

Unit Title: Financial Accounting	Unit Code: Acct
Level: 5	Learning Hours: 160
Learning Outcomes and Indicative Content:	
Candidates will be able to:	
1. Understand the framework of financial accounting	
1.1	Describe the scope and objectives of financial accounting i.e. the provision of useful figures to people about their resources
1.2	Describe the main users of accounting information and their needs
1.3	Identify the main characteristics of useful information
1.4	Explain the twelve traditional accounting concepts
1.5	Explain the distinction between capital and revenue
1.6	Describe the role and scope of auditing in business both external and internal auditing
2. Prepare and present the financial statements of limited companies	
2.1	Describe the external publication of companies' financial statements
2.2	Describe the elements that make up the external financial reports, e.g. the principal financial statements, the directors' report, the corporate governance report and the auditors' report.
2.3	Explain the rules contained in International Generally Accepted Accounting Principles in relation to assets, liabilities, income and expenses
2.4	Prepare income statements, balance sheets, cash flows and statement of recognized gains and losses for limited companies from a given set of information in accordance with IGAAP (<i>Internationally Generally Accepted Accounting Practices</i>)
3. Analyse and interpret financial statements	
3.1	Calculate financial ratios, performance and financial status and use them to interpret financial statements
3.2	Calculate Investors ratios, explain their meaning and interpret the results
3.3	Explain limitations of ratio analysis
3.4	Describe and explain the impact of changing prices on financial statements and identify possible methods of adjusting historical cost accounts to present more useful information to users

4. Evaluate capital structure and gearing

- 4.1 Describe the various types of shares and loans available in the market place to businesses
- 4.2 Describe the issue and redemption of shares and debentures
- 4.3 Prepare balance sheets after the issue and redemption of shares
- 4.4 Explain the relationship between equity and debt

5. Prepare and present consolidated accounts in accordance with IGAAP

- 5.1 Describe the concept of control in relation to a subsidiary
- 5.2 Describe and explain principles of consolidation for a single holding structure
- 5.3 Describe and explain inter-company items and their elimination from the consolidated accounts e.g. dividends, inter company sales, inter company loans
- 5.4 Prepare consolidated accounts i.e. balance sheets and income statement for a holding company and its subsidiary both at the date of acquisition and for subsequent periods
- 5.5 Describe and explain the treatment of goodwill in consolidated accounts in accordance with IGAAP

6. Identify, discuss and appraise the sources of finance available to businesses

- 6.1 Describe and explain the various sources of finance available to businesses, long term – shareholders and financial institutions, short term- bank overdraft, short term loans, hire purchase, leasing, debt factoring, internal cash flow
- 6.2 Explain the difference between short-term, medium-term and long-term sources of finance
- 6.3 Describe and explain working capital management
- 6.4 Appraise the financing needs of a given organization

Assessment Criteria:

- Assessment method: written examination
- Length of examination: three hours
- The examination will comprise two sections, A and B
- Section A will be a compulsory question on the preparation of balance sheets
- Candidates should answer three questions from a choice of seven in section B
- Each question carries equal marks

Recommended Reading

ABE, *ABE Study Manual – Accounting*, ABE

Wood F, Sangster A, *Business Accounting 2* (2005), Pearson Higher Education
ISBN: 0273693107