

# Understanding Financial Statements, Foundations of accounting -PSPS012NABB

Spring, 2022

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<b>Course type:</b>	Core
<b>Prerequisites:</b>	None
<b>Credits:</b>	6 (unless your study plan defines otherwise)
<b>Number of hours per semester</b>	1 lecture + 1 seminar
<b>Time and venue of class:</b>	Lecture – prerecorded online available in Moodle Tuesday, 3.30p.m.; Tuesday, 5.20p.m. (see Moodle/Neptun for details)

**YOU ARE RESPONSIBLE FOR ALL RULES OUTLINED AND ALL CHANGES MIGHT OCCUR DURING THE SEMESTER IN THIS SYLLABUS!**

## **Aims and objectives and description of the course:**

The course is designed to develop knowledge and understanding of principles and concepts relating to financial accounting and explain how to use the available techniques.

## **Learning outcomes:**

After completing this course, you will...

- understand the underlying concepts and principles of accounting and be able to utilize them;
- be able to use double-entry book-keeping as a tool;

- be able to prepare basic financial statements;
- be familiar with the basic accounting tasks of sole-traders and companies;
- understand the basics of the International Financial Reporting Standards and the Framework to it;
- be able to interpret and understand the effects of the transactions on the financial statements and be able to read them.

### **Course description**

During the course, basic accounting issues will be studied. This includes foundations, techniques (double-entry), and basic items of the financial statements such as inventories, property, plant and equipment, receivables – payables, intangible assets, revenue recognition, etc. Some basic but more complex accounting issues will also be included (provisions, events after the reporting date, etc.) The course is not designed to explain a specific set of accounting regulation. During the course – where it is needed – the IFRSs are used as illustration and sometimes the Hungarian rules are explained.

### **Methodology to be used:**

The lectures will explain (in theory) and illustrate (in practice) the accounting issues. During the seminars mainly computational questions are going to be solved by the students alone or in groups and the issues will be discussed together.

### **Classes and lectures during the pandemic:**

Due to university regulations (lectures with more than 60 students) the lectures are held online. The lectures are prerecorded. Each lecture will be available starting from Friday the week before the lecture is scheduled for. The lectures will remain available until the end of the semester. The lectures and the lecture slides are available on Moodle.

Seminars are held live in the classrooms (pls. check Neptun).

### **Accepted way of communication**

Due to the increased number of students we kindly request you to use the central e-mail address of the subject which is **foa@uni-corvinus.hu** Make sure you send the e-mail from your university account and indicate your NEPTUN code. These e-mails will be answered as soon as possible but no later than five working days. Please do not use other e-mail address, Moodle and Teams messages, since those must be ignored.

### **Assignments:**

Homework will be assigned at the end of the seminars according to the course content. These must be done and uploaded to Moodle. Only those students can attend the final exam who uploaded at least two of the assigned homework.

There will be 4 quizzes in Moodle during the semester. The completion of the Moodle tests will be limited in a period which will be published in the Moodle in the relevant weeks. Only those students can be graded who achieved minimum of 50% of all 4 quizzes (minimum of 80 marks out of 160).

**Assessment, grading:**

Group work 1: 10%

Moodle tests (quizzes): 20%

Mid-term exam: 30%

Group work 2: 10%

Final exam: 30%

You are encouraged to participate in the KAHOOT! championship. It will be available during the seminars and you can answer the questions using your home devices. Please log in to kahoot.it with your Neptun code. Professors may reward attendance with extra marks.

*Exam:* Both the mid-term and the final exams are **written exams**. The exam will consist of several assignments that **will** include **computational** tasks and **might** include multiply choice questions and theoretical questions. Before the exam, a mock-exam will be presenting the structure of the exam.

The grading system is described in the table attached.

Class attendance is compulsory, and all material covered during the semester will be examined. If you cannot (will not) show up during the whole semester, please let the professor know in advance.

All course communication will be done through the Moodle system. Please make sure that your e-mail address and other details are up to date in the system.

**Compulsory readings:**

- Lakatos: Foundations of accounting – Activity kit, Budapest 2022 (may be purchased from the university press) – please order through the link in Moodle
- ACCA F3 (INT) Financial accounting [Essential Text], Kaplan Publishing, London [2009 edition or later];
- Materials distributed by the professors during the semester.

***Please note that this syllabus contains information based on our current knowledge. If – due to central regulatory order – the form of the classes is changing or there is another important alteration, we reserve the right to change this syllabus.***

## Grading scheme:

### ISP grading scale with ECTS and Hungarian grade equivalents

<i>ISP Grade</i>	<i>ECTS Grade Equivalent</i>	<i>Percentage achieved</i>	<i>ISP Grade Points</i>	<i>Hungarian Grade Equivalent</i>	<i>Hungarian Grade Points</i>	<i>Explanation</i>
<b>A<sup>+</sup></b>	<b>A</b>	96-100	4.33	<b>Jeles</b>	5.00	<b>Excellent</b>
<b>A</b>	<b>A</b>	90-95	4.00	<b>Jeles</b>	5.00	<b>Excellent</b>
<b>A<sup>-</sup></b>	<b>A</b>	87-90	3.67	<b>Jeles</b>	5.00	<b>Excellent</b>
<b>B<sup>+</sup></b>	<b>B</b>	85-86	3.33	<b>Jó</b>	4.00	<b>Good</b>
<b>B</b>	<b>C</b>	80-84	3.00	<b>Jó</b>	4.00	<b>Good</b>
<b>B<sup>-</sup></b>	<b>C</b>	75-79	2.67	<b>Jó</b>	4.00	<b>Good</b>
<b>C<sup>+</sup></b>	<b>C</b>	72-74	2.33	<b>Közepes</b>	3.00	<b>Satisfactory</b>
<b>C</b>	<b>D</b>	66-71	2.00	<b>Közepes</b>	3.00	<b>Satisfactory</b>
<b>C<sup>-</sup></b>	<b>D</b>	63-65	1.67	<b>Közepes</b>	3.00	<b>Satisfactory</b>
<b>D<sup>+</sup></b>	<b>D</b>	59-62	1.33	<b>Elégséges</b>	2.00	<b>Low pass</b>
<b>D</b>	<b>D / E</b>	55-59	1.00	<b>Elégséges</b>	2.00	<b>Low pass</b>
<b>D<sup>-</sup></b>	<b>E</b>	51-54	0.67	<b>Elégséges</b>	2.00	<b>Low pass/ Sufficient</b>
<b>F</b>	<b>F / FX</b>	0-50	0.00	<b>Elégtelen</b>	0.00	<b>Fail, 0 credit</b>
<b>IN</b>			0.00			<b>Incomplete</b>
<b>N</b>			0.00	<b>N</b>	0.00	<b>No grade received, 0 credit</b>
<b>P</b>			0.00	<b>P</b>	0.00	<b>Pass, credit given</b>
<b>NP</b>			0.00	<b>NP</b>	0.00	<b>No Pass, 0 credit</b>
<b>AU</b>			0.00			<b>Audit</b>
<b>W</b>			0.00			<b>Withdraw</b>

### IB grading scale

0-50%	fail
51-62%	pass
63-74%	satisfactory
75-86%	good
87-100%	excellent

**Detailed course content for Week 1-13:**

DATE	UFS / FOA
8-Feb	Brief introduction in accounting and accounting regulation. Balance sheet and Income statement. Classification. Cases: Classification, Tommy
15-Feb	Business transactions and reflecting them in the parts financial statements. Case study for the business cycle. Case: Georgy <b>HW1</b>
22-Feb	Detailed explanation of the statement of income. The statement of the trader's funds (sole trader). Classification of incomes and expenses. Cases: Hydrogen, Oxygen <b>QUIZ1</b>
1-Mar	Principles of double entry book-keeping I. (double entry system, trial balance) Cases: Josh, Linzy <b>HW2</b>
8-Mar	Principles of double entry book-keeping II. (more complex issues, books of original entry - only mentioning) VAT, Syntax. Case: Hybiscus (ppt with voice) Seminar: prework (group of 3-4 students) Case Study, creating FS-s. <b>QUIZ2</b>
15-Mar	Bank holiday / No classes
22-Mar	Explaining the changes in the FSs - <b>Group presentations</b> . Exam preparation.
29-Mar	<b>Midterm exam</b>
5-Apr	<i>Project week / No classes</i>
12-Apr	<i>Spring break / No classes</i>
19-Apr	Accruals and prepayments. BDDE, Cases: Accruals and prepayments. Ben Beeflack. Green, <b>(HW3: Green FSs)</b>
26-Apr	Non-current assets. Depreciation. Revaluation. Cases: Acquisition, Jake, Fortuma (self study), Zombie (ppt with voice) <b>QUIZ3</b>
3-May	Nature of limited companies. Accounting for limited companies. Accounting conventions. Framework of the IFRSs. Presentation of financial statements (IAS 1, outlined, notes) Financing share capital. Intangibles (R&D) Cases: Grove-tech, Long Island Ice Tea,
10-May	End of year adjustments: Inventories Provisions, Events after reporting period, Cases: Selen, Mojito, <b>QUIZ4</b>
17-May	Lecture: Analysing financial statements, Seminar: Wrap-up, Case study <b>HW4: NRV, Group assignment</b>