

"COMPANIES ACCOUNTING"

1. OBJECTIVES OF THE SUBJECT

The main objective of this discipline is to equip the student with the necessary skills to understand record and report in the financial statements all those transactions related to the moments a corporation, and especially a joint stock company, lives, that mainly affect its Equity.

2. DESCRIPTION OF THE SUBJECT

We consider the "Companies Accounting" as the final contact the student has with the financial branch of the Accounting's discipline.

This subject, Companies' Accounting, deeps in reporting financial information of the relevant moments a company goes through during its life, and conditioned by the legal form the firm adopts in its foundation moment. Therefore, not only is it affected by the accounting principles and standards but also by the specific legislation to be applied.

We choose the joint stock company as the most complete legal form with the view to record different moments in their lives, starting with the foundation, changes in Capital, transactions with treasury stocks, and finishing with extraordinary situations a company can eventually live such as transformations, liquidations or even mergers and acquisitions.

We continue the tour through the subject with the study and recording of the issuing of bonds which is also related to the Equity of the corporation.

We end and complete the study with the reporting of the five documents that comprise the financial statements and an introduction to the financial analysis of these documents.

Six topics complete the lecture material accompanied by five practice works we offer that progressively evaluate the student in the knowledge of the three first topics that comprise all the life of a company.

We will follow the requirements of the Spanish Law:

- *Corporate Enterprises Act (2010)*
- *Structural Changes in Trading Companies (2009)*
- *Spanish Accounting Plan (2007).*

3. PREVIOUS REQUIREMENTS

We recommend to whoever wants to attend this course, a previous and deep study of the fundamentals of Financial Accounting. This is: understand and know the legal

framework of financial accounting with its concepts, general accepted accounting principles, the methodology to record the transactions that affect the company and the reporting of the financial statements.

4. THE SUBJECT COMPETENCES

- C1. Analyze, interpret and record the companies' transactions following the General Accepted Accounting Principles as well as the Legal requirements
- C2 Prepare, present and explain the financial statements of an Incorporation following the General Accepted Accounting Principles as well as the Legal requirements
- C3. Use basic tools of accounting analysis to interpret financial statements...

5. LEARNING RESULTS

- 1. Know the basic business' transactions and the processes needed to obtain the economic information.
- 2. Use the accounting method to obtain the information related to the equity of the firm and the generation of profits.
- 3. Interpret in a proper way the basic accounting information and be able to take financial decisions.

6. PROGRAMM

TOPIC I: LEGAL FORM A COMPANY CAN ADOPT. CORPORATIONS

1. LEGAL FORMS A BUSINESS CAN ADOPT

- 1.1. Unincorporated businesses
 - 1.1.1. Sole Proprietorship
 - 1.1.2. Partnerships
- 1.2. Incorporated businesses.

2. CORPORATIONS

- 2.1. Responsibility
- 2.2. Shared decision making and rights
- 2.3. Stocks Held
- 2.4. Advantages of this legal form
- 2.5. Disadvantages of this legal form

3. SHARE CAPITAL

- 3.1. Concept
- 3.2. Legal principles
 - 3.2.1. Establishment: determined in the Bylaw
 - 3.2.2. Completeness and outlay
 - 3.2.3. Stability
 - 3.3.4. Reality

4. SHARES

- 4.1. Concept
- 4.2. Shareholder`s obligations and rights
- 4.3. Value of shares

TOPIC II: DIFFERENT TRANSACTIONS WITH THE CAPITAL OF CORPORATIONS

TOPIC II (A)

1. FORMING A JOINT STOCK COMPANY

- 1.1. Legal requirements
- 1.2. Procedures of Forming Corporations
 - 1.2.1. Simultaneously
 - 1.2.2. Successively
- 1.3. Authorized stocks
- 1.4. Forming costs
 - 1.4.1. Formal Costs
 - 1.4.2. Start-up expenses
- 1.5. Monetary and Non-monetary contributions
 - 1.5.1. Monetary contributions:
 - 1.5.2. Non-monetary contributions:
- 1.6. Uncalled Capital
- 1.7. Shareholders in arrears

TOPIC II (B)

2. INCREASES IN CAPITAL

- 2.1. Reasons why a company wants to increase its capital
- 2.2. Legal Requirements
- 2.3. Dilution of old shares
- 2.4. The pre-emptive right
- 2.5. Specific situations in increases in Capital
- 2.6. Share Premium

TOPIC II (C)**3. DECREASES IN CAPITAL**

- 3.1. Legal requirements
- 3.2. Voluntary reductions
- 3.3. Obligatory reductions
- 3.4. Creditor`s protection
- 3.5. Specific situations in decreases in Capital
- 3.6. Simultaneous Capital reduction and increase

TOPIC II (D)**4. TREASURY STOCKS**

- 4.1. Reasons to purchase own shares
- 4-2- Legal requirements
- 4.3. Derivative acquisitions
- 4.4. Conditioned acquisitions
- 4.5. Unrestricted acquisitions

TOPIC III: DISOLUTION, LIQUIDATION, TRANSFORMATION, SPIN-OFFS AND MERGERS**1. DISSOLUTION**

- 1.1. Reasons for a company to dissolve
- 1.2. Consequences of dissolution

2. LIQUIDATION

- 2.1. Responsibilities of liquidators
 - 2.2. Accounting process
- Stage1. Preparatory transactions
Stage2. Liquidating transactions

3. TRANSFORMATION

- 3.1. Legal requirements
- 3.2. Possible transformation instances
- 3.3. Shareholder`s exit rights
- 3.4. Accounting consequences

- 3.4.1. Transformation of capital companies into personal companies
- 3.4.2. Transformation of personal companies into capital companies
- 3.4.3. Transformation of limited liability companies into joint stock companies
- 3.4.4. Transformation of joint stock companies into limited liability companies

4. BUSINESS COMBINATIONS

4.1 PURCHASE METHOD

4.2. SPIN-OFFS

- 4.2.1. Different forms the transaction can adopt
 - 4.2.1.1. Total spin-off
 - 4.2.1.2. Partial spin-off.
 - 4.2.1.3. Separation

4.3. MERGERS

- 4.3.1. Reasons a company can find to merger.
- 4.3.2. Types of mergers from an economic perspective
- 4.3.3. Types of Mergers from a financing perspective
- 4.3.4. Legal Procedures
- 4.3.5. Exchange Ratio
- 4.3.6. Accounting of Mergers

TOPIC IV: BONDS ISSUING

- 1. ISSUING BONDS**
- 2. LEGAL REQUIREMENTS**
- 3. DIFFERENCES BETWEEN BONDS AND STOCKS**
- 4. TYPES OF BONDS**
- 5. ACCOUNTING WITH BONDS**

TOPIC V: FINANCIAL STATEMENTS

- 1. ISSUING AND CONTENT OF THE FINANCIAL STATEMENTS**
- 2. BALANCE SHEET**
- 3. INCOME STATEMENT**
- 4. THE STATEMENT OF CASHFLOW**
- 5. STATEMENT OF CHANGES IN EQUITY**
- 6. NOTES TO THE FINANCIAL STATEMENTS**

TOPIC VI: FINANCIAL STATEMENT ANALYSIS**1. INTRODUCTION TO FINANCIAL ANALYSIS****2. TYPES OF ANALYSIS**

2.1. Vertical analysis

2.2. Horizontal analysis

2.3. RATIO ANALYSIS**7. METHODOLOGY**

We encourage the student to follow the next steps in order to achieve the best knowledge of the subject:

1. Read the Lecture Material proposed in each Topic in which we offer different examples to put in practice the theoretical explanations (Lecture Materials)
2. Do the exercises related to the Topics :
 - a. Exercises Part I (Topics II and III)
 - b. Exercises Part II (Topics IV to VI)

We offer templates in each exercise to be followed in order to solve the exercises in the right way.

3. Solutions to the exercises:

We also offer the solutions to the exercises, totally or partially solved, because we consider this is a way to help the student acquire the competences needed for the aim of self learning.

4. Practice Works (1 to 5)

These 5 exercises cover in a progressive way the transactions a corporation records from the beginning when founding to its liquidation. They contemplate subjects treated in Topics I to III.

5. Self-evaluation tests to all the topics.

8. MATERIAL

Lecture Material for each topic: theoretical aspects and examples to illustrate them.

Exercises related to the different topics.

Solutions to the exercises

Practice works: these are more complex exercises that compile in a progressive way (from easier to more complex) questions related to the first topics, from I to III, where we expose the different moments a company can live, from its foundation to its liquidation or business combination.

Self-evaluation tests for all the topics.

9. SCHEDULE OF ACTIVITIES

In the below table we present the time we estimate the student will need to devote in order to achieve the competences in the subject., distributed in theoretical aspects, exercises to the topics, self-evaluation tests and practice works.

*The next schedule is distributed along 15 weeks.

WEEK	HOURS	TOPIC
1	4h theory & self-test	TOPIC I
2	2h theory	TOPIC II (A)
	2h exercises to the topic & self-test	
3	2h theory	TOPIC II (B)
	2h exercises to the topic	
4	1h theory	TOPIC II (B)
	1h exercises to the topic & self-test	
	2h PRACTICE WORK	
5	1h theory	TOPIC II (C)
	1h. exercises to the topic & self-test	
	2h PRACTICE WORK	
6	2h theory & exercises & self-test	TOPIC II (D)
	2h PRACTICE WORK	
7	4h theory	TOPIC III
8	4h exercises to the topic	

9	2h. exercises to the topic & self-test	TOPIC III
	2h PRACTICE WORK	TOPIC I ,TOPIC II (A) ,TOPIC II (B), TOPIC II(C), TOPIC III (D) & TOPIC III 4 th PRACTICE WORK
10	2h PRACTICE	TOPIC I ,TOPIC II (A) ,TOPIC II (B), TOPIC II(C), TOPIC (D) & TOPIC III 5 th PRACTICE WORK
11	2h theory	TOPIC IV
	2h exercises to the topic	
12	2h theory	TOPIC IV
	2h exercises to the topic & self-test	
13	2h theory	TOPIC V
	2h exercises to the topic	
14	2h theory	TOPIC V
	2h exercises to the topic & self-test	
15	2h theory	TOPIC VI
	2h exercises to the topic & self-test	