

Accounting 501 – Section X2
Introduction to Financial Reporting and Analysis
University of Alberta
Department of Accounting and MIS

Fall 2011

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Course Web Site: <https://ulearn.ualberta.ca>

Office Hours: T(13:00-14:00) or by appointment

Objective:

The goal of this course is to promote informed interpretation and analysis of the financial information disseminated by business enterprises. The course provides a framework for understanding contemporary financial reporting practices in Canada, the United States and other developed economies, the diverse forces that shape those practices, and how those practices influence the usefulness of financial information in applied decision settings.

Coverage is organized around two distinct components.

Accounting Fundamentals – provides a basic introduction to the accounting framework and “the language of business”

Financial Reporting and Financial Statement Analysis – an evaluation of generally accepted accounting principles and financial disclosures for purposes of performance analysis. Class assignments and lectures emphasize the use of financial information in developing an accurate profile of the firm's economic performance.

Upon completion of this course you should be able to:

- 1) Describe both the role and relationship of the major financial reporting statements
- 2) Appropriately classify transactions and identify their impact on financial statements
- 3) Use financial statement ratios to evaluate organizational performance
- 4) Obtain and interpret information from an annual report

Course Materials:

Text: *Financial Accounting for MBA's* by Easton, Wild, Halsey and McAnally (4th Ed.).

Case assignments are available from the course web site or are handed out in class. Sample exams are made available on the course web site a few weeks prior to the applicable exams.

Lecture notes are placed on the course web site prior to topics being discussed in class. It is the student's responsibility to bring copies of the lecture notes to class, either as hard copy or accessible from the student's laptop. Note that the lecture notes are **not** an adequate substitute for class attendance.

An electronic copy of the solutions manual is made available on the course website for those who wish to check their responses to suggested questions.

Organization:

Class is devoted to lectures, cases and discussions that supplement the assigned readings. This is a fast-paced course and you will find it helpful to complete all the relevant reading prior to class time. Detailed in the Assignment Schedule below are selected problems for each topic. The problems are a supplement to the readings and lectures. Students are encouraged to work the problems on their own. Assigned problems from the text will not be collected or graded; however, relevant pages from the Solution Manual are available on the course web site. Cases are collected and graded.

Grading:

Course grades are determined by the quality of your class participation (10%), your group performance on graded cases (30%), the midterm examination (30%) and the final examination (30%). Cases are viewed as team projects; you will be asked to evaluate the contribution of your teammates at the end of the semester.

At the end of the term marks will be converted to the letter grade system using the guidelines established by the Faculty of Graduate Studies and Research. Grade assignment will be based on the averages you obtain on both the individual and group coursework. The following are the averages needed to obtain various marks:

A+, A, A-	> 88%
B+, B, B-	75%-87%
C+	70%-74%
C and Below	< 70%

A C+ average is required to pass all graduate courses at the University of Alberta. Please note the above cut-offs are simply guidelines and I reserve the right to lower the above cut-offs should the circumstances warrant (i.e., an exam proves more difficult than anticipated); however, I will not raise the cut-offs above these levels should a class prove exceedingly brilliant.

Examinations:

All examinations are administered as "open book" tests. You will be allowed to bring your textbook and up to 3 – 8X10 sheets of paper with notes written in your own hand into the exam room. You will also be allowed a calculator to assist you with basic computations. All other electronic devices (including but not limited to cell phones, MP3 players, tablets, and electronic foreign language dictionaries) are prohibited. Foreign language dictionaries in print form are allowed; however, they must be checked by the proctor prior to the exam. No sharing of books, notes or other materials is allowed during the exam (this includes talking and discussions with your team mate or neighbour).

The Midterm Exam will be held in class on October 25. The Final Exam will be held according to the schedule provided by the Registrar which is December 13, 2011 at 6:30 pm.

Course Illness Policy

If a student does become ill and is unable to complete an assignment/exam within the given guidelines due to illness, the following procedures shall apply. In the case of group work, no extension will be provided to the group unless there are indications that all group members were incapacitated by illness. If the mid-term exam is missed, no alternate exam will be available; instead, the weight of the mid-term will be transferred to the final exam. If the final exam is missed, then the student must apply to the Faculty of Graduate Studies and Research for permission to write the deferred exam. Permission to write the exam is not automatic – the FGSR policy is to consult with the instructor to obtain information regarding the student when making a determination. If a deferred examination is granted, the deferred examination will be written on January 13th, 2012. If permission is not granted or the deferred examination is not written on the appointed date, then a mark of 0 shall be entered for the final exam.

Submission of Assigned Work:

All cases will be submitted at the beginning of class on the date they are due. Only one case is to be submitted per group. Please include the name of all group members who participated in the work on the cover page of your submission. Late assignments will have 25% of the available points deducted for each part-day they are late. For example, if a case is worth 20 points and you are one day late, five points would be deducted. If the case is two days late, then ten points would be deducted. To avoid the possibility of a grade less than 0, the late penalty shall not exceed the number of points awarded for the assignment.

Contacting the Instructor

The best way to contact me is via e-mail sent to msmaier@ualberta.ca . Please include the text “ACCTG 501 X2” somewhere in your subject line depending on your registered section. This will help my e-mail program prioritize your e-mail and ensure that it does not end up in my spam folder. The general goal is to respond to your e-mail within 24 hours; however, e-mails sent on Friday or Saturday may not receive a reply until Sunday or Monday.

Web Site General Information:

The address of the web site is <https://ulearn.ualberta.ca>

You can access the course web site with your CCID and password. Please contact AICT (780-492-9400) or the helpdesk@ualberta.ca for assistance if you do not have your CCID or password.

Most files on the web site are PowerPoint, Word or pdf files. To access those files, you will need at a minimum Office 2003 (with the Office 2007 conversion utility) and Adobe Acrobat 9.0 Reader. Acrobat Reader is free and can be downloaded from

<http://www.adobe.com/products/acrobat/readstep.html>

A link is also provided at the course web site.

TA Support

The Teaching Assistant for this course is Ryan Young. He will be available at various times during the semester to answer questions regarding course material. You may contact him via e-mail at rtyoung@ualberta.ca.

Web Site Information:

The course website is organized into various sections. Lectures are organized by topic. For example the first topic is Transaction Analysis. Under each topic there may be three major folders, Class Materials, Auxiliary and FYI.

Class Materials: files designated as class materials should be brought to class as either hard copies or electronic copies on your laptop. Files in Class Materials are almost always PowerPoint 2007 documents, which can be printed with several pages scaled to fit letter sized paper.

Auxiliary: auxiliary files are files intended to expand upon the lecture material, but may not be explicitly covered in detail in class. You should download these files to your PC/Laptop and be familiar with them (printing is optional).

FYI: these are "For Your Information Files" - items that I think might be of interest in helping you understand the topic. You may peruse these at your leisure by downloading the files to your PC/Laptop.

Accommodating Disabilities:

Please contact me as soon as possible if you have a disability or condition that may require some modification of seating, testing, or any other class requirement, so that we can make appropriate arrangements. If you need special arrangements in the event the classroom must be evacuated, please let me know.

Conduct:

Because we regard this class as we would any job responsibility, it seems prudent to clarify, in advance, the policy on academic integrity. Given the professional nature of the MBA program, it is unlikely that a student in this class would turn in work which is not his or her own. However, if we determine that the work is not entirely that of the student(s) whose name(s) appear on the work, the student(s) involved may not pass this course and be further subject to program-level discipline. Specifically, in order to protect the integrity of the MBA degree, the University may expel, suspend, reprimand, or reduce a course mark of any student who breaches the Code of Student Behavior in one of the following ways:

- (1) Assisting another student in the commission of an academic offence;
- (2) Plagiarism;
- (3) Cheating;
- (4) Distributing confidential academic material;
- (5) Misrepresenting facts for the purpose of obtaining academic advantage.

The following web site provides a summary of what constitutes an academic offense and the possible penalties. <http://www.ualberta.ca/~unisechr/chtsheet.html>

Please note that as defined above, it is an academic offence for group members to include the name of a group member on an assignment when that member has not contributed to assigned group work.

The University requires the following statement be included with the course syllabus:

The University of Alberta is committed to the highest standards of academic integrity and honesty. Students are expected to be familiar with these standards regarding academic honesty and to uphold the policies of the University in this respect. Students are particularly urged to familiarize themselves with the provisions of the Code of Student Behaviour (online at www.uofaweb.ualberta.ca/secretariat/studentappeals.cfm) and avoid any behaviour which could potentially result in suspicions of cheating, plagiarism, misrepresentation of facts and/or participation in an offence. Academic dishonesty is a serious offence and can result in suspension or expulsion from the University.

Policy about course outlines can be found in §[23.4](#)(2) of the University Calendar.

TENTATIVE SCHEDULE

Note: This is a general guideline for the semester. To accommodate student interests we may find it necessary to make alterations to the schedule as the semester progresses. Topics will be covered in sequence; however, it may be necessary to go faster or slower than indicated.

Week 1 (September 13th)

Topic: Class Introduction – Introduction to Financial Statements

Associated Readings: Module 1

Suggested Study Questions: E1-28, E1-30, P1-37 (part a. I/S and B/S only – ignore cash flow statement) P1-40

Week 2 (Week of September 20th)

Topic: Transaction Analysis and Financial Statements

Associated Readings: Module 2 (skip pages 2-15 to 2-19)

Suggested Study Questions: M2-19, M2-22, M2-23, E2-27, P2-45, P2-48

Weeks 3 (Week of September 27th)

Topic: Transaction Analysis and Financial Statements (continued)

Associated Readings: Module 3 (skip pages 3-18 to “Closing Process” on 3-20), Appendix 3A

Suggested Study Questions: M3-14, M3-15, E3-27, E3-28, E3-31, E3-32

Week 4 (Week of October 4th)

Topic: Transaction Analysis and Financial Statements (continued), Revenue Recognition and Expense Matching

Associated Readings: Module 3 (from prior week), Module 5 (pages 5-1 to 5-16, 5-26 to 5-28)

Suggested Study Questions: M5-21, E5-22, E5-25, P5-33

Week 5 (Week of October 11th)

Topic: Statement of Cash Flows

Associated Readings: Module 2 (pages 2-15 to 2-18), Module 3 (pages 3-18 to 3-20), Appendix B

Suggested Study Questions: P2-43, P2-47

Case 1 Due October 11th @ 6:30 pm

Week 6 (Week of October 18th)

Topic: Statement of Cash Flows (continued), Financial Statement Ratios (Building Block Approach)

Associated Readings: Appendix 4B/4C

Suggested Study Questions: M4-22, M4-24, MA4-50, MA4-51

Week 8 (Week of October 25th)

Topic: **Mid-Term Exam 1.5 hours in-class (Oct. 25th)**, Present Value and the Time Value of Money

Associated Readings: Appendix 8A, Appendix A (Compound Interest Tables)

Suggested Study Questions: None

Week 9 (Week of November 1st)

Topic: Operating Assets, Capital Assets

Associated Readings: Module 6 (pages 6-3 to 6--36)

Suggested Study Questions: E6-22, E6-23, E6-24, P6-39 E6-27, E6-28, P6-37,

Case 2 Due November 1 @ 6:30pm

Week 10 (Week of November 8th)

Topic: Capital Assets (continued)

Associated Readings: Module 6 (pages 6-26 to 6-36),

Suggested Study Questions: E6-31, E6-32, E6-35, P6-38

Week 11 (Week of November 15th)

Topic: Intellectual Property and Intangibles, Current Liabilities

Associated Readings: Module 7 (pages 7-21 to 7-24) Module 8 (pages 8-3 to 8-10), Module 5 (pages 5-17 to 5-24), Appendix 5A

Suggested Study Questions: E7-35, E8-23, E8-24, E8-26, P5-34

Case 3 (Part I) Due November 22nd @ 6:30 pm

Week 12 (Week of November 22nd)

Topic: Current Liabilities (continued) and Debt Financing

Associated Readings: Module 5 (pages 5-17 to 5-24), Appendix 5A, Module 8 (pages 8-10 to 8-26)

Suggested Study Questions: P8-37, P8-38

Week 13 (Week of November 29th)

Topic: Off-Balance-Sheet Financing, Marketable Securities

Associated Readings: Module 9 (pages 9-3 to 9-19), Module 7 (pages 7-3 to 7-10) Module 10 (pages 10-3 to 10-21), Appendix 10C, Appendix 10B (time-permitting)

Suggested Study Questions: M10-16, E10-21, E10-23, E10-26 E9-40, E9-44, E9-45, P9-57 (parts a-d), P7-39

Week 14 (Week of December 6th)

Topic: Analyzing and Interpreting Financial Statements, IFRS (if time permits)

Associated Readings: Module 4-19

Suggested Study Questions: M4-15, M4-16, M4-17, E4-27

Case 3 (Part II) Due December 13th @ 6:30 pm