

ACCT 60100
Module 1 – Financial Accounting
Fall 2008

Professor: Ram Ramanan
Office: 243 Mendoza College of Business
Notre Dame, IN 46556
Office Hours: By appointment
Telephone: 574-631-8670
E-mail: Ramanan.1@nd.edu

Objectives:

- The primary objective of the course is to familiarize participants with the nature and content of the financial statements that organizations prepare for investors and others outside the organization (commonly referred to as external reporting by firms).
- While the major emphasis is on analysis and interpretation of external reports, some time will be spent on the accounting techniques used in constructing financial statements.
- Various reporting alternatives and controversies are examined using problems with actual financial reports from various companies. A related objective is to improve critical thinking skills and judgment.
- Collaborative learning is encouraged throughout the course.
- Provide learning objectives for each major topic (see page 3 of this document).

Pedagogical Notes

The objectives of the course are achieved through a combination of lectures, discussion, problem solving, group project and reading.

I want to stress from the outset that this is a **challenging** course. It can also be enjoyable and rewarding.

Remember that accounting is cumulative. It is best learned incrementally and gradually. It cannot be learned all at once. Experience shows that best learning results can be achieved by keeping up with new material and concepts as they are introduced and by mastering each major new concept before proceeding to the next. Experience also shows that class lecture/discussion can be effective only if the topics have been reviewed beforehand. So here are a few simple steps you should follow: (1) read the assigned module and attempt some of the assigned problems before the topic is discussed in class, (2) participate in class discussion to clarify the issues that were not

clear enough when you first read the module, and (3) read the module again after class and attempt a few more problems.

I recommend that you spend a short period of time each day studying. This will be far more effective than studying for many hours at a single sitting.

Textbook and other materials

- *Financial Accounting for MBAs*, Third edition, by Peter Easton, John J. Wild, Robert F. Halsey, and Mary Lea McAnally, Cambridge Business Publishers, 2008.

Course Evaluation

Mid-module Exam	20
Group Project Report	30
Final Examination	45
Attendance and preparedness*	<u>5</u>
Total	100

* (This can take on a negative score up to -50)

- The case for the group project will be handed out during the first week. Each group should prepare a written analysis as required in the case and turn in a typed report (hard copy). **The due date is October 6, 2008 before 12:00 noon.**
- Each group should also plan on making a presentation of its analysis to the class during class time on 10/6 (schedule and format to be set up in class).

Honor Code

- By enrolling for this course, you agree to abide by the Notre Dame Honor Code.
- Your group work should reflect the analysis carried out by your group members only. You are not allowed to get help from anyone outside your group. You are permitted to access all publicly available information as relating the case. If you use any of this information in your analysis, kindly cite the source(s).
- Your answers in the examinations should be your own work. These are closed-book. You are permitted to use a sheet of notes (both sides, standard size paper). You may also use an electronic calculator as long as it does not contain text memory.

Re-grading Policy

If you have questions regarding the grading, submit a short memo (along with the original of the assignment/exam) expressing your concern. You should also indicate the number of points you want to place “at risk” in the re-grading process. I will review the materials and decide if the exam grade should be changed. If I agree with

you, I will increase your grade by the number of points you put “at risk.” If I disagree with you, you lose the points “at risk.”

Learning Objectives for each module

Module 2 – Financial statements

- Describe information conveyed by the financial statements.
- Explain and illustrate the linkages among the four financial statements.
- Illustrate use of the financial statement effects template to summarize accounting transactions.

Module 4 – Analyzing and interpreting financial statements

- Compute return on equity (ROE) and disaggregate it into components of operating and non-operating returns.
- Disaggregate operating return (RNOA) into profitability and asset turnover.
- Compute and interpret measures of liquidity and solvency.
- Carry out analysis of one of the Dow 30 companies in each group and present findings to the class.

Module 5 – Operating income

- Explain revenue recognition criteria.
- Identify transactions of special concern and learn how revenue is recognized for each.

Module 6 - Operating assets

- Describe the accounting for accounts receivable and the importance of the allowance for uncollectible accounts in determining profits.
- Explain accounting for inventories and the effects on the balance sheet and income statement from different inventory costing methods.
- Describe accounting for property, plant and equipment and explain the impacts on profit and cash flows from different depreciation methods.

Module 7 – Intercorporate investments

- Describe and illustrate accounting for passive investments.
- Describe and illustrate accounting for equity method investments.
- Describe and illustrate accounting for consolidations.

**Class Schedule and Assignments
Fall 2008**

Date	Session	Topic, Readings and Assignments
8/25	1	Introduction and fundamentals of accounting Module 2 – Introducing Financial Statements Review Chicago Corporation Problems: 2-40, 42, 44, 45
8/27	2	Module 4 – Analyzing and interpreting financial statements Problems: 4-16, 18, 20, 22
9/1	3	Module 4 – Analyzing and interpreting financial statements Problems: 4-24, 26, 28, 30, 32
9/3	4	Module 4 – Analyzing and interpreting financial statements Problems: 4-38, 42 Module 5 – Reporting and analyzing operating income Problems: 5-11, 12, 14, 16, 22, 24, 32, 33, 35
9/8	5	Module 6 – Reporting and analyzing operating assets Accounts Receivable Problems: 6-12, 14, 22, 24, 26, 40
9/10	6	Presentation workshop – Actors from the London Stage Jordan Auditorium 10:00 am (attendance mandatory)
9/15		Mid-term Examination 90 minutes from 10:00 am Jordan Auditorium (no make-up permitted)
9/17	8	Continue Module 6 – Inventory Problems: 6-14, 16, 18, 28, 30, 41
9/22	9	Continue Module 6 – Property, plant and equipment Problems: 6-20, 32, 34, 36, 38, 42
9/24	10	Project work
9/29	11	Module 7 – Reporting and analyzing intercorporate investments Problems: 7-12, 20, 14, 16, 22, 24

Date	Session	Topic, Readings and Assignments
10/1	12	Module 7 – Reporting and analyzing intercorporate investments Problems: 7- 26, 28, 30, 32, 38
10/6	13	<i>Group project presentation</i> Group project due from all groups (Attendance mandatory)
10/8	14	Study day
10/9		Final Exam – 10:00 am, Jordan Auditorium, 2 Hours (No make-up permitted)