

45-700 Financial Accounting

Fall 2011 Mini 1
Sections A, B, and C
Tuesdays and Thursdays
Posner Hall Room 152

Instructor: Pierre Jinghong Liang
Office: Posner Hall 362
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<http://www.cmu.edu/blackboard/>

Course Objective

This required course provides an introduction to financial statements and the financial reporting process from a user's perspective. The focus of the course is on fundamental accounting structure and reporting principles and methods. Students learn how economic transactions of a firm are reported in the financial statements and related disclosures. The objective of the course is to provide students with basic skills necessary to read and critically analyze and interpret financial statements as well as to prepare students for more advanced financial statement analysis courses.

Course Material

Main Textbook:

Financial Accounting for MBAs, fourth edition, Cambridge Business Publishers, 2011.
ISBN-13 = 978-1-934319-34-5

Course website

Blackboard website (<http://www.cmu.edu/blackboard/>) contains comprehensive, up-to-date course information, and additional reading material.

Course Packet

Contains HBS case readings

Office Hours

Fixed: Wednesdays 1:30pm to 3pm
Variable: By appointment

Evaluation and Grading

	<u>Option A</u>	<u>Option B</u>
Cases (Group work)	20%	20%
Homework Problems	20%	20%
Mid-term Exam	20%	5%
Final Exam	35%	50%
Class Participation	5%	5%

Cases Each team will prepare written answers to cases and will be asked to participate in class discussion in class. Expect to be cold-called. Teams will be assigned by the instructor.

Homework Problems are designed to both reinforce your basic principles of the accounting to allow you to apply what you learned. Homework problems are to be completed individually and collected homework is graded.

Mid-term and Final Exam are closed-book, closed laptop or any other wired or wireless devices but open to one sheet (two pages) of self-prepared notes. They are held at assigned time and location.

Class Participation Aside from participating in case discussions, all students are encouraged to participate in and contribute to our class discussions on concepts, techniques, and real-world companies used as class examples. Also good citizenship in your teamwork is a part of your class participation.

Recitation Leader and Teaching Assistants

Tinglong Dai (dai@cmu.edu) will lead recitations, to be held on assigned Fridays (9 – 10:20am Cooper Auditorium)

Sections	TAs and email addresses (office hours: TBA on blackboard)			
A	Srinivas Annadanam	sannadan@tepper.cmu.edu	Satyam Bakliwal	sbakliwa@tepper.cmu.edu
B	Zishan Syed	zishans@tepper.cmu.edu	Beth Cmar	ecmar@tepper.cmu.edu
C	Danielle White	dwhite1@tepper.cmu.edu	Madifing Kaba	mkaba@tepper.cmu.edu

Course Policies

University and Tepper School rules regarding student conduct are expected and enforced.

Random Suggestions

On Accounting

- Accounting is a language; so distinguish what is the label from what it means.
- Accounting is about details; so be patient.
- Accounting is about choices; be prepared to make judgment and choose.
- Accounting is foundational
 - If you move up in any organization, you will review financial accounting statements more and more often.
 - If your company is in the news for an accounting reason, it is typically bad news.

On Learning

- Instructors, lectures, and books are guides to your journey, not its end.
- Teammates are your friends, learn from them.
- TAs are your friends, learn from them.
- But learning is mainly an individual endeavor, so is homework.

**45-700 Financial Accounting
Fall 2011 Mini 1 Tentative Class Schedule**

Week 1 (August 30 and September 1)

- Topics:
 - Introduction to Financial Accounting Environment
 - Basic Financial Statements
- Reading:
 - Textbook module 1 and Model 2 (page 2-1 to 2-11)
- Cases Due
 - HBS case: identifying industries (Thursday)
- (Optional) Friday Recitation Session 9-10:20 at Cooper Auditorium

Week 2 (September 6 and 8)

- Topics:
 - Articulation of Financial Statements
 - Financial Statement Analysis
- Reading:
 - Textbook module 2 (pages 2-11 to 2-15, 2-20 to 2-30), Module 3 (3-18 to 3-23),
 - Skim Module 3 (3-1 to 3-17) and Module 4
- Cases and Homework Due
 - Homework Assignment I (Tuesday)
 - HBS case: cash flow statements: three examples (Thursday)
- (Optional) Friday Recitation Session 9-10:20 at Cooper Auditorium

Week 3 (September 13 and 15)

- Topics:
 - Operating Activities: Revenues and Cost of Goods Sold
- Reading:
 - Textbook module 5 (pages 5-1 to 5-10), module 6 (pages 6-3 to 6-26), and module 8 (pages 8-4 to 8-6)
- Case Due
 - HBS Revenue Recognition: Biovail Corporation (Thursday)
- (Optional) Friday Recitation Session 9-10:20 at Cooper Auditorium
 - Midterm review

Week 4 (September 20 and 22)

- Topics:
 - Operating Activities: Depreciation/Amortization and other key items
- Reading:
 - Textbook module 6 (pages 6-26 to 6-36), module 5 (pages 5-11 to 5-16), and module 8 (pages 8-7 to 8-10)
- Homework Due
 - Homework Assignment II (Tuesday)
- Thursday September 22: In-class mid-term exam
- No Recitation Session this week

Week 5 (September 27 and 29)

- Topics:
 - Debt Financing Activities: Notes/Bonds Payable and Interest Expenses
 - Off-balance-sheet financing activities
- Reading:
 - Textbook module 8 (pages 8-10 to 8-32) and module 10 (pages 10-3 to 10-12)
- Homework Due
 - Homework Assignment III (Tuesday)
- (Optional) Friday Recitation Session 9-10:20 at Cooper Auditorium

Week 6 (October 4 and 6)

- Topics:
 - Owner Financing Activities
 - Inter-company Investment I
- Reading:
 - Textbook module 9 and module 7 (pages 7-1 to 7-12)
- Case Due
 - HBS case Lyons Document Storage Corporation (Thursday)
- (Optional) Friday Recitation Session 9-10:20 at Cooper Auditorium

Week 7 (October 11 and 13)

- Topics:
 - Inter-company Investment II
 - Income Taxes and Earnings per share
- Reading:
 - Textbook module 7 (pages 7-12 to 7-21) and Model 5 (pages 5-17 to 5-28)
- Cases and Homework Due
 - Homework Assignment IV (Tuesday)
 - HBS case: The Talbots, Inc., Accounting for Goodwill (Thursday)
- (Optional) Friday Recitation Session 9-10:20 at Cooper Auditorium
 - Final Review

Week 8

- Final Exam
 - Wednesday October 19,
 - 9:30am-12:30pm
 - Rooms 145, 146, 151, 152, 153, and Cooper Auditorium