

BBER205 Financial Accounting II

ECTS Value: 6 ECTS
Self-Study Hours: 72

Contact Hours: 30
Assessment Hours: 48

Overall Objectives and Outcomes

This unit will build upon what would have been covered in Financial Accounting I. The aim of this unit is to provide course participants with knowledge, skills and competences to support their students to understand basic accounting resulting from day-to-day business operations by focusing on both the theoretical as well as practical aspects of it. This module will focus on the two-column cash book and the bank reconciliation statement. It will also cover the accounting for end of year adjustments and the statements of profit or loss and that of the financial position and the end of period adjustments.

By the end of this module, the learner will be able to:

Competences

- a. assess the financial statements, their components and how information from business transactions flows into these statements.
- b. create the setting up of a computerised set of accounting books
- c. prepare the calculation of depreciation; the allowance for depreciation account; the asset disposal account; depreciation postings in the financial statements and the impact of depreciation on the statement of profit or loss and the statement of financial position;
- d. prepare all relevant accounts and postings in the statement of profit or loss and statement of financial position.
- e. prepare the financial statements from a trial balance and the end of period adjustments;
- f. Prepare a bank reconciliation statement
- g. Prepare extracts of the statement of the profit or loss and/or the statement of financial position in relation to accruals and/or prepayments
- h. Compute depreciation for one or more non-current assets and/or for one or more financial years
- i. Prepare the statement of profit or loss, and/or the statement of financial position taking into account end-of-year adjustments.

Knowledge

- a. identify the use of the cash book
- b. interpret the purpose of and items included in a bank statement
- c. describe terminology related to payroll
- d. identify the accounting concepts to accruals and prepayments
- e. describe the process of adjusting for accruals and prepayments in the preparation of financial statements
- f. analyse the impact of accruals and prepayments on profit, assets and liabilities
- g. discuss the need to allow for depreciation and the application of the accruals concept in accounting for depreciation
- h. describe the relevance of the consistency concept, prudence concept, going concern concept and historical cost concept in the accounting for depreciation;
- i. classify expenditure as capital or revenue expenditure.
- j. explain the distinction between an irrecoverable debt and a doubtful debt; writing off irrecoverable debts; accounting for recovered debts; the need to maintain an allowance for receivables; the

application of the prudence concept in the creation of an allowance for receivables and the accruals concept in the annual adjustment of the allowance for receivables;

- k. comprehend the importance of accounting concepts in the measure of profit; in the preparation of the financial statements; and to provide a basic framework for financial reporting as to ensure that the users of financial information are not misled.

Skills

Applying knowledge and understanding

The learner will be able to:

- a. Analyse the effect of items that feature in a bank statement on the bank balance
- b. Assess the effect on the Financial Statements in the case of an error in accounting for an accrual and/or prepayment.
- c. Show the effect of error/s in the incorrect classification of expenditure on the Financial Statements.
- d. Interpret the accounting entries in the Financial Statements
- e. Investigate recommended measures to avoid irrecoverable debts
- f. Assess the implications of doubtful debts on the profitability and/or financial position of the business
- g. Analyse the effect of recoverable debts on profitability and/or financial position of the business
- h. Appraise the importance of accounting for accruals and/or prepayments in the measurement of profit and/or financial position.
- i. Appraise the importance of accounting for depreciation in the measurement of profit and/or financial position
- j. Appraise the importance of accounting for receivables in the measurement of profit and/or financial position.
- k. Evaluate the application of the accounting concepts on profitability and/or financial position.
- l. Examine the importance of working capital and/or capital employed
- m. understand the importance of accounting as a dynamic subject that requires the learner to keep abreast with any changes issued by the international accounting boards.
- n. demonstrate progressive development of values and ethics in accounting: the responsibility of accounting in society, business ethics, environmental and global sustainability and job opportunities

Assessment Methods

This module will be assessed through: Portfolio

Suggested Readings

Core Reading List

1. Mitchell E. & Sant Fournier A. (2014). Go for Accounting
2. Wood F. and Robinson S. (2013). Book-Keeping and Accounts. Prentice Hall.
3. Wood F. and Sangster A. (2018). Business Accounting 1. Prentice Hall.
4. Coucom C. (2005) Teaching and Assessing Skills in Accounting. Cambridge University Press

Supplementary Reading List

1. Seal, Garrison & Noreen. 2018. Management Accounting. McGraw-Hill.

2. Davies T. & Crawford I., (2011) Business Accounting and Finance. Pearson Education Limited
3. Jones, J. (2014) Financial Accounting. John Wiley & Sons Inc.
4. Elliott B, Elliott J. (2019) Financial Accounting and Reporting. Pearson Education Limited
5. Thomas, A. Ward, A. (2019) Introduction to Financial Accounting. McGraw-Hill.