ACCOUNTING 400  
FINANCIAL ACCOUNTING FOR BUSINESS DECISIONS  
Fall Quarter 2014, Thursday 6:00 to 9:00PM, Corboy Room 209

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 business managers, not accountants. We will spend time on each topic proportionate to its benefit to managers. We are going to learn how find, appraise, and use relevant financial information to evaluate a company’s performance.
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
2. Demonstrate an understanding of the financial statements and their implications for various business decisions
3. Work in teams to analyze an annual report 10-K to assess the performance of an entity in the key areas of business performance, financial condition, return on investment, and management efficiency
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
6. Respond to questions about the financial analysis in a manner that reflects active listening, open-mindedness, and professionalism
7. Understand the ethical obligations of responsible business leaders to manage resources, to report the financial results of their operations, and to apply ethical principles to financial business practices of their organization

Required Materials

2. Introduction to the Corporate Annual Report, Stanko & Zeller [SZ], available to students electronically at a 30% cost savings at http://www.appliedaccountinganalytics.com/
3. Other class materials available on Sakai

Course Requirements and Grading Criteria

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<thead>
<tr>
<th>Requirements</th>
<th>Points</th>
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<tbody>
<tr>
<td>Assignments</td>
<td>45 points</td>
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<tr>
<td>Final exam</td>
<td>35 points</td>
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<td>Annual Report Project</td>
<td>20 points</td>
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Your final course grade will be the sum of the points earned.
Grading Cutoffs:

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<tr>
<th>Grade</th>
<th>Minimum Score</th>
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<tr>
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<td>94.00</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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<td>B</td>
<td>83.00</td>
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<td>B−</td>
<td>80.00</td>
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<td>C+</td>
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<td>C</td>
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<td>D+</td>
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**Assignments**

Please bring an extra copy so that you can 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 (may be worked in groups of up to 4 students)**

Previous students said that the project is an outstanding learning experience, one of the most valuable in their entire graduate program. They also said that it was fun. The project helps you to conduct a very thorough analysis of a company of your choosing. Not only will you learn a lot, you will have an impressive work product in your portfolio of graduate assignments. This booklet is available for 30% cost savings at [http://www.appliedaccountinganalytics.com/](http://www.appliedaccountinganalytics.com/).

Grading criteria for the project include 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.

**Final exam**

The final exam is cumulative with problems similar to those on the syllabus. You may bring a one-page note sheet to the exam.

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. Your presence, your questions, and your comments are essential to our learning process—both yours and mine. We can and do learn from our interactions. 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:

**Make-Up Examinations**

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

8/28, 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, E2-10, AP2-3, AP2-4
Read chapter 3 (p. 98 – 128) and Chapter 4 (160 – 180) [LLS].

9/4, 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 chosen company. Your company should be domiciled in the U.S. and more than 5 years old.

9/11, 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 chapter 6 (p. 276 – 292) and Chapter 13 [LLS]

9/18, Class 4  Reporting and Interpreting Sales Revenue & A/R
In class discussion: E6-7, E6-8, E6-15, E6-18, 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.

9/25, 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 Hospital Corporation of America (get the 10-K), E6-20, P7-8
Read chapter 8, p. 380-403, chapter 9, p. 450-471 [LLS]
10/2, 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: Assignment 5: E7-17, E8-8, P9-6, AP13-5, AP13-6  
Read Reporting Long-term Investments and Consolidated Financial Statements (readings on Sakai)  

10/9, Class 7  
Investments in Other Corporations  
In class discussion: Appendix E: EE-2, EE-7, Consolidation Cases (on Sakai)  
For next class: Complete chapter 3 [SZ].  
Read chapter 12 [LLS]  

10/16, 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].  
Read chapter 11 [LLS]  

10/23, 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 the project and presentation material to Sakai.  

10/30, Class 10  
Cumulative Final Exam  

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.