ACCOUNTING 400
FINANCIAL ACCOUNTING FOR BUSINESS DECISIONS
Spring Quarter 2014, Monday 6:00 to 9:00PM, ONLINE

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 and individuals aspiring to management positions, not for accountants. We will spend time on each topic proportionate to its benefit to managers and discuss the topic accordingly. We will learn how to 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. 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

1. **Required text available at the Loyola Bookstore or online**
2. **Required text available at the Loyola Bookstore or online**
   *Introduction to the Corporate Annual Report, 3rd ed.*, Stanko & Zeller [SZ]

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

### Course Requirements and Grading Criteria

<table>
<thead>
<tr>
<th>Category</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assigned problems</td>
<td>48 points</td>
</tr>
<tr>
<td>Annual report project</td>
<td>42 points</td>
</tr>
<tr>
<td>Class participation</td>
<td>10 points</td>
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</tbody>
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Your final course grade will be the sum of the points earned.

Prior to the first class, please read Chapters 1 and 2 of the Libby, Libby, & Short text.
Course Grading Scale:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Range</th>
</tr>
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<tbody>
<tr>
<td>A</td>
<td>94-100</td>
</tr>
<tr>
<td>A−</td>
<td>91-93.99</td>
</tr>
<tr>
<td>B+</td>
<td>88-90.99</td>
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<tr>
<td>B</td>
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<tr>
<td>C−</td>
<td>71-73.99</td>
</tr>
<tr>
<td>D</td>
<td>68-70.99</td>
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<tr>
<td>D</td>
<td>64-67.99</td>
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<tr>
<td>F</td>
<td>63.99 and below</td>
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Assigned Problems

The assigned problems are due by the following class meeting and these problems will be discussed at the beginning of that class; therefore, late submissions cannot be accepted. The assignments should be your own effort and should not be worked in groups.

Grading will be based upon thoroughness, completeness, organization, and content. The most important point is that you show an understanding of the business issue and the accounting principle. Assignments can be handwritten and scanned (which is preferred) or completed using Word and/or Excel. Please present the problems in sequential order, one problem per page, and clearly label each problem. Upload the completed problems using the assignments link in Sakai.

Annual Report Project

Previous students have said that annual report project was an outstanding learning experience, one of the most valuable in their entire graduate program. They also say that it was fun. Not only will you learn a lot, you will also have an impressive work product for your portfolio of graduate work.

The project follows the chapters in the Stanko/Zeller text and is largely self-explanatory. We will have ample time to discuss any questions in class. 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. I have provided suggested dates in the Course Outline for completing each chapter of the project booklet. The project is not due until the end of the quarter, but completing the project in stages is a good way to keep on track.

Participation

Your participation is important. Note we will be discussing your projects during our final class on May 5. Your participation, especially during the last class, is essential to maximize our learning opportunities. Using the participation log that is provided on Sakai, you will track your questions and comments during the term. Based upon your log, you will assign yourself a participation grade, which I will audit for relevance and reliability. Note that participation is 10% of your course grade so you will want to be an engaged class member.
**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 the financial statements. Your virtual presence, your questions, and your comments are essential to our learning process. I look forward to your observations, questions, and participation. If you must miss class, please notify me in advance. I will post the recorded classes on Sakai so that you can review what we discussed.

**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.
**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:  
Course Outline

2/24, 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
CP1-6 Ethics and Auditor Responsibilities
For next class:  Assigned problems:  AP1-2, AP2-3
Read chapters 3 and 4 [LLS]; Skim through the Stanko and Zeller text to get a sense of the full scope of the project

3/3  SPRING BREAK

3/10, Class 2  Income Statement, Adjusting Entries and Quality of Earnings
In class discussion:  E3-13, E3-14, E3-15, AP3-4, AP3-5, E4-6
CP3-8 Ethical Dilemma: Revenue Recognition
For next class:  Assigned problems:  P3-4, P3-5, E4-7
Read chapter 5 [LLS]; obtain the 10-K report for your chosen company

3/17, Class 3  Communicating and Interpreting Accounting Information
In class discussion:  E5-6, E5-14, E5-17, P5-3, P5-4, P5-6
For next class:  Assigned problems:  AP5-1, AP5-2, AP5-3
Complete Chapter 1 of the project [SZ] using the MS Word template on Sakai. Be sure to copy and save the template to your laptop.
Read chapters 6 and 14[LLS]

3/24, Class 4  Reporting and Interpreting Sales Revenue & A/R
In class discussion:  E6-6, E6-8, E6-16, E6-19, E6-21, P6-1, P6-6
CP6-5 Ethical Dilemma: Management incentives, revenue recognition, right of return
For next class:  Assigned problems:  E5-18, E6-17, AP6-4
Complete chapter 2 [SZ]
Read chapter 7 [LLS]

3/31, Class 5  Cost of Goods Sold & Inventory
In class discussion:  E7-5, E7-7, E7-14, E7-16, E7-19, CP7-5
For next class:  Assigned problems:  E6-17, E7-6, E7-8, P7-8
Complete chapter 3 [SZ]
Read chapter 8, p. 386-398, and chapter 9, p. 454-471 [LLS]
4/7, Class 6  Property & Equipment, Liabilities, Analyzing Financial Statements
In-class discussion: P8-3, P9-7, E14-6, E14-9, E14-10, E14-13
E9-9, CP9-6 Ethical Dilemma: Managing reported results
For next class: Assigned problems: E8-9, AP8-3, E9-10, AP14-6
Read chapter 12 [LLS] and chapter 12 Supplement A (on Sakai)

4/14, Class 7  Investments in Other Corporations
In class discussion: E12-2, P12-4, P12-7, P12-10, (supplement: E12A-2, E12A-3, P12A-1)
For next class: Assigned problems: AP12-3, AP12-4, AP12-6
Read chapter 13 [LLS]

4/21, Class 8  Statement of Cash Flows
In class discussion: Cash flow introduction (Sakai), P13-1, P13-2, P13-3
For next class: Assigned problems: AP13-1, AP13-2, AP13-3
Complete Chapter 4 [SZ].
Read chapter 11 [LLS]

4/28, Class 9  Reporting and Interpreting Owners’ Equity
In class discussion: E11-9, E11-14, E11-21 P11-2,
Complete your project and upload it to Sakai before the beginning of next week’s class.

5/5, Class 10  Submit Project to Sakai before class. Discuss 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.