

## Course Outline

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Accounting and Finance  
School of Business & Economics

BUSN 5020 - **3.00** - Academic

Financial Accounting

## Rationale

Update requisites updated

## Calendar Description

Students acquire the knowledge and skills necessary to understand financial statements. They analyze the many accounting policy choices available to companies, and the consequences of these choices for users. Topics include recording basic financial transactions, financial statement preparation, adjusting entries, accounting for receivables and inventories, depreciation and sale of capital assets, bonds and long-term debt, equity transactions, the cash flow statement, revenue and expense recognition, and leases and pensions.

## Credits/Hours

**Course Has Variable Hours:** No

**Credits:** 3.00

**Lecture Hours:** 3.00

**Seminar Hours:** 0

**Lab Hours:** 0

**Other Hours:** 0

*Clarify:*

**Total Hours:** 3.00

**Delivery Methods:** (Face to Face)

**Impact on Courses/Programs/Departments:** none

**Repeat Types:** A - Once for credit (default)

**Grading Methods:** (G - Graduate Programs)

## Educational Objectives/Outcomes

1. Understand the diverse users of accounting information and the measurement challenges inherent in accounting.
2. Prepare and provide basic analysis of the income statement, balance sheet and statement of changes in shareholders' equity.
3. Record and analyze basic financial transactions.
4. Adjust accounts for depreciation, prepaid expenses, unearned revenues, accrued expenses, and accrued revenues.
5. Prepare journal entries for receivables and understand the judgments required in these areas.
6. Analyze company inventories and interpret inventory disclosures.
7. Differentiate between capital and non-capital expenses, and once capitalized, analyze the various depreciation methods available to companies.
8. Compute bond prices and understand the issues inherent in accounting for bonds and other liabilities.
9. Evaluate and account for complex equity transactions including stock issues, repurchases, stock splits and dividends.
10. Distinguish between defined benefit and defined contribution pension plans and understand the complexities and challenges associated with accounting for them.
11. Analyze and evaluate the cash flow statement.

12. Analyze and interpret the information found in the financial statements.

## Prerequisites

Admission to GDBA or MBA or approval of degree committee

## Co-Requisites

## Recommended Requisites

## Exclusion Requisites

BUSN 5021-Financial Accounting

GBUS 5000-Financial Reporting and Analysis

## Texts/Materials

### Textbooks

1. **Required** Easton, P. D., Wild, J. J., Halsey, R. F., & McAnally, M. L. *Financial Accounting for MBAs*, 5th ed. Cambridge Business Publishers, 2012

### Other

1. **Required** Groups Oppose SHRM's Draft Standard on Value of Human Capital. (2012). HR Focus, 89(7), pp 10-13.

Riley, M. E., and Pasewark, W. R. (2009). Assessing the Allowance for Doubtful Accounts. *Journal of Accountancy*, 208(3), pp 40-44.

Ramanna, K. (2013). Why "Fair Value" Is the Rule. *Harvard Business Review*, 91(3), pp 99-101.

Kamenir, J. R. (2012). How to Make Defined Benefit Pension Plans Attractive to 21st Century Employers. *Journal Of Pension Planning & Compliance*, 38(1), pp 17-25.

Cunningham, C. (2010). Big Fight Looms on Reporting of Cash Flows. *Compliance Week*, 7(72), pp 1-27.

## Student Evaluation

The Course grade is based on the following course evaluations.

Assignment (10.00%) Homework/participation/professionalism (10.00%) Midterm (2) (40.00%) Final exam (40.00%)

**Students must pass the final exam with 50% or higher to pass the course.**

## Course Topics

### 1. Financial Accounting Introduction

- Accounting terminology
  - Assets
  - Liabilities
  - Equity
  - Revenues
  - Expenses
- Financial statement users and preparers

- Introduction to the financial statements
    - Income statement
    - Balance sheet
    - Statement of changes in shareholders' equity
  - Choice and measurement in accounting
  - Financial statement and business analysis
2. Introduction to Financial Statements
- Balance sheet
  - Income statement
  - Statement of changes of shareholders' equity
  - Cash flow statement
  - Linkages between the financial statements
3. Recording, Analyzing and Understanding Transactions
- Transaction analysis
  - Effect of transactions on the financial statements
  - Posting transactions
  - Trial balance
4. Accounting Adjustments
- Adjusting entries
    - Depreciation
    - Accrued expenses
    - Accrued revenues
    - Prepaid expenses
    - Unearned revenues
  - Adjusted trial balance
  - Closing entries
5. Short-term Operating Assets - Accounts Receivable
- Accounts receivable and the allowance for doubtful accounts
    - Percentage of sales method
    - Aging of receivables method
  - Writing off accounts receivable
  - Analyzing receivables and allowances
6. Short-term Operating Assets - Inventory
- Accounting for inventory
    - FIFO
    - LIFO
    - Average cost
  - Lower of cost and net realizable value
  - Inventory ratios
7. Accounting for Property, Plant And Equipment
- Capital assets versus expenses
    - Amortization methods
    - Straight-line
    - Double-declining balance
    - Units of production
    - CCA
  - Asset disposals and sales
  - Property plant and equipment ratio analysis
8. Reporting and Analyzing Non-Owner Financing
- Current liabilities

- Known versus estimated liabilities
- Contingent liabilities
- Bonds
  - Bond terminology
  - Computing bond prices
  - Accounting for bonds issued at a discount or premium
- Credit ratings and cost of debt

## 9. Reporting and Analyzing Owner Financing

- Common and preferred shares
- Stock issuances and repurchases
- stock based compensation
- Cash dividends, stock dividends and stock splits
- Accumulated other comprehensive income
- Equity carve-outs

## 10. Off-balance Sheet Financing

- Accounting for leases
- Defined benefit versus defined contribution pension plans
- Accounting for pensions

## 11. Statement of Cash Flows

- Format of the statement of cash flows
  - Operating activities
  - Investing activities
  - financing activities
- Preparation and analysis of the statement of cash flows

## 12. Forecasting Financial Statements

- Compute liquidity and solvency ratios
- Perform horizontal and vertical analysis
- Compute and disaggregate return on equity
- Compute and interpret return on net operating assets

## **Methods for Prior Learning Assessment and Recognition**

Students may apply for PLAR but it cannot be used to meet the program residency requirement.

## **Last Action Taken**

Implement by Graduate Studies Committee Chair Debbie (Proxy GSC Chair) Krebs

Current Date: 26-May-20