

Accounting 501
Introduction to Financial Reporting and Analysis
University of Alberta
Department of Accounting, Operations and Information Systems
Fall 2014

Section: A1- T&R 9am-10:20am BUS B9
A2- T&R 10:30am-11:50am BUS B9

Instructor: Michael Maier

3-40 Business Building

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Phone: (780) 248-1275

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

Office Hours: T (1-2 pm) 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 discussions 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 in an Economic Context* by Jamie Pratt (9th Ed.).

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 or tablet. Note that the lecture notes are **not** an adequate substitute for class attendance.

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 schedule below are selected problems for each topic. The problems are a supplement to the readings and lectures and will not be graded; however, some may be highlighted in class. Students are encouraged to work on problems with colleagues.

Grading:

Course grades are determined by the quality of your class participation (10%), group performance on the group project (20%), midterm examination (35%) and final examination (35%). Please be aware that you will be asked to evaluate the contribution of your teammates on the group project at the end of the semester.

At the end of the term marks will be converted to the letter grade system using 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 components.

Participation:

Participation for this course is graded with an emphasis on the quality of participation rather than the quantity. There are a maximum of 10 participation points available and each student starts the semester with a 6 out of 10. Consistent attendance and comments which improve the class environment are encouraged and will result in an increased participation score. Items which typically result in a reduction of participation grades include: repeated non-attendance or late arrival to class, poor feedback from your group evaluations or comments which are disruptive to the learning of others etc.

Examinations:

All examinations are administered as "open book" tests. You will be allowed to bring your textbook and two 8X10 sheets of paper with notes written in your own hand. 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 9th. The Final Exam will be held according to the schedule provided by the Registrar and will be three hours in length.

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 23rd, 2015 at 8:30 am. 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.

Contacting the Instructor:

The best way to contact me is via e-mail sent to msmaier@ualberta.ca. Please include the text “ACCTG 501 A1” or “ACCTG 501 A2” 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 2010 and Adobe Acrobat XI Reader. Acrobat Reader is free and can be downloaded from the internet. You are eligible to purchase Office 2010 at a significantly discounted price through the University of Alberta. Please note that Mac computers and iPads may not correctly show some slides due to compatibility issues.

Web Site Information:

The course website is organized into various sections. Lectures are organized by topic. For example the first topic is Transaction Analysis. Materials in each folder are classified as either Class Materials or FYI.

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

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/tablet.

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 4th)

Topic: Class Introduction – Introduction to Financial Statements

Associated Readings: Chapter 1 p. 1-19, 24 and 25, Chapter 2 (ignore Cash Flows on p. 44-46)

Suggested Study Questions: E2-3, E2-5, P2-5

Week 2 (Week of September 9th)

Topic: Transaction Analysis and Financial Statements

Associated Readings: Chapter 3, Chapter 4 (ignore section 4.7)

Suggested Study Questions: E4-5, E4-14, E4-15, P4-3 (don't prepare the statement of cash flows),

Weeks 3 (Week of September 16th)

Topic: Transaction Analysis and Financial Statements (continued)

Associated Readings: Continued from prior week

Suggested Study Questions: P4-8, P4-17a (don't prepare the statement of cash flows)

Week 4 (Week of September 23rd)

Topic: Revenue Recognition, Expense Matching and Earnings Quality

Associated Readings: Chapter 5 (Sections 5.1 to 5.6 only)

Suggested Study Questions: P3-11

Week 5 (Week of September 30th)

Topic: **No Class Sept. 30**

Revenue Recognition and Expense Matching (continued)

Associated Readings: In Class Case

Week 6 (Week of October 7th)

Topic: Revenue Recognition and Expense Matching Wrap Up
Mid-Term Exam October 9 - In Class

Week 7 (Week of October 14th)

Topic: Statement of Cash Flows

Associated Readings: Chapter 14, Appendix 4A

Suggested Study Questions: E14-21, P14-3

Week 8 (Week of October 21st)

Topic: Financial Statement Analysis

Associated Readings: Chapter 5 (Sections 5.7-Appendix 5A)

Suggested Study Questions: P5-1, P5-9, P5-13

Week 9 (Week of October 28th)

Topic: Operating Assets

Associated Readings: Chapters 6 (ignore 6.5) and 7

Suggested Study Questions: E6-8, E6-10, P6-3, E7-10, P7-5, ID7-6

Week 10 (Week of November 4th)

Topic: Long-Lived Tangible Assets, Intangible Assets

Associated Readings: Chapter 9

Suggested Study Questions: P9-3, P9-11

Week 11 (Week of November 10th)

Topic: **No Class November 11th (Remembrance Day)**, Leases

Associated Readings: Chapter 11 (Section 11.9), Those with a limited finance background should also read Appendix A at the back of the book

Suggested Study Questions: E11-23, P11-15, ID11-13

***Part 1 of Medtronic Case Due November 13**

Week 12 (Week of November 18th)

Topic: Liabilities (Provisions, Contingencies and Debt Financing)

Associated Readings: Chapters 10, 11 (Sections 11.1-11.7), Appendix 11A

Suggested Study Questions: P10-1, P10-4, P10-5, E11-11, E11-13, P11-2

Week 13 (Week of November 25th)

Topic: Taxes, Intercorporate Transactions

Associated Readings: Appendix 10B, Chapter 8 (up to 8.3.7)

Suggested Study Questions: E8-6, E8-10, P8-10

Week 14 (Week of December 2nd)

Topic: Intercorporate Transactions (continued)

Associated Readings: Continued from Prior Week