



ACCT 6331: Financial Accounting
Professor Bin Li

Instructor and Assistant Contact Information

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Course Objectives

The primary objective of this course is to increase your understanding of how the financial reporting process, around the world, communicates decision-useful information to investors, creditors and other users of financial reports. To achieve this objective, the course introduces the basics of financial reporting, including both US and international standards, and an introduction to financial statement analysis. The focus is on concepts and applications, including the measurement and reporting to parties external to the firm of financial position, financial performance and cash flows. The perspective taken is that of a user of accounting information. The course is taught using a combination of readings, class discussion and case analyses.

The course focuses on how economic events and transactions are communicated through the financial reporting process to users of financial reports. By the end of the course you should have a basic understanding of (1) the fundamental concepts that support financial reporting systems, used in the United States (US GAAP) and internationally (IFRS);¹ (2) the role of judgments and estimates in the preparation and interpretation of financial reports; (3) how to read, analyze and interpret financial reports.

Course Materials

For each class, you are asked to prepare readings, exercises from the textbook, and assignments from the packet (these assignments are based on reading and interpreting financial statements). You are asked to come to each class prepared to discuss the materials assigned for that session. A thorough understanding of all the assigned materials is a necessary condition for successful completion of the course.

¹ The course considers the authoritative guidance promulgated by the Financial Accounting Standards Board (FASB), the standard setting body that sets U.S. Generally Accepted Accounting Principles (U.S. GAAP), and by the International Accounting Standards Board (IASB), the standard setting body that sets International Financial Reporting Standards (IFRS).

Course Packet: You will receive a course packet (separate from the textbooks) that contains readings, cases, assignments, and other materials that will form the basis for some class discussions. Additional materials may be distributed.

Course Website: In addition to the textbook and the course packet, I will use the course website (Blackboard) to make announcements. There will also be a “forum” in the course website that serves as a discussion board. The forum allows students to pose and answer questions outside of the classroom. You are responsible for monitoring the website frequently so that you can engage in discussions with fellow students as well as keep informed of important announcements. The web address to access Blackboard is <http://www.uh.edu/blackboard/>. You can contact the support desk of Blackboard at (713) 743 1411.

Textbook: The textbook for the financial reporting elements of the course is: *Financial Accounting for MBAs*, by Easton, Wild, Halsey, McAnally, 8th Edition, Cambridge Business Publishers, ISBN: 978-1-61853-358-6. The Easton et al. textbook takes the perspective of both U.S GAAP and IFRS. These two sets of accounting standards are often but not always similar, particularly at our introductory level. We will consider certain substantial differences that exist, and how the FASB and IASB are addressing those differences in their standard setting activities.

Exercises and problems: Are assigned from the Easton et al. textbook for each Module. The exercises from the Easton et al. textbook tend to focus on a specific component of a given issue or concept, are self-contained, and are internally consistent. I strongly encourage you to work through as many exercises from the Easton et al. textbook as necessary in order to understand the specific accounting method, concept or principle that is being applied. None of the exercises will be collected; solutions to the exercise problems are available online through the course website.

Case assignments: Most of the cases are prepared by me (some are Harvard business cases) and are based on real-world situations, often using actual financial statements published by firms. In contrast to the problems and exercises from the Easton et al. textbook, actual financial reports are often confusing and inconsistent, with regard to both terminology and presentation formats. Information on a single financial statement item or category of items is sometimes presented in dispersed locations. In some cases, the numbers in the reports are internally inconsistent. One of the major purposes of this course is to familiarize you with these sometimes-frustrating aspects of actual financial reports. I strongly encourage you to work through all aspects of the case assignments, making as much progress as you can. You may find it helpful to work with others on these assignments, and you are encouraged to do so, unless the assignment states that you are to work individually.

Unless otherwise stated, I do not require that you or your team submit a write-up answering the assigned questions for the cases. I do, however, expect that you and your team fully analyze and prepare each case question, and that you come to class with your prepared solution, ready to discuss each aspect. If our class discussions of these cases appear (to me) to be inadequate, superficial or otherwise insubstantial, I will revisit the issue of requiring a graded write-up.

Course Evaluation

Your grade for this course will be based on the following items:

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| ▪ 3 Written assignments (1 Individual; 2 team) | 15% |
| ▪ Class participation | 10% |
| ▪ Quizzes | 30% (10% per quiz) |
| ▪ Final exam, covering the entire course | 45% |

The **Quizzes** are **closed book, closed notes** but the **Final Exam** is **open book and open notes**. The final exam is cumulative. The course grade distribution will adhere to the Bauer College of Business's grade distribution for *core* courses. You should bring to the exams a calculator (but you may not bring a laptop computer or any electronic device with storage or communication capabilities). The final exam and quizzes are to be completed individually, without any assistance of any kind from any other person.

The readings, cases, and assignments are chosen to stimulate, rather than solidify your thinking and facilitate meaningful class discussions. The readings, cases, and assignments, and their associated discussions are an integral part of the learning experience of the course. I expect that you will prepare the cases and assignments for each class in advance and that you will be actively involved in all discussions during our class time, including asking questions and sharing your knowledge and experiences with the rest of the class. In some situations, the readings and cases may represent your first exposure to a particular issue or problem; in such instances, you are expected to read and work through the questions to the best of your ability or your team's ability. It is likely that you will not understand or be familiar with all terms that are used in the readings, cases and assignments. The responsibility for increasing your understanding of these terms lies jointly with you (to look up these terms and phrases prior to class) and me (to lay out the fundamental issues in class as part of the lecture and discussion).

During our class sessions, all laptops, tablets, cell phones, and any other electronic devices should be turned off. If you wish to use a tablet for accessing cases and for taking notes during class, please turn off WiFi/wireless capabilities while using them.

Some Advice

The pace of this course is fast. I strongly encourage you to keep up to date in the reading and exercise assignments and to seek help immediately if you experience difficulty in understanding the assigned material.

Class Attendance

Attendance is a key part of the learning experience. You are expected to attend all class sessions and report to me any sessions that you miss. If you miss more than three sessions during the semester, your grade will be reduced by one third of a point per excess absence on a four-point grading scale (e.g., from an A to an A-).

Class Participation

I expect professional conduct in the classroom at all times. Each student is expected to come to class on time and to be actively involved in all class discussions, including asking questions and sharing your knowledge and experiences with the rest of the class. I will call on students that volunteer to participate, but will avoid calling on the same students repeatedly. Reward is not given solely for the quantity of comments. Furthermore, there are no penalties for “wrong” answers. It is the attempt to thoughtfully reason through a problem or to ask a pertinent question that is valued and adds to the classroom experience for everyone. Cold calls are fair game.

Deadlines

All assignments must be submitted by the deadline. No late assignments will be accepted.

Regrade Requests

Regrades will be considered when a typed, written request has been submitted to me detailing the specific nature of the issue. Requests must be submitted within 48 hours of the assignment being returned. There will be no regrades for requests failing to meet this deadline. Furthermore, I reserve the right to regrade the entire assignment, not merely the section of contention. This may result in a lower grade being assigned than that originally received.

Disability Based Accommodations

The C.T. Bauer College of Business would like to help students who have disabilities achieve their highest potential. To this end, students must register with the Center for Students with Disabilities (CSD) (Telephone 713-743-5400) and present approved accommodation documentation to me in a timely manner.

Honor Code

The University of Houston Academic Honesty Policy and the Bauer College Code of Ethics and Professional Conduct are strictly enforced by the C.T. Bauer College of Business. No violations of these policies will be tolerated in this course. These policies may be found in the Student Handbook at <http://publications.uh.edu/index.php>. Bauer College students are expected to be familiar with these policies. The following rules apply for this course.

1. Use of class materials from prior students is prohibited.
2. For individual assignments you may not seek assistance from anyone.
3. For team assignments you may work only with the members of your assigned team.
4. For the quizzes and the final exam, you shall not consult or seek assistance from any other person.
5. For all graded activities, you shall not consult any outside sources for solutions.

If you are uncertain about any of the above, please ask me.

Course Schedule
ACCT 6331
Tuesday 6:00pm–9:00pm

Sessions	Date	Topic
Class 1	January 19, 2021	Introduction to the Course and the Accounting Equation
Class 2	January 26, 2021	The Relations between Financial Statements
Class 3	February 2, 2021	Revenue Recognition
Class 4	February 9, 2021	Accounting for Receivables
Class 5	February 16, 2021	Inventories and Restructuring Charges
Class 6	February 23, 2021	Long-Lived Assets – Tangibles and Intangibles
Class 7	March 2, 2021	Statement of Cash Flows
Class 8	March 9, 2021	Financial Investments
<i>No Class</i>	<i>March 16, 2021</i>	<i>Spring Break</i>
Class 9	March 23, 2021	Accounting (Out of?) Control and Ratio Analysis
Class 10	March 30, 2021	Long-Term Liabilities – Bonds
Class 11	April 6, 2021	Leases and Contingent Liabilities
Class 12	April 13, 2021	Income Taxes and Shareholders' Equity
Class 13	April 20, 2021	Shareholders' Equity – continued / Wrap-up
Class 14	April 27, 2021	<i>Final Exam – In Class</i>

**Calendar and Assignments
ACCT 6331**

- 1: January 19, 2021 (Tuesday)**
Introduction to the Course and the Accounting Equation
Module Readings
(Text) Modules 1–3 (pp. 1-3 to 1-17; pp. 2-3 to 2-21; pp. 3-3 to 3-15)
Self-study Exercises
(Text) M2-23; E2-27; M3-12
- 2: January 26, 2021 (Tuesday)**
The Relations between Financial Statements
Case Assignment
(CP) Costco IA, IB; Ferrari IA, IB; HOUMBA Incorporated
Module Readings
(Text) Modules 1–3 (pp. 1-3 to 1-17; pp. 2-3 to 2-21; pp. 3-3 to 3-15)
Self-study Exercises
(Text) M2-23; E2-27; M3-12
- 3: February 2, 2021 (Tuesday)**
Revenue Recognition
Case Assignment
(CP) Microsoft's Financial Reporting Strategy; Costco IC; Ferrari IC
Module Readings
(WS) Lecture Note on Revenue Recognition
(Text) Module 5 (pp. 5-3 to 5-15)
Self-study Exercises
(Text) M5-13; M5-14; M5-23; M5-29
- 4: February 9, 2021 (Tuesday)**
Accounting for Receivables
Case Assignment
(CP) MGM Mirage Receivables; Twitter Inc.
Module Readings
(Text) Module 5 (pp. 5-19 to 5-21)
Self-study Exercises
(Text) E5-42; E5-43
- 5: February 16, 2021 (Tuesday)**
Inventories and Restructuring Charges
Quiz on Accounts Receivable
Case Assignment
(CP) Deere & Company; Ferrari IIA, IIB
Module Readings
(Text) Module 6 (pp. 6-3 to 6-11; pp. 6-22 to 6-24)
Self-study Exercises
(Text) M6-13; E6-23; E6-24

(Text –Easton et al textbook; CP – course packet; WS – course website)

- 6: February 23, 2021 (Tuesday)**
Long-Lived Assets – Tangibles and Intangibles
Case Assignment
(CP) Depreciation at Delta Air Lines and Singapore Airlines (A); Costco III; Ferrari III
Module Readings
(Text) Module 6 (pp. 6-17 to 6-21)
Self-study Exercises
(Text) E6-33
- 7: March 2, 2021 (Tuesday)**
Statement of Cash Flows
Case Assignment
(CP) Lowe's Company
Module Readings/Lecture Notes
(Text) Module 11 (pp. 11-3 to 11-21)
(WS) Lecture Note on Statement of Cash Flows
Self-study Exercises
(Text) M11-22; M11-23; M11-24; M11-26; P11-43
- 8: March 9, 2021 (Tuesday)**
Financial Investments
Quiz on Cash Flow Statement
Case Assignment
(CP) Coca-Cola
Module Readings
(Text) Module 9 (pp. 9-3 to 9-22)
Self-study Exercises
(Text) E9-31; E9-37; E9-38
- 9: March 23, 2021 (Tuesday)**
Accounting (Out of?) Control and Ratio Analysis
Case Assignment
(CP) Financial Manipulation–Words Don't Lie
Module Readings
(Text) Module 4 (pp. 4-3 to 4-7)
Self-study Exercises
(Text) M4-19
- 10: March 30, 2021 (Tuesday)**
Long-Term Liabilities – Bonds
Case Assignment
(CP) UnitedHealth Group Case
Module Readings
(Text) Module 7 (pp. 7-9 to 7-15; pp. 7-25 to 7-32)
Self-study Exercises
(Text) Q7-4; M7-19; M7-20; M7-22

(Text –Easton et al textbook; CP – course packet; WS – course website)

11: April 6, 2021 (Tuesday)**Leases and Contingent Liabilities****Quiz on Long-Term Liabilities***Case Assignment*

(CP) Microsoft Leases; Costco IV

Module Readings/Lecture Notes

(WS) Lecture Note on Leases

(Text) Module 10 (pp. 10-3 to 10-10; pp. 10-35 to 10-36); Module 7 (pp. 7-5 to 7-7)

Self-study Exercises

(Text) P10-40 (a-f); M7-7

12: April 13, 2021 (Tuesday)**Income Taxes and Shareholders' Equity***Case Assignment*

(CP) HOUMBA Fone Tax

Module Readings/Lecture Notes

(WS) Lecture Note on Income Taxes

(Text) Module 10 (pp. 10-24 to 10-33); Module 8 (pp. 8-3 to 8-12; pp. 8-16 to 8-18)

Self-study Exercises

(Text) M10-22; M10-25

13: April 20, 2021 (Tuesday)**Shareholders' Equity – continued / Wrap-up***Case Assignment*

(CP) Citigroup, Inc.

Module Readings

(Text) Module 8 (pp. 8-3 to 8-12; pp. 8-16 to 8-18)

Self-study Exercises

(Text) M8-24; M8-27; M8-31

14: April 27, 2021 (Tuesday)**Final Exam (in class)**