



**University of Management and Technology**  
School of Commerce and Accountancy  
Quaid e Azam Campus

## Course Outline

<b>Course Title: Financial Accounting</b> <b>(AC-301)</b>	
<b>Program</b>	B.Com (Hons)
<b>Credits Hours</b>	3
<b>Duration</b>	15 Weeks / 30 Sessions
<b>Prerequisites</b>	Principles of Accounting I (AC-101) Principles of Accounting II (AC-203)
<b>Resource Person</b>	
<b>Contact/Email</b>	

**Course Description:**

This course has been designed not only to cover accounting topics relating to financial accounting issues but also to serve as a base for all finance related courses.

Financial Accounting, though an end by itself, also serves as a means to fulfil the need of interpretation of financial statements. This need becomes more pronounced over time with the complexity of corporate operations and the quantum of interest shown by the internal and external users of Financial Accounting. For meaningful evaluation and interpretation of data one has to understand the data communicated through financial accounting particularly the financial statements.

This course will enable the participants to study financial accounting from the point of view of its different users as it serves the needs of the government, capital markets, stockholders, financial institutions, tax authorities, investors etc.

**Learning Objectives:**

This course would focus on the following objectives:

1. The participants must fully understand the need and importance of financial statements
2. Prepare and present financial statements which conform with international financial reporting/ international accounting standards
3. Understand the reporting requirements as per the international financial reporting/ international accounting standards
4. Preparation and use of cash flow statement in decision making
5. Understand the relevant provisions of the Companies Ordinance 1984 relating to financial statement
6. Enable to calculate and interpret the earning per share
7. Enable to account for construction accounting in the books of contractor
8. Understand the relevant provisions of the Companies Ordinance 1984 relating to financial statement

### Teaching-Learning Methodology:

- Lectures
- Recommended Text/Supplementary Texts
- Handouts
- Case Studies
- Skill Development Exercises
- Guest Speakers
- Industrial/Corporate Visits
- Project Report/Term Paper

### Recommended Text Book:

1. Advanced Accounting Latest Edition  
By: J. Hoyle, et al.,

### Supplementary Text Books:

1. Advanced Accounting Latest Edition  
By: P. Fischer, et al
2. Gripping IFRS, Pakistan Edition
3. Handouts and Notes

### Assessment & Evaluation:

Quizzes	15%
Assignments / Class Activity	20%
Mid Term	25%
<u>End Term Exam</u>	<u>40%</u>
<b>Total:</b>	<b>100</b>

## SCHEDULE OF ACTIVITIES

Week	Contents / Topics to be Taught	Tasks / Activities
1	<b>Accounts of incomplete records</b> <ul style="list-style-type: none"> <li>✓ Single entry system</li> <li>✓ Profit determination under single entry system</li> <li>✓ Profit determination by increased net worth method</li> <li>✓ Adjustments with increased net worth method</li> <li>✓ Profit determination under conversion method</li> </ul>	Course Outline Distribution
2-3	<b>Accounts of Non-Profit Making Organization</b> <ul style="list-style-type: none"> <li>✓ What are non- profit making organizations</li> <li>✓ Receipts and payments accounts</li> <li>✓ Distinction between cash book and receipts and payments account</li> <li>✓ Income and expenditure account</li> <li>✓ Some particular items of non-profit making concerns</li> <li>✓ Method of conversion of receipts and payment account into income and expenditure account</li> <li>✓ Distinction between receipts and payments account and income and expenditure account</li> </ul>	Assignment 1 Quiz 1
4-7	<b>Partnership Accounts</b> <ul style="list-style-type: none"> <li>✓ Essentials of partnership</li> <li>✓ Rules applicable in the absence of an agreement</li> <li>✓ Final accounts of partnership</li> <li>✓ Distribution of profits</li> <li>✓ Fixed and fluctuating capitals</li> <li>✓ Admission of a new partner</li> <li>✓ Goods and its treatment in books of account</li> <li>✓ Method of valuation of goodwill</li> <li>✓ Revaluation of assets and liabilities</li> <li>✓ Calculation of new profit sharing ratio</li> <li>✓ Readjustment of partner's capital</li> <li>✓ Retirement of a partner</li> <li>✓ Accounting problems on retirement</li> <li>✓ Change in profit sharing ratio on retirement</li> <li>✓ Distinction between gaining and sacrificing ratio</li> <li>✓ Death of a partner</li> <li>✓ Calculation of Deceased's share of profit</li> <li>✓ Joint life policy and its accounting treatment</li> </ul>	Assignment 2 Quiz 2

	<ul style="list-style-type: none"> <li>✓ Distinction between dissolution of partnership &amp; dissolution of a firm</li> <li>✓ Modes of dissolution of a firm</li> <li>✓ Settlement of accounts on dissolution</li> <li>✓ Preparation of realization account</li> <li>✓ Dissolution of firm when all partners are solvent</li> <li>✓ Dissolution of firm when one partner is insolvent</li> <li>✓ Dissolution of firm when all partners are insolvent</li> <li>✓ Gradual realization of assets and piecemeal distribution</li> </ul>	
8	<b>MID TERM EXAMINATION</b>	
9	<p><b>Joint Stock Company – Introduction</b></p> <ul style="list-style-type: none"> <li>✓ Definition of a Joint Stock Company</li> <li>✓ Characteristics of a joint stock company</li> <li>✓ Kinds of companies</li> <li>✓ Formation of a public limited company</li> <li>✓ Important legal documents of public limited company</li> <li>✓ Share capital of a joint stock company</li> <li>✓ Issuance of shares</li> <li>✓ Over-subscription</li> <li>✓ Issue of shares at Par</li> <li>✓ Issue of shares at Premium</li> <li>✓ Issue of shares at Discount</li> </ul>	
10-11	<p><b>Bonus Issue and Right Issue</b></p> <ul style="list-style-type: none"> <li>✓ Bonus shares</li> <li>✓ Why companies issue bonus shares</li> <li>✓ Advantages and disadvantages of bonus shares</li> <li>✓ Legal provision for bonus shares</li> <li>✓ Up to what extent bonus shares can be issued</li> <li>✓ Sources of bonus issue</li> <li>✓ Right issue</li> <li>✓ Purposes of right share</li> <li>✓ Factors to be considered to make right issue successful</li> <li>✓ Valuation of rights</li> <li>✓ Accounting treatment of right issue</li> </ul>	<p>Assignment 3</p> <p>Quiz 3</p>
11-12	<p><b>Debentures, Bonds and TFCs</b></p> <ul style="list-style-type: none"> <li>✓ Characteristics of debentures</li> <li>✓ Difference between a shareholder and a debenture holder</li> <li>✓ Important details relating to debentures</li> <li>✓ Why companies prefer to debenture issue</li> <li>✓ Different stages of debentures</li> <li>✓ Interest on debentures</li> </ul>	
13-15	<b>Company Final Accounts</b>	<p>Assignment 4</p> <p>Quiz 4</p>

	<ul style="list-style-type: none"><li>✓ Requirements of final accounts</li><li>✓ Statement of comprehensive income</li><li>✓ Dividend</li><li>✓ Statement of changes in equity</li><li>✓ Long-term investment</li><li>✓ Reserves</li><li>✓ Contingencies and commitment</li><li>✓ Statement of Financial Position</li></ul>	
16	<b>END TERM EXAMINATION</b>	