ACCOUNTING 400
FINANCIAL ACCOUNTING FOR BUSINESS DECISIONS
Fall Quarter 2014, Friday 2:00 to 5:00PM, Corboy Room 522

Catalog Description

This course is an introduction to the accounting function that is used to measure and communicate business transactions. The focus is on understanding financial information to facilitate better decisions.

Outcome: Students will be able to identify the impact of business transactions on the basic financial statements: the income statement, the statement of financial position, the cash flow statement, and the statement of changes in owners equity. Students will also be able to demonstrate an understanding of the financial statements and their implications on various business decisions.

Course Overview

This course is for health care professionals, not accountants. We will spend time on each topic proportionate to its benefit to managers in a health care setting. We are going to learn how find, appraise, and use relevant financial information to make informed business decisions.
Course Objectives and Learning Outcomes

1. Identify the impact of business transactions on the basic financial statements: the income statement, the statement of financial position, the cash flow statement, and the statement of changes in owners' equity (Goal 1:2)
2. Demonstrate an understanding of the financial statements and their implications for various business decisions (Goal 2:1, 2:2, 2:4)
3. Work in teams to analyze an annual report 10-K to assess the performance of a healthcare entity in the key areas of business performance, financial condition, return on investment, and management efficiency (Goal 4:1, Goal 4:2, Goal 4:3)
4. Communicate in writing and orally the results of the financial analysis in a clear and logical manner
5. Support the financial analysis in writing and orally in a manner that reflects an understanding of the issues and their implications (Goal 5:a1, 5:a2, 5:a3, 5:a5, 5:b1, 5:b2, 5:b3, 5:b4, 5:b5)
6. Respond to questions about the financial analysis in a manner that reflects active listening, open-mindedness, and professionalism (Goal 5:4)
7. Understand the ethical obligations of responsible healthcare leaders to manage resources, to report the financial results of their operations, and to apply ethical principles to financial business practices of their organization (Goal 3:1, 3:4, 3:5)

Required Materials (texts will be distributed to students)

   Introduction to the Corporate Annual Report, Stanko & Zeller [SZ]

2. Other class materials available on Sakai (exercises, PowerPoint slides, etc.)

Course Requirements and Grading Criteria

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Points</th>
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<tbody>
<tr>
<td>Assignments</td>
<td>28 points</td>
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<tr>
<td>Take-home exam</td>
<td>42 points</td>
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<tr>
<td>Annual Report Group Project</td>
<td>20 points (adjusted for team input)</td>
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<tr>
<td>Group Presentation</td>
<td>10 points (individual grade)</td>
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Your final course grade will be the sum of the points earned.
Course Grading Cutoffs:

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<tr>
<th>Grade</th>
<th>Minimum Score</th>
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<tr>
<td>A</td>
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<tr>
<td>A−</td>
<td>90.00</td>
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<tr>
<td>B+</td>
<td>87.00</td>
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<tr>
<td>B</td>
<td>83.00</td>
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<tr>
<td>B−</td>
<td>80.00</td>
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<td>C+</td>
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<td>C</td>
<td>73.00</td>
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<td>C−</td>
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<td>D+</td>
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<td>D</td>
<td>60.00</td>
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Assignments
Please bring an extra copy of your assignment to class. This will allow you to turn in one copy and have the other for class discussion. Late submissions cannot be accepted. The assignments should be your own effort and should not be worked in groups.

We cannot learn accounting simply by reading the book or coming to class. Most of us also need the hands-on knowledge gained by completing assignments. The assignments will be graded for completeness, organization, and content. Show all your work, not just the answer. What is most important is that you show an understanding of the issues. Please start each problem on a separate page and order the problems sequentially.

Annual Report Project
Previous students say that this project is an outstanding learning experience, one of the most valuable in their entire graduate program. They also say that it was fun. The project helps you to conduct a very thorough analysis of a healthcare organization of your choosing. Not only will you learn a lot, you will have an impressive work product in your portfolio of graduate assignments. Keep in mind that the project takes a considerable amount of time.

The project is team-based, follows the chapters in the Stanko/Zeller text and is largely self-explanatory. We will have ample time to discuss your questions in class. Team members normally receive the same grade for the project. Grading criteria for the project include group participation, clarity of writing, quality of the review of data, analysis of the financial ratios in the context of the annual report information, and reasonability of the conclusions.

Group Presentation
Team members will be graded individually for their portion of the presentation following the rubric posted on Sakai. Each presentation is, in effect, four (or five) individual presentations that are seamlessly linked. Each person should take the floor only once before the question and answer section. All team members should be able to answer questions about any aspect of the project.

Prior to the first class, please read Chapters 1 and 2 of the Libby, Libby, & Short text.
Quinlan School of Business Policies:

Attendance

Class attendance and participation are fundamental components of learning, so punctual attendance at all classes, for the full class meeting period, is expected of Quinlan students. Faculty may set participation policies unique to their courses and use class participation as a component of the final grade. The student is responsible for any assignments or requirements missed during an absence.

I will do my best to make each class interesting and relevant to understanding and analyzing financial statements with a special focus on health care. Your presence, your questions, and your comments are essential to our learning process—both yours and mine. I look forward to your observations, questions, and participation. If you must miss class, please notify me in advance.

Academic Integrity

All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood…Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of “F” for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.

For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website:
Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believe examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period. **Make-up examinations are discouraged.** Exceptions may be granted only by the faculty member or department chair, and only for unavoidable circumstances (illness verified by a signed physician’s note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean.

If a make-up examination must be given, it is the responsibility of the faculty member to prepare, schedule, and proctor the exam. The only regular exception is for a student athlete, who may use the testing services of the Athletics Department to complete a make-up examination. For a student with a documented special testing need, please consult University policy concerning use of the testing center in Sullivan Center at Lake Shore Campus.
**Course Outline**

### 8/22, Class 1  
**Financial Statements Overview and Effect of Transactions on Balance Sheet**

**Read in advance:** Chapters 1 and 2 [LLS]

**In class discussion:** E1-11, P1-1, P1-2, P1-3, E2-9, P2-3, P2-4  
CP1-6 Ethics and Auditor Responsibilities

**For next class:**  
**Assignment 1:** AP1-1, AP2-3, AP2-4  
**Read** chapters 3 and 4 [LLS] and skim through the Stanko and Zeller text to get a sense of the full scope of the project

### 8/29, No Class: Labor Day Holiday Weekend

### 9/5, Class 2

**Income Statement, Adjusting Entries and Quality of Earnings**

**In class discussion:** E3-10, E3-11, E3-12, P3-4, P3-5, E4-6  
CP3-8 Ethical Dilemma: Revenue Recognition

**For next class:**  
**Assignment 2:** AP3-4, AP3-5, E4-7  
**Read** chapter 5 [LLS]  
**Obtain** the 10-K report for your team’s company

### 9/12, Class 3

**Communicating and Interpreting Accounting Information**

**In class discussion:** E5-6, E5-14, E5-18, P5-3, P5-4, P5-6

**For next class:**  
**Assignment 3:** E5-17, E5-17 for Baxter (get the 10-K), AP5-1, AP5-2  
**Read** chapters 6 and 13 [LLS]

### 9/19, Class 4

**Reporting and Interpreting Sales Revenue & A/R**

**In class discussion:** E6-7, E6-8, E6-15, E6-19, P6-1, P6-3, CP6-5 Ethical Dilemma: Management incentives, revenue recognition, right of return  
**Read** chapter 7 including Supplement A [LLS]  
**Complete** Chapters 1 and 2 of the project [SZ] using the MS Word template on Sakai. Save your work to your PC; discuss with your team.

### 9/26, Class 5

**Cost of Goods Sold & Inventory**

**In class discussion:** E7-5, E7-14, E7-15, E7-18, CP7-5

**For next class:**  
**Assignment 4:** E6-16, E6-16 for HCA, E6-20, P7-8  
**Read** chapter 8, p. 380-403, chapter 9, p. 450-471 [LLS]
10/3, Class 6  
**Property & Equipment, Liabilities, Analyzing Financial Statements**  
In-class discussion: E8-7, E9-9, P9-7, P13-6, P13-7, P13-10  
CP9-5 Ethical Dilemma: Fair Advertising  
For next class: Take home exam; bring completed copy to class next week. Read Reporting Long-term Investments and Consolidated Financial Statements (readings on Sakai)

10/10, Class 7  
**Investments in Other Corporations**  
In class discussion: Appendix E: EE-2, EE-7, Acquisition Accounting Cases (Sakai)  
For next class: Complete chapter 3 [SZ]; discuss with team  
Read chapter 12 [LLS]

10/17, Class 8  
**Statement of Cash Flows**  
In class discussion: Cash flow introduction (Sakai), P12-1, P12-2, P12-3  
For next class: Complete chapter 4 [SZ]; discuss with team  
Read chapter 11 [LLS]

10/24, Class 9  
**Reporting and Interpreting Owners’ Equity**  
In class discussion: E11-9, E11-14, E11-21  
For next class: Complete your project and presentation.  
Submit your project and presentation material to Sakai before next week’s class.

10/31, Class 10  
**Presentations and discussion of projects**

**Please note:** This class may occasionally deviate from the course outline above. The instructor reserves the right to make changes as needed to the course syllabus.