

# **FINANCIAL ACCOUNTING**

**IE University**

Professor: **FERNANDO DE LA CALZADA LÓPEZ DE ARRIBA**

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Academic year: 22-23

Degree course: FIRST

Semester: 1º

Category: BASIC

Number of credits: 6.0

Language: English

## **PREREQUISITES**

None

## **SUBJECT DESCRIPTION**

The purpose of this course is to provide students with the basic knowledge of financial accounting that will allow them to construct and analyze financial statements using generally accepted accounting principles.

Accounting is the “language of business”, and students shall become sufficiently fluent in this language as to understand the financial condition and the performance of a business by reading its financial statements.

## **OBJECTIVES AND SKILLS**

The main aim of the Financial Accounting course is to familiarize the student with the language and terminology of accounting. In this respect, the course objective is to introduce the student to the basic concepts necessary for understanding accounting processes within businesses and to analyze a company’s financial status. Overall, the student should complete the course with two key skills:

1. How to write financial statements.
2. How to read and interpret those statements as the means to support financial decision-making.

## **METHODOLOGY**

As is common to all IE University courses, the course will combine lectures with practical exercises.

We will begin with an overview of the accrual and cash accounting systems, and continue by examining specific accounting problems and measurement topics.

Before each class session, readings regarding the topics to be covered will be assigned.

Students are also expected to solve the assigned homework sets and case-studies before the class, and to be able to start their class discussion by answering a question, related with the case, if cold-called.

Prior preparation of every class session is expected from all the students, since much of the learning occurs by listening to your peers opinions and questions during class discussions.

The compulsory textbook represents the basis for preparing the classes and solving problems.

It is of utmost importance that you keep up with the coursework. In accounting, new material always builds on prior concepts, so you will soon lose the thread, if you decide to study only a few days just before the day of the exam.

Attendance and punctuality are mandatory. Please pay attention to the CODE OF CONDUCT IN CLASS attached.

A scheme of expected time allocation by students to this course is as follows:

\*Please notice that class discussions rely mainly on individual studying (outside class), and therefore, the relevance of class participation in the final grade is very important.

Teaching methodology	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	15.33 %	23 hours
Discussions	10.0 %	15 hours
Exercises	4.67 %	7 hours
Group work	50.0 %	75 hours
Other individual studying	20.0 %	30 hours
TOTAL	100.0 %	150 hours

## PROGRAM

*Please note that the following schedule time allocation may be slightly modified along the course in order to better meet the course objectives.*

### SESSION 1 (LIVE IN-PERSON)

#### INTRODUCTION

*Book Chapters: Reading Material: Chapter 1 (book) (See Bibliography)*

### SESSION 2 (LIVE IN-PERSON)

#### ACCOUNTING: THE LANGUAGE OF BUSINESS

Accounting information as an aid to decision making. The annual report. Types of ownership. Regulation of financial reporting. Auditing

*Book Chapters: Reading Material: Chapter 1 (book) (See Bibliography)*

### SESSION 3 (LIVE IN-PERSON)

#### THE BALANCE SHEET

The balance sheet and its components. Business transactions and their relation to changes in the balance sheet

*Book Chapters: Reading Material: Chapter 1 (book) (See Bibliography)*

## **SESSION 4 (LIVE IN-PERSON)**

### **THE BALANCE SHEET**

Preparing a balance sheet from transactional data

*Book Chapters: Reading Material: Chapter 1 (book) (See Bibliography)*

## **SESSION 5 (ASYNCHRONOUS)**

### **THE INCOME STATEMENT**

Income measurement. Recognition of revenues from sales. The concept of matching to record the expenses for a period

*Book Chapters: Reading Material: Chapter 2 (book) (See Bibliography)*

## **SESSION 6 (LIVE IN-PERSON)**

### **THE INCOME STATEMENT**

The income statement and its relation to the balance sheets. Accounting for cash dividends

*Book Chapters: Reading Material: Chapter 2 (book) (See Bibliography)*

## **SESSION 7 (LIVE IN-PERSON)**

### **RECORDING TRANSACTIONS**

The double-entry accounting system. The five steps in the recording process

*Book Chapters: Reading Material: Chapter 3 (book) (See Bibliography)*

## **SESSION 8 (LIVE IN-PERSON)**

### **RECORDING TRANSACTIONS**

Analyzing and journalizing transactions and posting journal entries to the ledgers

*Book Chapters: Reading Material: Chapter 3 (book) (See Bibliography)*

## **SESSION 9 (LIVE IN-PERSON)**

### **RECORDING TRANSACTIONS**

Preparing and using a trial balance. Closing revenue and expense accounts and updating retained earnings

*Book Chapters: Reading Material: Chapter 3 (book) (See Bibliography)*

## **SESSION 10 (LIVE IN-PERSON)**

### **QUIZ Covering Chapters 1-3 and QUIZ SOLVING**

## **SESSION 11 (ASYNCHRONOUS)**

### **ACCOUNTING ADJUSTMENTS**

Understanding the role of adjustments in accrual accounting. Adjustments for the expiration or consumption of unexpired costs. Adjustments for the earning of revenues received in advance

*Book Chapters: Reading Material: Chapter 4 (book) (See Bibliography)*

## **SESSION 12 (LIVE IN-PERSON)**

### **ACCOUNTING ADJUSTMENTS**

Adjustments for the accrual of unrecorded expenses. Adjustments for the accrual of unrecorded revenues

*Book Chapters: Reading Material: Chapter 4 (book) (See Bibliography)*

## **SESSION 13 (LIVE IN-PERSON)**

### **ACCOUNTING ADJUSTMENTS**

The adjusting process in perspective. Preparing a classified balance sheet and its use to assess short-term liquidity. Preparing single- and multiple-step income statements

*Book Chapters: Reading Material: Chapter 4 (book) (See Bibliography)*

## **SESSION 14 (ASYNCHRONOUS)**

### **THE CASH FLOW STATEMENT**

The purposes of the statement of cash flows. Classification of activities affecting cash as operating, investing, or financing

*Book Chapters: Reading Material: Chapter 5 (book) (See Bibliography)*

## **SESSION 15 (LIVE IN-PERSON)**

### **THE CASH FLOW STATEMENT**

Computing and interpreting cash flows from financing activities. Computing and interpreting cash flows from investing activities. Using the direct method to calculate cash flows from operations

*Book Chapters: Reading Material: Chapter 5 (book) (See Bibliography)*

## **SESSION 16 (LIVE IN-PERSON)**

**Wrap-up for the MIDTERM Exam**

## **SESSION 17 (LIVE IN-PERSON)**

**MIDTERM EXAM Covering Chapters 1-5**

## **SESSION 18 (LIVE IN-PERSON)**

**MIDTERM EXAM REVIEW**

## **SESSION 19 (ASYNCHRONOUS)**

### **ACCOUNTING FOR SALES**

Recognizing revenue items at the proper time on the income statement. Accounting for sales, including sales returns and allowances, sales discounts, and bank credit card sales

*Book Chapters: Reading Material: Chapter 6 (book) (See Bibliography)*

## **SESSION 20 (LIVE IN-PERSON)**

**ACCOUNTING FOR SALES**

Estimating and interpreting uncollectible accounts receivable balances. Assessing the level of accounts receivable

*Book Chapters: Reading Material: Chapter 6 (book) (See Bibliography)*

## **SESSION 21 (LIVE IN-PERSON)**

### **INVENTORY ACCOUNTING AND COST OF SALES**

Linking inventory valuation to gross profit. Perpetual and periodic inventory systems

*Book Chapters: Reading Material: Chapter 7 (book) (See Bibliography)*

## **SESSION 22 (LIVE IN-PERSON)**

### **INVENTORY ACCOUNTING AND COST OF SALES**

Calculating the cost of merchandise acquired

*Book Chapters: Reading Material: Chapter 7 (book) (See Bibliography)*

## **SESSION 23 (LIVE IN-PERSON)**

### **INVENTORY ACCOUNTING AND COST OF SALES**

Computing income and inventory values using the three principal inventory valuation methods allowed under both IFRS and U.S. GAAP and the one method allowed only by U.S. GAAP

*Book Chapters: Reading Material: Chapter 7 (book) (See Bibliography)*

## **SESSION 24 (ASYNCHRONOUS)**

### **LONG-LIVED ASSETS ACCOUNTING**

Contrasting long-lived asset expenditures with expenses. Measuring the acquisition cost of tangible assets such as land, buildings, and equipment

*Book Chapters: Reading Material: Chapter 8 (book) (See Bibliography)*

## **SESSION 25 (LIVE IN-PERSON)**

### **LONG-LIVED ASSETS ACCOUNTING**

Computing depreciation for buildings and equipment using various depreciation methods. Recalculating depreciation in response to a change in estimated useful life or residual value

*Book Chapters: Reading Material: Chapter 8 (book) (See Bibliography)*

## **SESSION 26 (LIVE IN-PERSON)**

### **Case Studies Chemalite & Merrimack**

*Practical Case: Chemalite, Inc. (HBS 177078-PDF-ENG)*

*Practical Case: Merrimack Tractors and Mowers: LIFO or FIFO? (HBS 3217-PDF-ENG)*

## **SESSION 27 (ASYNCHRONOUS)**

### **LIABILITIES AND INTEREST**

Accounting for current liabilities. Measuring and accounting for long-term liabilities. Accounting for leases

*Book Chapters: Reading Material: Chapter 9 (book) (See Bibliography)*

## SESSION 28 (LIVE IN-PERSON)

### STOCKHOLDERS' EQUITY

The rights of common shareholders. Accounting for common stock, including payment of cash dividends

*Book Chapters: Reading Material: Chapter 10 (book) (See Bibliography)*

## SESSION 29 (LIVE IN-PERSON)

### REVIEW AND DOUBTS SOLVING

## SESSION 30 (LIVE IN-PERSON)

### FINAL EXAM

### BIBLIOGRAPHY

#### Compulsory

- Horngren, Sundem, Elliot & Philbrick. (2013). *Introduction to Financial Accounting*. 11th. Pearson. ISBN 9781292040578 (Digital)

We would like to inform you that there is no need to purchase any book for the Financial Accounting course. We will provide you with a hybrid book especially designed for this course. Detailed instructions on how to access this material will be sent to you before the beginning of classes.

<https://www.ie.edu/ieliquidpages/financialaccounting/>

## EVALUATION CRITERIA

**Course Requirements and Grading:** Final grades for the course will be based on the following:

**Class Participation** (consists of: Class Discussions, Case Studies, Quiz and Homework Sets):  
**30%**

**Class Discussions** (including **Case Studies**) **15%**

**Quiz + Homework Sets** **15%**

**Midterm exam: 30%**

**Final exam: 40%. A minimum grade of 3.5/10 is required for this exam in order to pass the subject.**

Criteria	Percentage	Comments
Class Participation (consists of: Class Discussions, Case Studies, Quiz and Homeworks)	30 %	
Midterm exam:	30 %	
Final Exam	40 %	A minimum grade of 3.5/10 is required for this exam in order to pass the subject.

**Class Discussions** represent a fundamental learning mechanism and are also crucial for the well functioning of the class. As mentioned, students are expected to come to class having read the assigned readings, thought about the topics to be discussed, and answered the study questions. The pre-class preparation and in-class participation will make the course pleasant and intellectually stimulating.

It includes:

- Attending class (a necessary but not sufficient condition): regular attendance is required. Much of the learning will occur in the course of the discussions in class. Hence, regular attendance is required in order to receive credit for class participation. Please advise in advance if you cannot attend a session. Also note that according to the program rules, if you are absent in more of 30% of classes, you automatically fail the class.
- Does the student participate in class? It is not enough for the student just to be present. The student will be encouraged to participate actively in the discussions and to answer questions proposed by the professor.
- Does the student make quality points? It is entirely possible to offer many comments and still receive a low grade for participation. Asking questions that help to improve the learning process class is important, but it is much more important how well you respond to the issues and/or questions raised by the case material, or by the professor or by your classmates, during the class sessions.

**Attendance** is mandatory. If you are unable to attend a class session, you are still responsible for all the materials covered during that session. If attendance is lower than 70% of sessions, you will not pass the course.

#### **RE-SIT / RE-TAKE POLICY**

Each student has four (4) chances to pass any given course distributed over two (2) consecutive academic years. Each academic year consists of two calls: one (1) ordinary call (during the semester when the course is taking place); and one (1) extraordinary call (or “re-sit”) in June/July.

Students who do not comply with the 70% attendance requirement in each subject during the semester will automatically fail both calls (ordinary and extraordinary) for that Academic Year and have to re-take the course (i.e., re-enroll) during the next Academic Year.

The Extraordinary Call Evaluation criteria will be subject to the following rules:

- Students failing the course in the ordinary call (during the semester) will have to re-sit evaluation for the course in June / July (except those students who do not comply with the attendance rule, and therefore will not have that opportunity, since they will fail both calls and must directly re-enroll in the course during the next Academic Year).
- It is not permitted to change the format nor the date of the extraordinary call exams or deadlines under any circumstance. All extraordinary call evaluation dates will be announced in advance and must be taken into consideration before planning the summer (e.g. internships, trips, holidays, etc.)
- The June/July re-sit will consist of a comprehensive evaluation of the course. Your final grade for the course will depend on the performance in this exam or evaluation only. I.e., continuous evaluation over the semester (e.g. participation, quizzes, projects and/or other grade components over the semester) will not be taken into consideration on the extraordinary call. Students will have to achieve the minimum passing grade of 5 and the maximum grade will be capped at 8.0 (out of 10.0) – i.e., “notable” in the extraordinary call.
- Re-takers: Students who failed the subject on a previous Academic Year and are now re-

enrolled as re-takers in a course will need to check the syllabus of the assigned professor, as well as contact the professor individually, regarding the specific evaluation criteria for them as re-takers in the course during that semester (ordinary call of that Academic Year). The maximum grade that may be obtained as a retaker during the ordinary call (i.e., the 3rd call) is 10.0 (out of 10.0). The evaluation will consist on taking the midterm exam (40%) and the final exam (60%). A minimum grade of 3.5/10 is required for the final exam in order to pass the subject.

After exams and other assessments are graded by the professor (on either the ordinary or extraordinary call), students will have a possibility to attend a review session (whether it be a final exam, a final project, or the final overall grade in a given course). Please be available to attend the session in order to clarify any concerns you might have regarding your grade. Your professor will inform you about the time and place of the review session.

- Students failing more than 18 ECTS credits after the June/July re-sits will be asked to leave the Program. Please, make sure to prepare yourself well for the exams in order to pass your failed subjects.
- In case you decide to skip the opportunity to re-sit for an exam or evaluation during the June/July extraordinary call, you will need to enroll in that course again for the next Academic Year as a re-taker, and pay the corresponding tuition fees. As you know, students have a total of four (4) allowed calls to pass a given subject or course, in order to remain in the program.

## **PROFESSOR BIO**

Professor: **FERNANDO DE LA CALZADA LÓPEZ DE ARRIBA**

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### **FERNANDO DE LA CALZADA LÓPEZ DE ARRIBA**

Fernando de la Calzada holds a Master of Science in Industrial Engineering from ICAI and an Executive MBA from IESE Business School. He currently works as Deputy General Manager at Grupo Presto Iberica where he is focused on the areas of Finance, Strategy and Corporate Development. In the past, he also worked as Strategy Consultant in Deloitte, where he participated in many projects for national and multinational companies.

He combines his managerial position with his academic activity as Associate Professor of IE University where he teaches Financial Accounting, Accounting for Decision Making, Cost Accounting, Organizational Management, Seminars of Stock Market and Financial Reporting and Analysis. Thanks to this double activity he always provides his students with practical examples of the relation between Finance and the real performance of companies. Since 2017, he is also teaching in the IE School of Human Sciences and Technology. From 2015 to 2022 he has been awarded with the "Award for Teaching Excellence" for his courses in Financial Accounting, Accounting for Decision Making and Financial Reporting and Analysis.

From 2010 to 2012 he also collaborated as Associate Professor at Universidad Complutense of Madrid teaching Strategy, Operations and Business Management. His fields of interest are focused on Finance, Business Strategy, Open Innovation and Entrepreneurship.

#### **Academic Qualifications**

- MBA in Business Administration IESE Business School, University of Navarra, Spain, 2010
- Master of Science in Industrial Engineering, ICAI – University Pontificia of Comillas, Spain, 2003

#### **Academic Experience**



- Adjunct Professor of Finance, IE School of Human Sciences and Technology, Spain, 2017-Present
- Adjunct Professor of Financial Accounting, Cost Accounting, Accounting for Decision Making and Financial Reporting and Analysis; IE University, IE Business School, Spain, 2011-Present
- Individual Advisor, IE University, 2011 – Present
- Collective Advisor, IE University, 2021 – Present
- Coordinator of Financial Accounting Subject in BBA, IE University, IE Business School, Spain, 2012-2015
- Associate Professor, Management Department, University Complutense of Madrid, Spain, 2010-2012

#### **Professional Experience**

- Deputy General Manager, Presto Iberica Group, Spain, 2004-Present
- Strategy Consultant, Deloitte, Spain, 2003-2004

#### **OTHER INFORMATION**

**Office hours:** Weekly, TBA

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