

Diploma in Corporate Administration & Compliance

Introduction to Financial Accounting

Course Title	Introduction to Financial Accounting
Course Code	ACC101
Type of Course	Core/Required
Level of Course	Undergraduate, First Cycle
Year of Study	First
Semester	Second
Credits (ECTS)	6
Prerequisites or co-requisites	N/A
Recommended optional program components	None
Language of Instruction	English
Mode of Delivery	Face to Face

General Information

Description

Financial Accounting provides essential information about an organisation's financial resources, obligations, and activities. It explains an entity's financial position at a given point in time and its results of operations over a reporting period. For corporate administrators, paralegals, and compliance professionals, financial accounting is not only about numbers — it is a cornerstone of statutory reporting, corporate governance, and regulatory compliance.

This course is designed to build a clear understanding of core accounting principles and practices, tailored to the needs of those working in corporate administration and compliance. It focuses on how financial information is generated, reported, and used within the corporate and legal environment, and on the responsibilities of professionals in ensuring transparency, integrity, and compliance.

The course begins with an introduction to financial accounting, covering its role in corporate administration, the purpose and scope of financial statements, and the reporting obligations of different types of business organisations. Learners will explore the elements of financial statements, the qualitative characteristics of useful financial information, and the regulatory frameworks governing financial reporting.

From there, the course introduces the accounting system and process, following the accounting cycle from the recording of transactions through to the preparation of trial balances and financial statements. Students will learn about source documents, ledgers, adjustments, and the finalisation of accounts, always with an emphasis on accuracy, compliance, and statutory obligations.

The recording of key transactions is then explored in detail, including income and expenses, cash and bank transactions, receivables and payables, and the treatment of tangible and intangible assets. Special attention is given to goodwill and its impairment, provisions and contingencies, liabilities and equity, and the compliance risks associated with each. Learners will understand how such transactions affect financial statements and company obligations.

Period-end adjustments form a core part of the course, including accruals, prepayments, inventory valuation, irrecoverable debts, and provisions for doubtful receivables. The ethical and professional responsibilities of maintaining integrity and scepticism in these adjustments are highlighted, showing their importance in protecting stakeholders and meeting legal requirements.

The preparation and correction of trial balances is also examined, with a focus on identifying and correcting errors, the role of suspense accounts, and the compliance implications of inaccurate reporting.

The course then turns to financial statements in practice, including the income statement, balance sheet, cash flow statement, and statement of changes in equity. Students will learn to interpret financial statements, understand their interrelationships, and evaluate compliance-related issues such as solvency, liquidity, goodwill impairment, and shareholder reporting.

Finally, learners will engage with topics directly relevant to compliance and corporate governance, including statutory reporting obligations, directors' duties, disclosure of related party transactions, and identifying red flags for fraud, misstatements, and money laundering.

Throughout the course, practical applications, case studies, and real-world scenarios will be used to link accounting principles with compliance practice. By the end, students will be able to interpret, evaluate, and apply financial accounting information within a corporate and legal framework, ensuring accuracy, compliance, and accountability in their professional roles.

Course objectives

This course provides a comprehensive exploration of financial accounting, emphasising the creation, interpretation, and application of accounting information within the framework of corporate governance and regulatory compliance. It is specifically tailored to equip learners in corporate administration and legal support roles with the knowledge and skills required to understand, evaluate, and apply accounting data responsibly in both professional and statutory contexts.

The course begins by situating financial accounting within the wider corporate and legal environment, highlighting its role in promoting transparency, protecting stakeholders, and supporting decision-making at board, managerial, and regulatory levels. Students will explore the preparation and use of source documents, the recording of business transactions, and their transfer into journals and ledgers. They will then progress to preparing trial balances, processing adjustment data, and finalising accounts with a strong emphasis on accuracy, integrity, and compliance with statutory obligations.

A central theme of the course is the interpretation of accounting information for practical and compliance purposes. Learners will engage with complex areas of financial accounting, such as the recognition, measurement, and reporting of assets and liabilities, provisions and contingencies, goodwill impairment, and the disclosure of related party transactions. The course also stresses the importance of ethical responsibility, requiring learners to apply professional scepticism and integrity when assessing financial data.

To ensure practical application, the course incorporates case studies, compliance-focused exercises, and real-world scenarios drawn from corporate practice. These activities allow learners to critically analyse financial information, identify risks of misstatement or non-compliance, and understand the legal implications of inaccurate reporting.

By the end of the course, students will not only be able to trace and understand the flow of transactions through the accounting system but will also be able to interpret and evaluate financial statements within a compliance and governance framework. They will develop the analytical and professional skills required to support directors, managers, and regulators by ensuring that financial information is accurate, transparent, and fit for decision-making and statutory reporting.

Learning Outcomes

On successful completion of the course, students will be able to:

1. Gain a foundational understanding of the purpose, principles, and regulatory context of financial accounting, enabling them to interpret financial information within a corporate and legal compliance framework.
2. Master the accounting cycle, from capturing transactions to finalizing accounts, applying techniques accurately.
3. Acquire the ability to recognise, record, and interpret key business transactions, linking them to statutory reporting and compliance requirements in corporate administration.
4. Develop the ability to prepare accurate period-end adjustments and apply ethical judgement, ensuring compliance with accounting standards and statutory reporting obligations.
5. Know how to prepare and review a trial balance, identify and correct errors, and ensure accuracy and compliance in financial reporting.
6. Acquire the ability to interpret and evaluate financial statements, linking their content to corporate governance, compliance obligations, and decision-making.
7. Communicate financial information clearly and concisely to stakeholders, conveying results, analysis, and recommendations effectively.

Course Readings & Learning Activities

Required Readings

- Lecture notes, assignments, cases and other useful information will be posted on the CLASSE.
- Wood, F & Sangster, A, Business Accounting II, Latest Edition, Pearson's Education Ltd London
- Kieso, D.E., Weyandt, J.J., & Warfield, T.D., Intermediate Accounting, Latest edition. New York: John Wiley & Sons.
- FI notes for Financial Accounting - ACCA
- Many case studies can be found in the textbook.

Optional Readings

- Wood, F and Sangster, A, Business Accounting 1, latest edition., Pearsons Education Ltd London
- Benedict, A. and Elliott, B., Financial Accounting: An Introduction, FT Prentice Hall.
- Britton, A. and Waterston, C., Financial Accounting, FT Prentice Hall
- D. Alexander and C. Nobes, Financial Accounting: An International Introduction, latest edition, FT Prentice Hall
- Arnold J., Hope T., Southworth A. and Kirkham L., Financial Accounting, (latest edition), FT Prentice Hall.

Planned Learning Activities and Teaching Methods

1. **Case studies** | Work with real-world examples of company accounts and compliance scenarios to see how accounting principles and reporting obligations apply in practice.
2. **Simulation and role-playing** | Act as accountants, compliance officers, directors, or regulators in simulated scenarios such as board meetings or statutory filing reviews.
3. **Collaborative Learning** | Work in groups to analyse financial statements, identify compliance issues, and present your findings, encouraging teamwork and peer learning.
4. **Problem-Based Learning (PBL)** | Solve practical accounting and compliance problems that require you to apply concepts, research frameworks, and justify solutions.
5. **Guest lectures and industry interaction** | Learn from professionals in accounting, auditing, compliance, and regulation who will share current practices and real challenges.
6. **Computer-assisted learning** | Use accounting software and tools to understand how transactions are recorded and how financial statements are generated.
7. **Flipped classroom** | Review theory and core concepts before class through readings or videos, with classroom time used for practice and discussion.
8. **Interactive lectures** | Take part in lectures with quizzes, polls, or problem-solving tasks that give you immediate feedback on your understanding.
9. **Document analysis exercises** | Examine extracts from statutory financial statements and disclosures to detect compliance risks and reporting issues.

Course Notes

Copies of lecture slides and other class information will be available through your CLASSE365 account.

Course Detailed Syllabus

Students should read the assigned chapter(s) **BEFORE** the associated lecture date.

Topics	
Section I: Introduction to Financial Accounting in the Corporate and Legal Context	
<p>Learning Objectives:</p> <ol style="list-style-type: none"> 1. Explain the role and purpose of financial accounting in corporate administration and compliance. 2. Identify the key elements of financial statements and their legal significance. 3. Distinguish between different types of business organisations and their reporting obligations. 4. Describe the main accounting principles and qualitative characteristics of useful financial information. 5. Recognise the importance of regulatory frameworks and integrity in financial reporting. 	
Lectures 1	<p>Fundamentals of Accounting Process</p> <ul style="list-style-type: none"> • Accounting information as a tool for decision-making, compliance, and transparency. • The role and importance of financial accounting for corporate administrators. • Financial statements: purpose, nature, and relevance for legal and compliance processes. • Types of business organisations and their reporting obligations. • The main elements of financial statements and their legal significance.
Lecture 2	<p>Financial Reporting Principles and Framework</p> <ul style="list-style-type: none"> • Users and stakeholders of financial information (shareholders, regulators, courts, creditors).

	<ul style="list-style-type: none"> • The regulatory framework for financial reporting (Companies Law, IFRS, EU context). • Integrity of accounting information: why accuracy matters legally and ethically. • Key principles and concepts of accounting (accruals, prudence, materiality, consistency). • Qualitative characteristics of useful financial information for compliance purposes.
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Section II: The Accounting System and Process

Learning Objectives:

1. Describe the steps of the accounting cycle and explain their purpose.
2. Classify business transactions and show their impact on the accounting equation.
3. Identify different types of accounts, ledgers, and the chart of accounts.
4. Prepare and interpret a trial balance, including detection of basic errors.
5. Apply adjustments and corrections to produce accurate financial statements.

Lecture 3	Understanding the Accounting Cycle <ul style="list-style-type: none"> • Definition of the accounting cycle. • Why the accounting cycle matter for compliance and reporting. • The accounting equation: Assets = Liabilities + Equity. • How business transactions affect the accounting equation. • Identifying different types of business transactions. • Source documents: <ul style="list-style-type: none"> ✓ Types (invoices, receipts, contracts, payroll records). ✓ Purpose as audit/compliance evidence. ✓ Legal importance in case of disputes.
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- Accounts and account types:
 - ✓ Assets, Liabilities, Equity, Income, Expenses.
 - ✓ Real vs. nominal accounts.
- Chart of accounts:
 - ✓ Structure and purpose.
 - ✓ Linking to corporate reporting obligations.
- Ledgers:
 - ✓ General ledger.
 - ✓ Subsidiary ledgers (receivables, payables, assets).
 - ✓ Importance for statutory and compliance checks.

Simplified Accounting Process

- Transactions:
 - ✓ What a transaction is in accounting terms.
 - ✓ Examples relevant to corporate administration (e.g., share issuance, dividend declaration).
- Debits and credits:
 - ✓ Simple explanation of double-entry.
 - ✓ Which side increases/decreases each type of account.
 - ✓ Compliance importance of correct recording.
- Posting transactions:
 - ✓ From source documents to journals.
 - ✓ From journals to ledgers.
- Balancing accounts:

	<ul style="list-style-type: none"> ✓ Why accounts must balance. ✓ How errors can be spotted. • Trial balance: <ul style="list-style-type: none"> ✓ Definition and purpose. ✓ Extracting balances into a trial balance. ✓ Use of accounting software in trial balance preparation. • Practical application – simple worked case studies.
<p>Lecture 4</p>	<p>Finalization of Accounts</p> <ul style="list-style-type: none"> • Identifying errors: <ul style="list-style-type: none"> ✓ Types of common errors (omission, duplication, wrong amount, misclassification). ✓ Compliance implications of errors. • Adjustments: <ul style="list-style-type: none"> ✓ Accruals. ✓ Prepayments. ✓ Provisions. ✓ Contingencies. • Correcting errors and adjustments: <ul style="list-style-type: none"> ✓ Using journal entries. ✓ Importance of evidence and documentation for corrections. • Preparing adjusted trial balance. • Preparing financial statements: <ul style="list-style-type: none"> ✓ From adjusted trial balance to financial statements.

	<ul style="list-style-type: none"> • Relationships between financial statements: <ul style="list-style-type: none"> ✓ How one feeds into another. • Practical application – case studies on compliance and statutory reporting.
Section III: Recording and Understanding Key Transactions	
<p>Learning Objectives:</p> <ol style="list-style-type: none"> 1. Record and explain income and expense transactions and their compliance implications. 2. Distinguish between cash, cash equivalents, and banking transactions used as compliance evidence. 3. Identify and explain receivables, payables, provisions, and contingencies in company accounts. 4. Describe the treatment of tangible and intangible assets, including goodwill and impairment. 5. Differentiate between liabilities and equity and explain their significance for shareholders and creditors. 	
<p>Lecture 5</p>	<p>Income and Expenses</p> <ul style="list-style-type: none"> • The concept of income and expense. • Classification of expense. • Legal implications of revenue recognition and misreporting. • Treatment of discounts, returns, and sales tax (VAT). • Practical application – case studies.
<p>Lecture 6</p>	<p>Cash and Banking</p> <ul style="list-style-type: none"> • Distinction between cash and cash equivalents. • Recording cash receipts and payments. • Bank current accounts: recording deposits, withdrawals, transfers. • Bank reconciliation: purpose, method, compliance significance.

	<ul style="list-style-type: none"> • Petty cash: <ul style="list-style-type: none"> ✓ Definition and purpose. ✓ Recording petty cash transactions. ✓ Implications for audit and compliance checks. • Practical application – case studies on cash and bank controls. <p>Receivables and Payables</p> <ul style="list-style-type: none"> • Definition of receivables (debtors) and payables (creditors). • Legal importance: customer obligations vs. company obligations. • Benefits and risks of offering credit to customers. • Customer credit limits and compliance with internal control policies. • Recording receivables and payables in ledgers. • Contra entries between receivables and payables. • Sources of short-term financing linked to payables. • Provisions and contingencies: <ul style="list-style-type: none"> ✓ When to recognise. ✓ How they affect compliance and statutory reporting. • Practical application – case studies on receivables, payables, and provisions.
<p>Lecture 7</p>	<p>Tangible Non- Current Assets and Depreciation</p> <ul style="list-style-type: none"> • What are non-current assets? • Current vs. non-current assets. • Key definitions: cost, useful life, residual value, depreciable amount, carrying amount. • Capital vs. revenue expenditure: compliance and reporting impact.

- Policies for capitalisation of costs: why they matter for compliance.
- Recording acquisition and disposal of assets.
- Difference between book value and market value.
- Asset registers: purpose, content, compliance importance.
- Depreciation:
 - ✓ Purpose and compliance importance.
 - ✓ Methods (straight-line, diminishing balance).
 - ✓ Recording depreciation in asset register and ledgers.
 - ✓ Adjustments for revaluations, changes in useful life or residual value.
- Practical application – case studies on tangible assets.

Intangible non-current assets and amortization

- Difference between tangible and intangible assets.
- Examples: patents, software, trademarks, goodwill.
- Recognition of intangible assets in company accounts.
- Amortisation of intangible assets.
- Goodwill:
 - ✓ What goodwill represents.
 - ✓ How goodwill is measured.
 - ✓ Impairment of goodwill: compliance and shareholder protection.
- Practical application – case studies on intangible assets.

MIDTERM EXAM

Lecture 9	Long-Term Liabilities and Stockholders' Equity <ul style="list-style-type: none"> • Definition of liabilities and equity. • Ordinary shares, preference shares, retained earnings, and reserves. • Share capital: issue of shares, share premium, and compliance implications. • Dividends: declaration, recording, and compliance obligations. • Finance costs: treatment and reporting. • Provisions and contingent liabilities: recognition and disclosure requirements. • Equity vs. debt: compliance and governance significance. • Practical application – case studies on liabilities and equity.
Section IV: Period-End Adjustments and Compliance Considerations	
Learning Objectives: <ol style="list-style-type: none"> 1. Explain and apply the concepts of accruals and prepayments in preparing accounts. 2. Record and adjust inventory balances using recognised valuation methods. 3. Distinguish between irrecoverable debts and allowances for doubtful receivables. 4. Apply appropriate adjustments for bad debts and provisions in compliance with regulations. 5. Demonstrate integrity and professional scepticism when making period-end adjustments. 	
Lecture 10	Accruals and Prepayments <ul style="list-style-type: none"> • Accrual Concept: <ul style="list-style-type: none"> ✓ Definition of accrued income and accrued expenses. ✓ Legal and compliance reasons for recognising income and expenses when incurred. • Prepayment Concept:

	<ul style="list-style-type: none">✓ Definition of prepaid income and prepaid expenses.✓ Importance for accurate reporting.• Adjusting Entries:<ul style="list-style-type: none">✓ How to record accruals in company accounts.✓ How to record prepayments.• Compliance Relevance:<ul style="list-style-type: none">✓ Misstatements of accruals/prepayments and their impact on statutory accounts.• Practical Application: Case studies on accruals and prepayments in company filings. <p>Inventories - Measuring and Reporting</p> <ul style="list-style-type: none">• Definition of Inventory: goods held for sale, raw materials, and work in progress.• Recording Inventory:<ul style="list-style-type: none">✓ Opening inventory.✓ Closing inventory.• Cost of Goods Sold (COGS): calculation and significance.• Inventory Valuation Methods:<ul style="list-style-type: none">✓ FIFO (First In, First Out).✓ Weighted Average Cost.✓ Simplified comparison for compliance.• Physical Stocktaking:<ul style="list-style-type: none">✓ Purpose, method, and compliance importance.✓ Verification for auditors and regulators.
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	<ul style="list-style-type: none"> • Other Considerations: <ul style="list-style-type: none"> ✓ What costs are included in inventory value. ✓ Effects of incorrect valuation on profit, tax, and compliance. • Practical Application: Case studies on inventory valuation and compliance risks.
Lecture 11	<p>Irrecoverable debts and allowances for doubtful receivables</p> <ul style="list-style-type: none"> • Irrecoverable Debts (Bad Debts): <ul style="list-style-type: none"> ✓ Definition and examples. ✓ Writing off debts. ✓ Legal implications for creditors and compliance reporting. • Allowances for Doubtful Receivables: <ul style="list-style-type: none"> ✓ Specific allowances. ✓ General allowances. ✓ Recording allowances. • Adjustments: <ul style="list-style-type: none"> ✓ Revising allowances when debtor situations change. ✓ Recording recovery of debts previously written off. • Compliance Relevance: <ul style="list-style-type: none"> ✓ Effects of under/overstating provisions. ✓ Impact on creditors, shareholders, and regulators. • Practical Application: Case studies on bad debts and allowances. <p>Ethical and Professional Considerations</p> <ul style="list-style-type: none"> • Principles: integrity, objectivity, and professional scepticism.

	<ul style="list-style-type: none"> • Risks of Misstatement: <ul style="list-style-type: none"> ✓ Non-compliance with regulations. ✓ Misleading users of financial statements (directors, shareholders, courts). • Consequences of Misreporting: <ul style="list-style-type: none"> ✓ Legal penalties. ✓ Director/administrator liability. ✓ Reputational damage. • Role of Corporate Administrators: <ul style="list-style-type: none"> ✓ Ensuring adjustments are accurate. ✓ Verifying compliance with laws and standards. • Practical Application: Case studies on ethical challenges in period-end adjustments.
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Section V: Trial Balance and Error Correction

Learning Objectives:

1. Prepare a trial balance from ledger accounts and explain its purpose.
2. Identify errors detected and not detected by a trial balance.
3. Apply journal entries to correct accounting errors and clear suspense accounts.
4. Assess the impact of uncorrected errors on financial statements and compliance.

Lecture 12	<p>Trial Balance</p> <ul style="list-style-type: none"> • Definition and Purpose <ul style="list-style-type: none"> ✓ What a trial balance is. ✓ Why it is prepared (checking accuracy before preparing financial statements). ✓ Importance for compliance and statutory reporting.
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- Preparation of a Trial Balance
 - ✓ Extracting balances from general ledger accounts.
 - ✓ Recording balances in the trial balance.
 - ✓ Use of accounting software in automatically generating trial balances.
 - Functions of a Trial Balance
 - ✓ Ensures total debits equal total credits.
 - ✓ Provides the basis for financial statement preparation.
 - ✓ Highlights some, but not all, types of errors.
 - Limitations of a Trial Balance
 - ✓ Errors it cannot detect:
 - Errors of omission.
 - Errors of commission.
 - Errors of principle.
 - Compensating errors.
 - Errors in original entry.
 - ✓ Why a balanced trial balance does not guarantee accuracy.
 - Compliance Significance
 - ✓ Trial balance as evidence of due process before statutory accounts are prepared.
 - ✓ Usefulness in audits and external reviews.
- Correction of Errors**
- Types of Errors
 - ✓ Errors revealed by the trial balance:

- Incorrect additions.
- Unequal debit and credit entries.
- Wrong postings in ledger accounts.
- ✓ Errors not revealed by the trial balance (linked to Section above).
- Methods of Correction
 - ✓ Journal entries to correct mistakes.
 - ✓ Reversal of incorrect entries.
 - ✓ Adjusting incorrect postings to the correct accounts.
- Suspense Accounts
 - ✓ Definition and purpose of a suspense account.
 - ✓ When and why a suspense account is created.
 - ✓ Recording entries in a suspense account.
 - ✓ Clearing a suspense account once errors are identified.
- Impact of Errors
 - ✓ Effect on the income statement (profit/loss).
 - ✓ Effect on the balance sheet (assets, liabilities, equity).
 - ✓ Compliance risks if errors remain uncorrected.
- Practical Application
 - ✓ Worked examples of common errors and corrections.
 - ✓ Case studies on the compliance implications of uncorrected errors.

Section VI: Financial Statements and Their Use in Corporate Administration

Learning Objectives:

1. Explain the purpose and main users of financial statements in a corporate context.
2. Analyse the structure and components of the income statement, balance sheet, cash flow statement, and statement of changes in equity.
3. Interpret the legal and compliance significance of solvency, liquidity, goodwill, and equity reporting.
4. Demonstrate how the financial statements are interconnected and support statutory compliance.

Lecture 13**Introduction to Financial Statements**

- Purpose and importance of financial statements for corporate and legal use.
- Users of financial statements: regulators, directors, courts, shareholders.
- Overview of the four main financial statements:
 - ✓ Income Statement
 - ✓ Balance Sheet
 - ✓ Cash Flow Statement
 - ✓ Statement of Changes in Equity

The Income Statement

- How profitability is reported and used in compliance/board reporting.
- Key components: Revenue, COGS, Gross Profit, Expenses, Net Profit.

The Statement of Financial Position (Balance Sheet)

- Snapshot of assets, liabilities, and equity at a point in time.
- Legal significance of solvency and going concern.
- Goodwill and impairment testing – compliance and shareholder protection.
- Statement of Changes in Equity: shareholder rights and reporting.

The Cash Flow Statement

- Operating, investing, and financing activities.
- The importance of liquidity for creditors and compliance monitoring.

Interrelationship of Financial Statements

- How profit links to equity and retained earnings.
- How cash flows impact solvency and compliance filings.

Consolidated Accounts (Brief Introduction)

- Purpose of consolidated accounts: presenting the group as a single economic entity.
- Key concepts: parent, subsidiary, control, and group structure.
- Basic treatment of intra-group transactions.
- Goodwill and Its Impairment:
 - ✓ Definition of goodwill on acquisition.
 - ✓ Recognition and measurement in consolidated accounts.
 - ✓ Annual impairment testing and compliance implications.

Compliance and Practical Applications

- Statutory reporting obligations under Companies Law and IFRS.
- Related Party Transactions (RPTs): definition, disclosure requirements, and compliance risks.
- Directors' duties and liabilities for financial misstatements.

	<ul style="list-style-type: none"> • The corporate administrator's role in ensuring compliance. • Financial analysis for compliance purposes (solvency, liquidity, debt coverage). • Identifying red flags: fraud, misstatements, and AML considerations. • Practical case studies: reviewing company accounts for compliance and reporting risks.
Revision	
Lecture 14	<p>Course Revision & Practical Application</p> <ul style="list-style-type: none"> • Case study scenarios • Applying knowledge to real life scenarios
FINAL EXAMINATION	

Assessment Method and Criteria

Type of Assessment	Weight
Final Examination	60%
Mid Term Examination	30%
Class Attendance and Participation	10%

Assessment Criteria

Numerical Grade	Grade	Meaning
90-100%	A	Excellent
85-90%	B+	Very Good
80-84%	B	Good
75-79%	C+	Above Average
70-74%	C	Average
65-69%	D+	Below Average
60-64%	D	Poor

Below 60

F

Failure
