



## **Exchange programme Vrije Universiteit**

**Vrije Universiteit Amsterdam - Exchange programme Vrije Universiteit - 2020-2021**

## Financial Accounting

---

Course Code	E_EBE2_FAC
Credits	6
Period	P4
Course Level	300
Language Of Tuition	English
Faculty	School of Business and Economics
Course Coordinator	prof. dr. C. Camfferman RA
Examiner	prof. dr. C. Camfferman RA
Teaching Staff	
Teaching method(s)	Seminar, Lecture

---

### Course Objective

This course is the third course in the accounting learning line in the bachelor programmes Economics and Business Economics; Business Administration and International Business Administration. In this course we focus on external financial reporting, in particular by business enterprises. You learn about key issues in financial reporting from the perspective of the reporting company, about the regulatory framework of financial reporting (Bridging theory and Practice - Knowledge). You learn to apply your knowledge to specific issues derived from reporting practice (Bridging Theory and Practice - Application). In doing so, you practice skills such as abstraction and reasoning (Academic and Research Skills).

After following this course you can:

- describe and explain the typical features of the regulatory framework of financial reporting in developed economies;
- describe common accounting practices for a selection of common transactions and events (e.g. income tax, currency translation, intangible assets, investments in subsidiaries) discussed in this course;
- for the selected transactions and events: solve a given issue in the form of a motivated choice for a specific accounting treatment, journals entries and/or completed financial statements (balance sheet, income statement, cash flow statement);
- recognize and explain in a given fragment from published financial statements how an item or transaction has been accounted for, or explain the reporting about such accounting in a news media item;
- use and interpret selected regulatory texts to answer questions about mandatory or optional accounting and reporting practices.

## **Course Content**

External financial reporting in the form of annual or quarterly financial statements is the basis of communication between a company and financial stakeholders such as shareholders and other investors. Numbers from the financial statements such as profit, cash flow and sales revenue play an important role in financial markets. However, they also have legal significance, and are important in corporate governance. For larger enterprises, preparing financial statements is a complex process. This is not just because it is a challenge to properly represent the performance and economic position of complex businesses, but also because there are significant interests at stake. Financial reporting can go spectacularly wrong, as evidenced by major accounting scandals that happen from time to time. For that reason, an elaborate institutional framework of regulations and standards, audit, supervision and enforcement has been built up around the practice of financial reporting. This framework consists both of national elements (such as company law) and international elements (such as International Financial Reporting Standards).

In this course, you do not just develop your technical 'how' skills (e.g. preparing consolidated financial statements, or working out the effects of currency translation on reported numbers) but you also train yourself to ask the 'why' question. Why does it matter to this company to account for this transaction in this way? Is there a rule that must be followed? Or does it have a choice? Who decides? Why is the rule the way it is? Could it be improved?

Not everybody finds it easy to switch between accounting technique and the wider context of standards, governance and economic interests in which this technique is applied, but it is an essential skill for everybody who works in a professional way with financial reporting, whether as controller, auditor, financial analyst, manager, investor, or supervisor. The fact that accounting always plays out in this wider context is what makes financial reporting a fascinating discipline with a unique character.

## **Teaching Methods**

Plenary lectures and tutorials.

## **Method of Assessment**

Written exam (individual assessment), optional interim exam (individual assessment)

**Literature**

textbook: to be announced.

Selected regulatory texts (public domain or accessible through [ubvu.vu.nl](http://ubvu.vu.nl)).

**Additional Information**

Prior knowledge of the contents of this course is assumed in the course Advanced Financial Reporting in the Master Accounting and Control.

**Recommended background knowledge**

Accounting I and Accounting II (EBE and BK)  
Accounting and Accounting in Multinational Enterprises (IBA)