 - 4.1 INCOME STATEMENT
 - 4.2 BALANCE SHEET
 - 4.3 STATEMENT OF CASH FLOWS
 - 4.4 ILLUSTRATIVE STATEMENTS
5. Summary
 - Case for Open Discussion

Lesson 10 Understanding and Using Financial Statements

1. Demand and supply of financial analysis
 - 1.1 Demand of financial analysis
 - 2.1 Suppliers of Financial Statements analysis
2. Basic analytical procedures
3. Techniques of Financial Statement Analysis

- 3.1 Vertical analysis
- 3.2 Horizontal analysis
- 3.3 Ratio analysis
- 3.4 A comprehensive analysis: Dupond Analysis
- 4. Some discussion about financial statement analysis
 - 4.1 Necessarily answered questions before analysis
 - 4.2 The limitations of analysis

Lesson 11 Understanding Accounting Standards

- 1. Accounting standards and trust
 - 1.1 Accounting and trust: a revisit
 - 1.2 The inherent limitation of accounting
 - 1.3 Accounting standards and trust building
- 2 Introduction of accounting standards
 - 2.1 The characteristics of accounting standards
 - 2.2 Basic accounting postulates
 - 2.3 Basic accounting principles
 - 2.4 Comments on rule-based and principle-based
- 3. The development of accounting standards in China
 - 3.1 Brief history of accounting standards developing in China
 - 3.2 Capital market and accounting standards, case discussion
- 4. Introduction of Accounting Theory
 - 4.1 A deconstruction perspective
 - 4.2 Briefing of classical literature, Watts and Zimmerman (1979)
 - 4.3 Case discussion

Lesson 12: Internal Controls and Business Ethics

Opening story

- 1. Define internal control
- 2. Identify the characteristics of an effective system of internal control
 - 2.1 Competent, reliable, and ethical personnel
 - 2.2 Assignment of responsibilities
 - 2.3 Proper authorization
 - 2.4 Separation of duties
- 3. Prepare a bank reconciliation and the related journal entries
- 4. Apply internal controls to cash receipts
- 5. Apply internal controls to cash payments
- 6. Introduction to the Current Situations

7. What does PROFESSIONAL AND ACCOUNTING ETHICS mean to us?
 8. Functions and Purposes of Accounting Ethics
 9. Can One Person Make A Difference?
 10. Summary of This Lesson
- Case for Open Discussion

Lesson 13 Managerial Accounting: Concepts and Principles

1. What is Managerial Accounting?
2. Comparison between Managerial Accounting and Financial Accounting
3. Cost Classifications
 - 3.1 Costs Classification by Relevance
 - 3.2 Costs Classification by Behaviour
 - 3.3 Costs Classification by Controllability
 - 3.4 Costs Classification by Traceability
 - 3.5 Costs Classification by Function
4. Flow of Manufacturing Activities
5. Job Order Cost Accounting Systems and Process Cost Accounting Systems
 - 5.1 Job Order Cost Accounting Systems
 - 5.2 Process Cost Accounting Systems
 - 5.3 Comparing Job Order and Process Production
6. Cost Allocation
 - 6.1 Plant-wide Overhead Rate
 - 6.2 Two-stage Cost Allocation
 - 6.3 Activity-based Costing
 - 6.3.1 Activity-based Costing: Procedures
 - 6.3.2 Activity-based Costing: Identifying Cost Drivers
 - 6.3.3 Activity-based Costing: Benefits

Lesson 14 Managerial Accounting: Applications

1. Segmented Reporting and Responsibility Accounting Systems
 - 1.1 Segmented Reporting
 - 1.2 Responsibility Accounting System
2. Cost-volume-profit Analysis
 - 2.1 Break-even Analysis
 - 2.2 Computing Income from Expected Sales
 - 2.3 Sales Volume Needed to Earn a Target Income
 - 2.4 Margin of Safety
 - 2.5 Sensitivity Analysis
3. Budgeting and Budgetary Control
 - 3.1 Budgets

- 3.2 Master Budget
 - 3.2.1 Sales Budget
 - 3.2.2 Merchandise Purchases Budget
 - 3.2.3 Selling Expense Budget
 - 3.2.4 General and Administrative Expense Budget
 - 3.2.5 Capital Expenditures Budget
 - 3.2.6 Cash Budget
 - 3.2.7 Production and Manufacturing Budgets
 - 3.2.8 Preparing Financial Budgets
- 3.3 Budgetary Control
 - 3.3.1 Capital Budgeting
 - 3.3.2 Zero-based Budgeting
 - 3.3.3 Fixed Budget
 - 3.3.4 Flexible (Variable) Budgets
- 4. Standard Costs and Variance Analysis
 - 4.1 Standard Costs
 - 4.2 Variance Analysis
- 5. Managerial Decision Making
 - 5.1 Accepting additional business
 - 5.2 Make or Buy Decisions
 - 5.3 Scrap or Rework Defects
 - 5.4 Sell or Process Further
 - 5.5 Selecting Sales Mix
 - 5.6 Eliminating a Segment
 - 5.7 Qualitative Factors in Decisions