Course Description and Organization

The course objective is to provide prospective managers with an awareness and understanding of accounting fundamentals. Uses and limitations of financial accounting data in Decision-making will be stressed. The objectives of class sessions are to develop the fundamentals of each topic; explore the implications of each topic through examples (problem-solving); and incorporate the topic into the framework of the accounting process and financial statements. The course is constructed around the text and a series of cases and other problems illustrating key concepts. However, the text is a tool that is used with the lectures, problems and assignments, which together define the material to be covered and understood. Class sessions will be conducted under the assumption that students (and the instructor) complete the readings and attempt (but not necessarily complete) the problems prior to the sessions for which they are assigned.

Text:
The basic text is Horngren, Sundem and Elliot, Financial Accounting, eighth edition, Prentice-Hall hereafter referred to as HSE. All assigned readings and homework problems are from the text. I will also hand out class discussion problems and actual financial Statements.

Course Structure: The course is organized into two sections: 1) overview of the accrual accounting systems and 2) accounting measurement topics. The readings and assignments for each class are attached. You are required to prepare readings and assignments prior to class. I will also call on specific people in class to answer questions regarding assignments. Answers to assignments will be handed out in class, usually after the class discussion. I emphasize that it is critical that you keep up with readings and assignments. Accounting is not conducive to cramming for exams, in part because it is such a language intensive subject.

Grading: Homework assignments (determining 15% of your grade), two midterm exams (determining 40% of your grade) and a final exam (determining 45% of your grade). You should keep in mind that the first midterm will be administered relatively early, right after the completion of the overview of accounting measurement. The timing of this exam is intended to diagnose problems in your understanding of the basics of account measurement. I emphasize that if you do poorly on this exam, then it is critical that you promptly review all the material up to this point in the course, otherwise the large amount topical material that follows will be piled on top of a poor foundation.
TOPICAL OUTLINE

I. PRELIMINARIES

Jan 18
A. Accounting Information and Decision Making
   i. Process of Decision-Making
   ii. Accounting as an information specialty
       HSE: Ch. 1

II. RECORDING ACCOUNTING TRANSACTIONS

Jan 20;25
Content and Organization of Financial Statements
   i. Balance sheet
   ii. Income statement
   iii. Statement of cash flows
       Reading: HSE: Ch. 2
       Class Discussions Problems: Norman Grocery Store
       Goal Systems

Jan 27; Feb 1;3
Business Transactions Analysis
       Reading: HSE: Chs. 3
       Class Discussions Problem: Pasta House Inc.
       Class Case: Kana Collection Agency.
       Highland Real Estate

Feb 8;10;15
Accrual Accounting
       Adjusting and Closing Entries
       Preparation of Financial Statements
       Reading: HSE: Chs. 4
       Class Discussions Problems: General Mills
       Village Appliance Shop

Assignment:
       Submit Problem Set 1

Feb 17;22
Accounting for Sales and Account Receivables; Review for Midterm I
       Reading: HSE: Chs. 5
       Class Discussions Problems: To be Assigned

Feb. 24 Midterm I

III. ACCOUNTING FOR CURRENT ASSETS

March 1;3;8
Valuation of Inventory
   a. LIFO
   b. FIFO
       Reading: HSE: Ch. 6
       Class Discussion Problems: Lee Enterprises.
       Assignment: Submit Problem Set 2
III. ACCOUNTING FOR PLANT AND EQUIPMENT

March 10; 22
i. Acquisition of Plant and Equipment
ii. Depreciation
iii. Retirement of assets
Reading: HSE Ch. 7
Class Discussion Problems: 7-28, 7-29, 7-39, 7-43, 7-54, 7-55

V. ACCOUNTING FOR LIABILITIES

March 24
Accounting for Liabilities
Discussion Problems: 8-33, 8-35
Reading: HSE, Chapter 8

March 29; 31; April 5
Accounting for Bonds
Effective Interest Method - Time Value of Money
Reading: HSE: Ch. 9
Assignment: Submit Problem Set 3

April 7 Midterm II

VI. CASH FLOW STATEMENTS

April 12; 14; 19
Preparation of Cash Flow Statements
Reading: HSE: Ch. 10
Class Discussion Problems: Colossard Industries, Beckwith Products
Bernard Corp

VII. ACCOUNTING FOR CORPORATE OWNERSHIP

April 21; 26
Accounting for Corporate Ownership
i. Issuance of stock
ii. Treasury stock
iii. Dividends - common stock (Cash dividends & Stock dividends)
iv. Stock splits
Reading: HSE: Ch. 11
Assignment: Submit Problem Set 4

Review April 28