Title: Accounting course 0 – Introduction to Accounting

Baptiste Colas

Goals of the Course: This course will introduce students to the field of financial accounting, in preparation for more advanced business topics. The goal is to show students how to read, understand, and analyze financial statements. The course is intended for students with no previous knowledge of financial accounting. A decision-maker perspective of accounting is adopted, emphasizing the relation between accounting data and the underlying economic transactions that generated them.

This course is considered a preparation for the curricular course on Accounting and Valuation, which takes place as the Master begins.

Time: the course will take place during five days, **from 16:00 until 19:15 CET each day.**

Who should take this course.

The course is mandatory for those students who have to take the curricular course on Accounting and Valuation at the Master in International Advocacy *AND* have no previous background in accounting and valuation.

Students enrolled in both the Master in Legal Practice and the Master in International Advocacy have a convalidation of the course on Accounting and Valuation, and thus are not mandated to take this course.

Students who take the Master in International Advocacy and not the Master in Legal Practice have to take the course on Accounting and Valuation. However, if they have a double background with majors in, e.g., Law and Business Administration, they are not mandated to take this course.

Other instances, e.g., students who have a major in Law, but have taken accounting courses in their curriculum, are assessed on a case-by-case basis.

However, even if it is not mandatory, the course is strongly recommended for all students who need to refresh some accounting concepts, especially if they have chosen the Transactional specialty. Even if the course on Accounting and Valuation tends to be a success, some students with previous background in accounting, indicated that they could have benefitted from attending the course 0.

Format of the course: this introductory course will be conducted entirely online. Connection details will be communicated to the students in due course.

Structure and sequence of the course: Firstly, the course starts with a variety of the foundational concepts of the accounting conceptual framework that are crucial to the understanding of the rest of the materials. Secondly, students will learn how to record economic transactions in the accounting records, and how to prepare the primary financial statements that summarize a firm's financial situation: the balance sheet, the income statement, the cash flow statement and the statement of changes in equity. Thirdly, this course also introduces the accounting process of group companies. Lastly, students will understand the concept of financial valuation and cash flows, and will learn how to summarize the information provided in the financial statements through the

computation of ratios. The students will become familiar with the distribution of financial ratios across firms in the data.

Syllabus	
Contents	**Instructor/ Date**
1.- Accounting conceptual framework (I) 1.1.- Financial accounting: importance, process and users 1.2.- The basic accounting equation 1.3.- Conceptual framework according to International Financial Reporting Standards (IFRS) 1.4.- Recording business transactions 1.6.- Financial statements: The balance sheet and Profit & Loss - explanation of the components included	**Baptiste Colas August 31**
2.- Accounting conceptual framework (II) 2.1.- The expanded accounting equation 2.2.- Debit and credit procedure 2.3.- Adjustments for financial reporting 2.4.- Accrual accounting	**Baptiste Colas September 1**
3.- Accounting cycle and financial statements 3.1.- Completing the accounting cycle 3.2.- The preparation of financial statements: The balance sheet, the income statement, the cash-flow statement and the statement of changes in equity. 3.3.- The notes to the financial statements 3.4.- The audit report 3.5.- Differences between services and merchandising companies: Accounting for inventories	**Baptiste Colas September 2**
4.- Earning management 4.1.- What is it? Legal or fraud? 4.2.- Types of earnings management 4.3.- Incentives for earnings management 4.4.- Real case examples 4.5.- Ways to tackle earnings management	**Baptiste Colas September 3**
5.- Financial ratios and financial analysis 5.1.- Financial valuation 5.2.- Cash flows estimation 5.3.- Main financial ratios: Leverage, liquidity, efficiency, and profitability, market and solvency 5.4.- Financial ratios in the data	**Baptiste Colas September 4**

Evaluation:

The final grade of the course will be based on the delivery of assignments proposed to students and a final, open-book, exam.

Sources:

Álvarez Melcón, S. & Corona Romero, E. (2016) *Cuentas anuales consolidadas*. 2ª Edición, Editorial Pirámide. (In Spanish).

Brealey, R. A., Myers, S. C., & Allen, F. *Principles of corporate finance*. 10th, 11th, 12th Editions, New York, NY: McGraw-Hill / Irwin.

Cordobés Madueño, M., De Vicente Lama, M. & Molina Sánchez, H. *Manual de preparación de estados financieros. Lo que el usuario debe saber.* 1ª Edición, AECA 2020. (In Spanish).

Harrison Jr., W. T., Horngren, C. T., William Thomas, C., Tietz, W. M. & Suwardy, T. (2018). *Financial Accounting International Financial Reporting Standards*, 11th Edition, Pearson Education Limited.

Méndez Baiges, D. (2008). *Números gordos en el análisis económico financiero*. Cinter, Madrid. (In Spanish).

Ross, S.A., Westerfield, R.W. and Jaffe, J. (2012). *Corporate Finance, International Edition*. 7th Edition, McGraw-Hill, New York.

Taylor, P. A. (1990). *Consolidated Financial Statements: concepts, issues and techniques*. Paul Chapman Publishing Ltd.

Palepu, Healy, Bernard. Business Analysis and Valuation: Using Financial Statements, Text and Cases, 4th. Cengage Thomson. 2011