**ACC 201 – Financial Accounting and Reporting**

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**Course Objective:**

The primary objective of the course is to help students understand the financial information presented in financial statements (F/Ss) as preparers and as users who make decisions based on that information and to understand the impact of business transactions on these F/Ss. The course is also intended to teach the students basic business terminology that they will encounter in future management courses and in the business world. A final objective of the course is to help prepare students to succeed in their future professional lives. To be successful in the current business environment, the students need to possess not only technical skills in basic management fields, but also (1) strong oral and written communication skills, (2) listening skills, (3) critical thinking skills, (4) analytical skills, (5) effective time management skills, and (6) ethical awareness and professionalism. Consequently, the format of the course and the assignments are structured to help students develop and use these skills.

**Course Description and Contents**:

Accounting is an ever-evolving information system that measures business activity, processes the information into financial reports and communicates the results to various decision makers in society. As such, it serves a number of purposes. First, accounting systems produce information that will assist management in making day-to-day operational and long-term strategic decisions. Second, it is used to generate information for use in filing tax returns. Third, it is a system of external reporting that is used in decision-making by creditors, shareholders, prospective investors, regulators and others who do not have direct access to companies' financial records. In financial accounting, we mostly deal with this last objective.

The course starts by providing a comprehensive introduction to the fundamental accounting concepts and principles underlying the preparation and use of financial statements, with an emphasis on how financial information is used in resource allocation decisions by users internal and external to the firm. Next, the following topics are covered in sequence: the recording cycle (how business transactions are analyzed, recorded, stored, summarized in the form of financial statements, under accrual basis of accounting); the content and the format of the four basic financial statements (balance sheet, income statement, statement of changes in owner’s equity, and cash-flow statement); determination of inventory costs and cost of the goods sold in merchandising firms; plant assets and their depreciation; liabilities vs. owner’s equity (if time permits); and analysis of financial statements through basic financial ratio analysis.

**Learning Outcomes:**

Upon successful completion of the course, the student should be able to:

1. Explain how accounting information is used in resource allocation decisions by users internal and external to the firm,
2. Describe the basic assumptions, concepts and principles of financial accounting,
3. Analyze business transactions in terms of their effect on the financial statements and be able to record them formally in company books,
4. Distinguish cash flows (cash basis) from income measurement (accrual basis) ,
5. Prepare a set of simple financial statements and classify their components for a more meaningful interpretation of the statements,
6. Broadly assess the financial position, profitability and cash flows of a firm through simple ratio analysis.
7. Understand and use basic accounting/financial terminology.

**Course Material:**

***Textbook:***

* *Financial Accounting 12th edition MyAccountingLab with Pearson eText Standalone Access Code, ISBN 9780132871488 by, C. William Thomas, Wendy M. Tietz, Walter T. Harrison*
* *Pearson*

Pearson MyAccountingLab will be heavily used in homework assignments, and will be a very useful tool in self-studying for your exams and quizzes.

**Instructional Design:**

We will use a variety of learning approaches in this course. The class sessions will usually consist of a mixture of lectures and class discussions where the students are expected to take part in the class discourse. Some problems and short cases will also be solved and discussed in class. We will examine some real-life financial statements. You will also prepare and present some short cases or parts of your term project in your groups throughout the semester. Finally, we will plan to have a guest lecturer if time permits.

**Course Format and Expectations:**

Many students find their first accounting course difficult. This is not so much related to any inherent difficulty of the course content, but to the self-discipline necessary to master the course content. The content is *very cumulative*. That is, if a student fails to learn any piece of material at the beginning, this failure will virtually insure failure to learn nearly all subsequent material. Also the students are expected to understand the logic behind the accounting rules rather than memorizing these rules.

As a result, the students are expected to attend each class period and come to class well prepared having done the required readings and homework. Since the topic is very cumulative, you also have to keep up-to-date with the material. It is important that you study regularly and do not fall behind. I would suggest studying the material for each class in the following manner:

1. Read the assigned text pages.

2. Try some of the assigned problems from the text.

3. Attend the class where I will motivate and explain the assigned material,

go over a few selected problems, and answer your questions.

1. Review what was covered in class and solve your homework assignments and additional problems from your textbook and prepare your questions for the next meeting.

**Grading:** Your course grade will be determined by:

**Midterm exam 1 37.5%**

**Midterm exam 2 37.5%**

**Homework assignments 15.0%**

**Financial Statement Analysis Assignment 10.0%**

***Requirements:***

***Exams*** are designed to allow students to demonstrate their understanding of the material covered. They will cover the material contained in the textbook, assignments, cases, lectures and class discussions and will generally include both conceptual and problem type multiple choice questions and a few problems. In this course, the best way to study for exams is to spend time *every week* to read the related text pages and lecture notes to get prepared before class, attend the class and ask your questions, and review the material covered and do the recommended and homework problems after the class. Please note that the make-up exams are always harder.

***Homework assignments*** will be solved using MAL and graded individually. They are crucial for the mastery of the subject matter. You will continue using Excel spreadsheets and/or Word that you were exposed to in ACCT 201 in solving the homework problems. You will be submitting your assignments through MAL.

***Term project*** Your answers to the term project must be written in a concise and professional manner and edited by the group members. Organize your ideas carefully and logically. Your grade will be based on not only how correctly you address and answer the questions, but also on the clarity and organization of the written answer.

Peer Evaluation in Teamwork

Students will be asked to provide an evaluation of the members of their team in case studies. Each student will divide 100 points between the members of her team, including herself. This division should reflect that person’s judgment of the contribution of the members of her team. The scores should not be merely functions of time spent by each member, but they should be measures of the "contribution;" their relative contribution to the idea generation, research, analysis, writing, oral presentation, report writing, etc. If the team was highly functional, and each member did what they committed themselves to, then the student can assign the same mark to each member of the team. If, on the other hand, some members of the team did not fulfill their commitments and did not contribute as much as the others, then points should be distributed unevenly. The goal is to have all students carrying out their fair share in the group assignments and this is possible only if you grade your teammates truthfully and fairly.

***Class participation and attendance*** is very important. It is especially relevant for this course as the content is very cumulative and class discussions and hands-on exercises will make it much easier for you to master the material. The students are encouraged and expected to participate in the classroom discussion by asking *relevant* questions, presenting answers to the questions raised and bringing examples of current events they find in the financial media.

**Academic Honesty:**

Learning is enhanced through cooperation and as such you are encouraged to work in groups, ask for and give help freely in all appropriate settings. At the same time, as a matter of personal integrity, you should only represent your own work as yours. Any work that is submitted to be evaluated in this class should be an original piece of writing, presenting your ideas in your own words. Everything you borrow from books, articles, or web sites (including those in the syllabus) should be properly cited. Although you are encouraged to discuss your ideas with others (including your friends in the class), it is important that you do not share your writing (slides, MS Excel files, reports, etc.) with anyone. Using ideas, text and other intellectual property developed by someone else while claiming it is your original work is *plagiarism*. Copying from others or providing answers or information, written or oral, to others is *cheating*. Unauthorized help from another person or having someone else write one’s paper or assignment is *collusion*. Cheating, plagiarism and collusion are serious offenses that could result in an F grade and disciplinary action. Please pay utmost attention to avoid such accusations.

**Classroom policies and conduct**

Sabancı BA in Management Program values participatory learning. Establishing the necessary social order for a participatory learning environment requires that we all:

* Come prepared to make helpful comments and ask questions that facilitate your own understanding and that of your classmates. This requires that you complete the assigned readings for each session before class starts.
* Listen to the person who has the floor.
* Come to class on time.
* Use of laptops are forbidden in lecture classes. Please do not turn them on unless you are asked to bring them to class for referring to a spread sheet etc. You can use your laptops during recitation classes where you will be working with My AccountingLab.
* **Course Schedule:**

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| Date | Topic / Textbook Chapter | Homework (MyLab) |
| July 1 – July 2 | Introduction to course and Accounting: the language of business and overview of Financial Statements / 1  Transaction analysis / 2 | HW1 |
| July 6,8 | Accrual accounting and Income / 3 | HW2 |
| July 9 | Plant Assets, Natural Resources & Intangibles / 7 | HW3 |
| July 13 | Review |  |
| July 16 | EXAM 1 |  |
| July 27 | Inventory & Cost of Goods Sold / 6 | HW4 |
| July 29,30 | Cash Flow Statement / 12 | HW5 |
| August 3,5,6 | Cash Flow Statement & Receivables | HW 6 |
| August 10,12, 13 | Financial Statement Analysis and Review | HW 7 |
| August 17 | EXAM 2 |  |
| August 19 | Review of Financial Statement Analysis Assignment |  |
| August 22 | Deadline of Financial Statement Analysis Assignment |  |