



College of Business and Economics
Department of Accounting and Finance

AcFn1032

Principles of Accounting II

BA degree in accounting and finance

Basics of Accounting and Reporting

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The course has the general objective of introducing students to the accounting basics of recognizing, measuring, and reporting common balance sheet items.

Upon the successful completion of this course, the students will be expected to:

- Analyze and record payroll transactions in Ethiopian context.
- Utilize and identify the implication of the various methods of valuation in respect to accounts and notes receivable, inventories, depreciation, tangible and intangible assets, and natural resources.
- Analyze, record and report transactions for businesses organized as partnerships, private limited companies, and share companies

This course is a continuation of Principles of Accounting I. The course is designed to introduce students to the application of accounting principles and concepts to major balance sheet items. The specific topics includes internal control over cash, accounting for receivables, accounting for inventories, accounting for current liabilities, accounting for plant asset, natural resources and intangibles and accounting for businesses organized as partnerships and companies as per Ethiopian Commercial Code.

Course Contents

1. Inventories
 - 1.1. Internal control of inventories
 - 1.2. The effect of inventory errors on the financial statements
 - 1.3. Inventory cost flow assumptions
 - 1.4. Inventory costing methods under a perpetual and periodic inventory system
 - 1.5. Valuation of inventory at other than cost
 - 1.6. Estimating inventory costs
 - 1.7. Presentation of merchandise inventory on the balance sheet

<p>2. Plant Assets and Intangible Assets</p> <p>2.1. Nature of plant assets</p> <p>2.2. Accounting for depreciation</p> <p>2.3. Capital expenditures and revenue expenditures</p> <p>2.4. Disposal of plant assets</p> <p>2.5. Leasing of plant assets</p> <p>2.6. Internal controls of plant assets</p> <p>2.7. Intangible Assets</p> <p>2.8. Natural resources</p> <p>2.9. Presentation of fixed assets and intangible assets on the balance sheet</p>
<p>3. Current Liabilities</p> <p>3.1. The nature of liabilities</p> <p>3.2. Short-term notes payable</p> <p>3.3. Ethiopian Payroll System</p> <p>3.4. Presentation of liabilities on the balance sheet</p>
<p>4. Accounting for Partnerships</p> <p>4.1. Basic characteristics of partnership</p> <p>4.1.1. As per the Ethiopian Commercial Code</p> <p>4.1.2. As per USA Partnership Act</p> <p>4.2. Equity reporting for partnerships</p> <p>4.3. Formation of partnerships</p> <p>4.4. Dividing partnership net income and net loss</p> <p>4.5. Admission of new partners</p> <p>4.6. Withdrawal or death of partners</p> <p>4.7. Liquidating partnerships</p>
<p>5. Accounting for Corporations</p> <p>5.1. Basic characteristics of Corporations/Share Companies and PLCs/</p> <p>5.1.1. As per the Ethiopian Commercial Code</p> <p>5.1.2. As per USA Corporate law</p> <p>5.2. Classes of shares (Ethiopia vs. USA)</p> <p>5.3. Issuing shares (Ethiopia vs. USA)</p> <p>5.4. Treasury stock transactions (Ethiopia vs. USA)</p> <p>5.5. Accounting for dividends (Ethiopia vs. USA)</p> <p>5.6. Earnings per common share</p> <p>5.7. Reporting shareholders' equity on the balance sheet (Ethiopia Vs USA)</p>
<p><u>Text Book:</u></p> <ul style="list-style-type: none"> • Fees and warren, Accounting Principles, 16th edition, South Western publishing Company. / Any recent edition/ <p><u>Reference Books</u></p> <ul style="list-style-type: none"> • Smith, Keith & Stephens, Accounting Principles, 3rd edition and above, McGraw Hill book Company. 1989 and beyond. • Hermanson, Edwards and Salmonson, Accounting Principles, 4th ed., Richard D. Irwin, Inc. 1989. • Larson, Kermit D., Fundamental Accounting Principles, 12th edition and above, Richard Irwin Inc., 1990 and beyond. • Meigs Walter B., Accounting, The Basis for Business Decisions, 6th Ed and above, McGraw-Hill International Book Company, 1984 and beyond. • Niswonger and Fees, Accounting Principles, South Western Publishing Company 10th – 13th Ed.

