

**FEDERAL STATE
AUTONOMOUS INSTITUTION OF HIGHER EDUCATION
"MOSCOW STATE INSTITUTE OF INTERNATIONAL
RELATIONS (UNIVERSITY) OF THE MINISTRY OF FOREIGN AFFAIRS
RUSSIAN FEDERATION".**

**B.A. in Government and International Affairs
School of Government and International Affairs**

**«Approved»
Associate Professor of Political Science,
Director of the School
_____ M. Troitskiy**

«___» _____ 2018

Basics of Accounting

The course program developed by:
Lecturer Georgy Khachidze, 2018

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The course “Basics of Accounting” is elaborated in accordance with the MGIMO Educational Standard for the Bachelor’s Program in International Relations (program track “Government and International Relations”).

Author_____ Lecturer Georgy Khachidze

Director of the MGIMO library_____ Marina Reshetnikova

The program is approved by School of Government and International Affairs on

Head of School_____ ...

**PART 1:
INSTRUCTOR INFORMATION, COURSE DESCRIPTION
AND TEACHING METHODS**

1.1 General information

- Full course title: Basics of Accounting
- Type of course: Compulsory
- Level of course B.A.
- Year of study: 2nd
- Number of ECTS credits allocated: 2
- Name of lecturer(s) and office hours:

Lecturer Georgy Khachidze
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1.2 Course aims and learning outcomes

The aims of the course are to provide students with foundational knowledge about accounting and financial reporting, their purpose, the users of financial statements, and basics of principles, methodologies and standards to create these reports and analyze them.

Learning outcomes:

By the end of this course, students should be able to:

- Understand why accounting and reporting exists at all
- Describe internal v external reporting and understand the difference in purpose and users of different types of accounting and reporting (e.g. financial, management and tax accounting and reporting)
- Understand basic principles of bookkeeping
- Clearly define basic definitions of accounting and reporting items such as: assets, non-current and current assets, non-current and current liabilities, capital, revenue, profit, reserves etc.
- Understand basic principles of accounting and financial reporting in accordance with International Financial Reporting Standards (IFRS) or US GAAP
- Understand the difference between consolidated stand-alone entity financial statements and consolidated financial statements. Describe the process of preparation of consolidated financial statements.
- Prepare simple financial reports (Statement of Financial Position, Statement of Comprehensive Income, Cash Flow Statement (direct method)) from set of transaction data
- Broadly describe the difference between Russian Accounting Practice (RAP) and IFRS
- Describe the process of preparation of IFRS Financial Statements from the set of RAP accounting data (transformation)
- Read Financial Statements prepared in accordance with IFRS and understand company financial position, financial results and cash flows, make simple calculation of basic financial ratios and make sound conclusion about company performance.

1.3 Course requirements and grading plan

Course requirements

Students will be required to attend not less than 90% of classes and be prepared for class discussions. Conscientious reading of the assigned materials is compulsory. Students will also be strongly advised

to practice calculations after each lecture (from the textbook) as signed by the lecturer. Students will also be required to prepare in-class presentation.

Grading plan

- **Class participation - 2%**
Students are expected to attend all lectures, seminars and participate in class discussions; since the course is highly interactive, it is essential that students attend the seminars having read the materials for that day's class.
- **In-class tests – 10%**
Students will write three tests during the semester. Dates of test classes are defined by the instructor and communicated to the students at the first class of the respective course.
- **In-class issue presentation – 10%**
Such a presentation (up to 20 minutes) is performed by each student at least once in the term. The presentation will be based on the analysis of the real IFRS Financial Statements of Russian company. The presenter should supply a brief summary of the argument but offer a critical interpretation of the reading by drawing out the key ideas of the text, linking them with others already covered, and registering agreements and disagreements. The presenter should also attempt to consider how the given argument could be framed differently. A few critical questions should further be offered for the class to discuss collectively. The presenter will be given a short written feedback after the presentation, including the grade, which can be followed up by consultation during office hours.

PART 2. COURSE CONTENT

2.1 Types of work

Types of work	Academic hours	ECTS credits
Total	72	2
Total for lectures, seminar	32	
Lectures	16	
Seminars	16	
Homework	40	
Preparation of home assignments	20	
Preparation for final test	20	
Course works	3 tests 1 Presentation	

2.2. Course content

1 Part I. introducing the principles of bookkeeping and accounting (10 ac.hours). Incl. tests and discussion.

1.1 Introduction into accounting principles

- a) Importance and need for accounting. Basic concept of financial control.
- b) Types of reporting, accounting, and users of financial information.
- c) The accounting sequence (process). Definition of bookkeeping, accounting and financial reporting.

1.2 The accounting system

- a) The accounting system.
- b) Source documents
- c) Books of original entry
- d) Introduction to the double entry book-keeping system
- e) The ledgers
- f) Classification of accounts
- g) Balancing off accounts and the trial balance
- h) Components of financial statements (as per IFRS)

1.3 The accounting equation and statement of financial position

- a) Economic wealth and accounting equation
- b) The statement of financial position
- c) Equality of the accounting equation
- d) Constructions of statements of financial positions

1.4 The double entry system for Assets and liabilities

- a) Introduction to history of the double entry system of book-keeping
- b) The double entry system
- c) The accounts for double entry
- d) Rules for double entry
- e) T-accounts
- f) Business transactions examples. Practicing

1.5 The double entry system for inventory

- a) Inventory movements
- b) Purchase of inventory on credit

- c) Purchase of inventory for cash
- d) Sales of inventory on credit
- e) Sales of inventory for cash

1.6 The double entry system for expenses and revenues

- a) The nature of profit and loss
- b) The effect of profit and loss on capital
- c) Profit and loss and expenses. Cost items and Cost elements.
- d) Business transactions examples. Practicing

1.7 Balancing off accounts

- a) Balancing the accounts (closing of books)
- b) Accounts for debtors
- c) Accounts for suppliers
- d) Three-column accounts

1.8 The trial balance

- a) Construction trial balance and accounting equation
- b) Uses of trial balance
- c) Computerized trial balance

1.9 Capital and Revenue expenditures (OPEX / CAPEX)

- a) Capital expenditure
- b) Revenue expenditure
- c) Further considerations of OPEX and CAPEX

1.10 PART 1 Final test.

This test is organized as the Multiple Choice Questions (MCQ) where some question contain simple calculations and preparation of simple formats of Financial Statement items.

2 Part 2. The financial statement of a sole trader (14 ac.hours). Incl. tests and discussions.

2.1 Income statements

- a) Purpose of the income statement
- b) Preparation of a trading and profit and loss account
- c) Completion of capital account
- d) Inventories of unsold goods at end of period
- e) Example. Calculation of Income statement capital accounts
- f) Further considerations of IS (IFRS formats, Depreciation and Amortization)

2.2 Statement of financial position (Balance Sheet)

- a) Definition of a statement of financial position previously known as a "Balance Sheet"
- b) Preparation the statement of financial position
- c) Layout of the statement of financial position

2.3 Accounting/Reporting standards, rules and concepts

- a) The regulatory framework of accounting
- b) Accounting standards
- c) Framework for the preparation and presentation of financial statements
- d) The International Accounting Standards Board
- e) Accounting concepts
- f) The main accounting concepts

2.4 Depreciation and disposal of non-current assets

- a) The concept of depreciation and amortization
- b) Methods of calculation depreciation charges
- c) Recording depreciation of non-current assets
- d) The disposal of non-current assets

2.5 Bad dept and allowances for doubtful debts

- a) Bad dept

- b) Allowance for doubtful debts
- c) Accounting entries for allowances for doubtful debts
- d) Reducing the allowance

2.6 Accruals, prepayments and other adjustments for financial statements

- a) The accrual concept
- b) Accrued expenses
- c) Prepaid expenses
- d) Expenses and revenue account balances and the statement of financial position
- e) Goodwill

2.7 Manufacturing accounts and costing

- a) Manufacturing accounts and costing methods
- b) Direct and indirect costs
- c) Other expenses
- d) Format of the financial statements
- e) Work in progress
- f) A worked example for manufacturing accounts
- g) Apportionment of expenses (cost allocation v cost distribution)
- h) Variable and Fixed costs. CVP analysis basics

2.8 Cash flow statement

- a) Cash flows v Profits and losses
- b) Structure of CFS
- c) Direct method of CFS preparation
- d) Indirect method of CFS preparation

2.9 PART 2 Final test.

This test is organized as the Multiple Choice Questions (MCQ) where some question contain simple calculations and preparation of simple formats of Financial Statement items.

3 Part 3. Consolidated financial statements and analysis (8 ac.hours). Incl tests , discussions and in-class presentation.

3.1 Consolidated financial statements

- a) Idea of control and significant influence. The Group of companies.
- b) Basic definitions
- c) Consolidation methods

3.2 Analysis and interpretation of financial statements

- a) Interpretation of financial statement
- b) Profitability and liquidity
- c) Profitability ratios
- d) Liquidity ratios
- e) Other ratios
- f) Definition of capital employed in various circumstances
- g) Definition of working capital
- h) Worked example of calculating and interpreting ratios

3.3 Financial Analysis practice. Presentation.

Each student must find in the internet on corporate websites official IFRS Financial Statements of the one of Russian companies (any size and any industry), analyze it using methodologies presented during the course and prepare presentation (6-8 slides, 20 minutes) discussing current position of the company and some ideas about its future.

3.4 Other accounting topics

- a) Computers and accounting systems
- b) Transformation of IFRS FS from RAP data

- c) Accounting manipulation
- d) Audit of Financial Statements

3.5 PART 3 Final test.

This test is organized as the Multiple Choice Questions (MCQ) where some question contain simple calculations and preparation of simple formats of Financial Statement items.

2.3. Reading and other sources of information

- Wood F., Robinson S. **Frank Wood's bookkeeping and accounts.** - 8th ed. - Harlow: Pearson, 2013.
- IASB official website: www.ifrs.org

FINAL REMARKS

- Plagiarism is considered as a severe violation and as an indication of incompetence in the course. Plagiarism is understood as making of one's text using compilation method for other people's publications, even connected with own phrases and sentences. Collective performance of individual tasks is also unacceptable. Proved plagiarism an F-mark is given regardless of the fulfillment of all other requirements.
- Assignments are to be handed in on the due date. Late submissions will translate into the lowering of the grade by 1/3 of a grade for each day of delay.
- Students are asked to keep a copy of all work submitted for evaluation.