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| COURSE TITLE BLACKBOARD SITE | ACCT5003 Financial Accounting and Financial Statements Spring, 2010 – http://my.ltu.edu and select CRN 3864 |
| INSTRUCTOR | Andy Borchers Phone: 248-625-7459 (home) 248-821-7458 (cell) andyborchers@att.net I am available by phone any night of the week until 11:30pm or by appointment |
| SCHEDULE | January 10, 2010 – April 23, 2010 See http://www.ltu.edu/registrars_office/calendar_final_exam.index.asp for LTU academic calendar information. |
| LEVEL/ HOURS PREREQUISITE | MBA / Architecture Management Certificate / 3 credit hours Admission to program / no other prerequisite requirements |
| REQUIRED TEXT (See Blackboard for additional resources) | Jones and Werner, <i>Introduction to Accounting A User Perspective</i> (2 nd Ed), , (Prentice Hall, Publishers), 2003. ISBN=0-13-032758-1 (this is a 1008 page book with both financial and managerial accounting). Available for online purchase through LTU Bookstore at: http://lawrence-tech1.bkstore.com/bkstore/TextbookSelection.do?st=489 |
| ADDITIONAL RESOURCES | LTU Online student resources: http://www.ltu.edu/ltuonline/ |
| TECHNICAL SUPPORT | Technical support for using Blackboard is provided by the Helpdesk. Visit www.ltu.edu/ehelp or 248.204.2330 or helpdesk@ltu.edu |

COURSE SCHEDULE FOR COLLEGE OF MANAGEMENT SEMESTER COURSES

This fully online course begins with a partial week online course orientation period to familiarize yourself with the online learning environment and to meet online or via the phone with your instructor. Each subsequent week starts on a Monday and ends on a Sunday. Normally, material is set to open at 7pm on the Sunday prior to start of the week.

W Denotes the Werner Textbook

| Dates | Modules | Topics / Readings | Assignments Due |
|---|--|--|---|
| Prior to Semester Start and Jan 10 – Jan 12 | Module 0 | Overview of textbook Online Learning Orientation Course Orientation | None – please contact instructor with questions |
| Week of Jan 10 – Jan 16 | Module 1 - Introduction to accounting, balance sheets and IFRS | W Chapter F1 (p. 4-9, 13-19), F 3 Brief Lecture Demo Problems 1-28, 3-34 | Weekly discussion + Reflection + Spring term – 1-30, 3-35, 3-42, 3-46, Summer term – 1-30, 3-36, 3-43, 3-47 Fall term – 1-31, 3-37, 3-44, 3-48 |
| Week of Jan 17 – Jan 23 | Module 2 - Income Statement | W Chapter F4 Brief Lecture Demo Problems 4-48, 4-59 | Weekly discussion + Reflection + Spring term – 4-47, 4-60, 4-64 Summer term – 4-49, 4-61, 4-65 Fall term – 4-50, 4-62, 4-66 |
| Week of Jan 24 – Jan 30 | Module 3- Economic Measurement and Accounting Systems | W Chapter F5, F6 Demo Problems 6-38 and 6-39 | Weekly discussion + Reflection + Review Demo problems and then: Spring term – BB posted, 6-51 Summer term – BB posted, 6-39, 6-52 Fall term – BB posted, 6-39, 6-53 |
| Week of Jan 31 – Feb 6 | Module 4- Depreciation and Inventory | W Chapter F7 (p. 266-273)-F8 (p. 304-326) Demo Problems 7-34, 8-25, 8-46 | Weekly discussion + Reflection + Spring term – 7-35, 8-26, 8-47 Summer term – 7-36, 8-27, 8-48 Fall term – 7-37, 8-28, 8-49 |
| Week of Feb 7 – Feb 13 | Module 5- Advanced Topics in Financial Reporting | W Chapter F9-10 (p. F406-407 only) Demo Problems 9-46, 9-56 | Weekly discussion + Reflection + Spring term – 9-48, 9-57 Summer term – 9-49, 9-58 Fall term – 9-40, 9-59 |

| Dates | Modules | Topics / Readings | Assignments Due |
|--|--|--|---|
| Week of Feb 14 – Feb 20 | Module 6- Financial Analysis | W Chapter F11 Demo Problem 11-19 | Weekly discussion + Reflection + Spring term – 11-20, 11-26 Summer term – 11-21, 11-27 Fall term – 11-22, 11-25 |
| Week of Feb 21 – Feb 27 | Module 7 - Financial Accounting Exam | None | No homework, discussion or quiz due – only the financial exam |
| Week of Feb 28 – Mar 6 | Module 8 - Classifying Cost and Cost of Product | W Chapter M2-3 (p. 61-63) Demo Problem 2-17, 2-28 | Weekly discussion + Reflection + Spring term – 2-15, 2-29, 3-5 Summer term – 2-15, 2-30, 3-5 Fall term – 2-15, 2-29, 3-5 |
| Mid-semester Break – No Classes | | | |
| Week of Mar 14 – Mar 20 | Module 9 -Cost Allocation, Activity Based Costing and CVP | W Chapter M4, M5 (p. 117-123), M6 (p. 148-159) Demo Problem 4-5, 5-16, 6-15, 6-31 | Weekly discussion + Reflection + Spring term – 4-6, 5-17, 6-16, 6-32 Summer term – 4-7, 5-18, 6-17, 6-33 Fall term – 2-15, 2-31, 3-5 |
| Week of Mar 21 – Mar 27 | Module 10- Time Value of Money | Appendix A (p. 227-233) Demo Problem – TVM.XLS | Weekly discussion + Reflection + All terms – Posted in BB |
| Week of Mar 28 – Apr 3 | Module 11 - Applications of TVM – Capital Budgets | W Chapter M8 (p. 207-223) Demo Problem 8-18, 8-22 | Weekly discussion + Reflection + All term – 8-17, 8-19, 8-22 |
| Week of Apr 4 – Apr 10 | Module 12 - Applications of TVM – Lease/Buy and Stock/Bond Valuation | PowerPoint and lease/buy demo software Demo Problem – In BlackBoard | Weekly discussion + Reflection + All terms – Posted in BB |
| Week of Apr 11 – Apr 17 | Module 13 – Budgeting | W Chapter M9 | Weekly discussion + Reflection + All terms – Budget Case due in week 14 |
| Week of Apr 18 – Apr 23 | Module 14 – Complete projects and Managerial Exam | Course Summary End of Course | No homework, discussion or quiz due – but managerial exam, budget case and financial project are due |

STUDENT EVALUATION

The course has assignments totaling 560 points (left column). The instructor assigns letter grades based on the total number of points achieved (right column). Students submitting late assignments will see deductions.

| Assignments | Points |
|---|--------|
| Weekly Participation – 13 weeks | 130 |
| Homework (11 @ 15) | 165 |
| Managerial and Financial Exams (70 points each) | 140 |
| Company Analysis | 75 |
| Budget Case | 50 |
| Total Points | 560 |

| Class Points | Letter Grade |
|--------------|------------------|
| 96 and above | A |
| 90 – 95 | A- |
| 87 – 89 | B+ |
| 83 – 86 | B |
| 80 – 82 | B- |
| 77 – 79 | C+ |
| 73 – 76 | C |
| 70 – 72 | C- |
| 61 – 70 | D undergrad only |
| 60 and below | F |
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| | |

Note: Grades lower than “B” fall below the LTU graduate standard

EDUCATIONAL GOALS

Introductory examination of financial and managerial accounting data generated by business organizations and related finance topics. The course emphasis is on interpretation of accounting statements and the use of financial data in decision making. Students are introduced to the use and application of time value of money and other financial concepts.

STUDENT LEARNING OBJECTIVES / OUTCOMES

The student will be able to:

1. Understand the various forms of business organization.
2. Develop and interpret the three basic accounting statements (balance sheet, income statement and statement of cash flows)
3. Understand how organizations collect accounting data in accounting systems
4. Understand depreciation and inventory systems and how they influence financial statements
5. Use 3rd party sources of information on public companies to analyze a publicly traded firm.
6. Understand the nature of costs and apply costing concepts to management decisions.
7. Demonstrate the ability to solve time value of money problems.
8. Apply time value of money to simple capital budgeting, lease/buy and stock/bond valuation problems
9. Understand how managers use budgets to control operations and apply this knowledge to real-world cases.

PREREQUISITE SKILLS

Students need a general knowledge of Microsoft Office, especially Excel. If students are not comfortable with Excel, they can learn more at <http://www.fgcu.edu/support/office2007/Excel/index.asp>

INSTRUCTIONAL METHODS AND COURSE ORGANIZATION

A variety of instructional methodologies are used in this course. These include:

Blackboard Learning Environment – Blackboard at my.ltu.edu contains the syllabus, all assignments, reading materials, streaming videos, narrated PowerPoint mini-lectures, podcasts, written lecture notes, chapter quizzes, links to Web resources, and discussion forums. You will submit all assignments via Blackboard, and are expected to participate regularly in discussion topics. Please take time to familiarize yourself with the organization of the Blackboard site. You will want to check the site frequently for announcements reminding you of new resources and upcoming assignments.

Student/Instructor Conversations – Students keep in touch with the instructor via e-mail messages, telephone conference calls, and IM conversations.

Self-Assessments – Pre- and post- self-assessment tools will help students measure their entering skills and progress during the course.

Required Reading – Textbook chapters should be read according to the schedule outlined in the syllabus. Students will discuss questions connected to chapters online as well as solve homework problems.

Publisher Web Site – A publisher web site at <http://www.prenhall.com/werner/> includes instructional materials, PowerPoint slides, case studies, application exercises, and practice quizzes. You should make use of as many of these resources as you need to be successful.

CLASS POLICIES AND EXPECTATIONS

(Please review to verify the information supports student expectations. Update as needed for alignment with your course policies, learning objectives, and student expectations.)

I plan to offer you a valuable learning experience, and expect us to work together to achieve this goal. Here are some general expectations regarding this course:

Each student has a LTU email account. If you wish to use a different email address for this course, please **change your email address in Blackboard under “Blackboard Tools”, then “Personal Information”**.

Students must complete readings, discussion forum participation, and written assignments according to the class schedule. It is important to contact the instructor as needed to discuss personal needs regarding course requirements and assignments.

It is essential that all students actively contribute to the course objectives through their experiences and working knowledge.

Students must complete all assignments on schedule, via Blackboard, and using Microsoft Office compatible software. Please do not submit an assignment via email.

Students must complete assignments to an adequate standard to obtain a passing grade. Requirements for each assignment are detailed in this syllabus.

Be prepared to log into Blackboard at least once each day. Please focus your online correspondence within the appropriate Blackboard discussion forums so that your colleagues can learn from you.

At midterm and at the end of the course, LTU will invite you to participate in a University evaluation of this course. Your feedback is important to the University, to LTU Online, and to me as an instructor, and I encourage you to participate in the evaluation process.

It is important for you as students to know what to expect from me as your instructor:

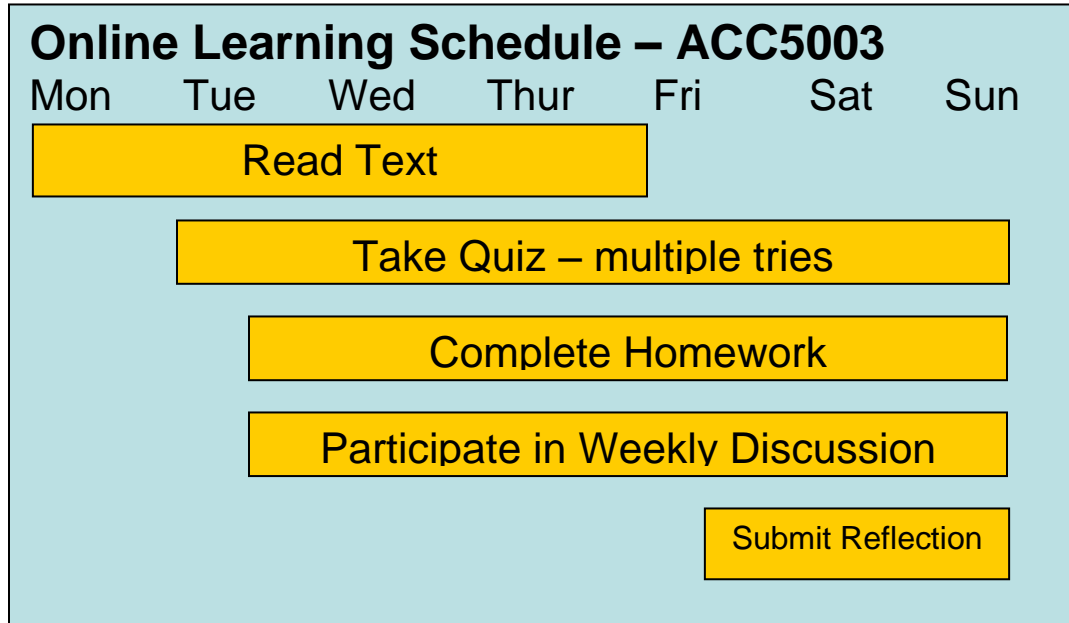
- I will be available to you via e-mail and phone, and will promptly reply to your messages.
- I will be available to you for face-to-face appointments as requested.
- I will maintain the Blackboard web site with current materials, and will resolve any content-related problems promptly as they are reported to me.
- I will send out a weekly e-mail update to all class members to guide upcoming work and remind you of assignment due dates.
- I will return all assignments to you promptly, and will include individualized comments and suggestions with each assignment.
- I will hold our personal written or verbal communications in confidence. I will not post any of your assignments for viewing by the class without requesting your approval in advance.
- I will treat all members of the class fairly, and will do my best to accommodate individual learning styles and special needs.
- If any of these points need clarification, or when special circumstances arise that require my assistance, please contact me so that we can discuss the matter personally.

PRACTICAL GUIDELINES FOR CLASS LOAD EXPECTATIONS

A three-credit course generally requires at least nine hours per week of time commitment. Here are some practical guidelines to help schedule your time commitments for this online course:

- A 14-week semester (the Summer semester is compressed into 10 weeks) would require at least 126 hours of time commitment to successfully complete all readings, activities, assignments, and texts as described in this syllabus.
- You should reserve at least 6 hours per week to read the required textbook chapters and resources, participate in online discussions, review presentation materials, and work through online quizzes. This effort will total at least 84 hours over the course of the semester.
- You should organize your remaining time to roughly correspond with the point value of each major assignment.

These guidelines may not reflect the actual amount of outside time that you – as a unique individual with your own learning style – will need to complete the course requirements. The number of hours each week will vary based on assignment due dates, so please plan ahead to insure that you schedule your academic, work, and personal time effectively. Students can use the following graphic to guide you in planning their weekly course work to remain on schedule:



ASSIGNMENT DETAILS

Course assignments and evaluation criteria are detailed below. Please review these requirements carefully.

Details for all assignments are shown below. All assignments are submitted using the Blackboard “Assignments” or “SafeAssign” function.

Weekly Participation – The instructor will measure student participation in three ways for a total of 10 points:

- Weekly quiz** – students will take weekly quizzes on text material and must score at least 80% to earn full credit. Students can take quizzes more than once until they earn at least 80%..
- Class discussion** – Students will participate in weekly forums. Students must participate by posting at least two meaningful comments on each forum. These comments must appear on at least two different days and at least one comment must come by Thursday evening. “Meaningful” comments are those that substantially respond to the issue or create meaningful discussion by asking or responding to a peer’s comments. See <http://www.ltu.edu/ltuonline/rubrics.asp> for more details on “high quality” versus “low quality” postings.
- Weekly Reflection** – For each week a “reflection” is due by Sunday at 11:59pm. Students should post their reflection to the “Reflections” forum in the discussion board. A paragraph or two (with a minimum of 150 words) will do nicely. In this document you should assess your learning - telling me what has gone well for you, what could you improve on and one or two insights for the week.

Weekly Homework – Students will complete weekly homework assignments for twelve weeks of the term. Each homework is graded on a 15 points scale based on completeness and accuracy. Please complete your weekly assignment by Sunday at 11:59pm. Solutions will open up by 12:15pm on Monday of the following week..

Exams – Students will complete two exams – one on financial accounting topics and the other on managerial accounting topics. These exams consist of problems similar to the homework. There are no multiple choice questions on these exams – they are strictly problems. Note that each exam is “keyed” using the last two digits of your student number in order to make the exam unique.

Company Analysis and Budget Case – See attached pages

SYLLABUS ADDENDA

Please see the LTU Online “Current Students” web site <http://www.ltu.edu/ltuonline/> for comprehensive information about Lawrence Tech’s academic services, library services, student services, and academic integrity standards. The content of this web site is explicitly included as syllabus requirements.

The LTU Online “Current Students” web site also includes grading rubrics used by your instructor to evaluate written assignments, discussion forum participation, and group assignments. Please note that the SafeAssign anti-plagiarism product will be used for written assignments submitted for this course. Please see the instructions included on the LTU Online web site regarding the use of the SafeAssign product.

Company Analysis

Purpose: This project introduces students to 3rd party sources of financial information and gives them a chance to employ skills learned in this course.

Scenario: Suppose your manager has asked you to do a financial analysis for a publicly traded firm. He wants to know – What is this company's history? What are their product/service lines? How have they performed in the last few years? What is the prognosis for the firm's future? Support your work with financial ratios using comparative analysis. This is to say that you must compare your firm to a similar firm(s) or to industry norms. His reasons for wanting to know are whether to make a major investment in the firm.

Deliverables: Students will analyze a public firm (and compare to a companion firm) of their choosing by:

Presentation – Students will create PowerPoints for a fifteen minute presentation. Students should use the “notes” section to include key points they would make verbally if they were to deliver the slides. The presentation should describe the firm's history, overview of operations, and **key** ratio analysis (with comparison to a second firm or industry averages). You do not need to include each ratio from your spreadsheet, but you should focus on the ratios that are significantly different or interesting. Provide the viewer with a “story” that makes the point of what differs between the two firms, Evaluation will be worth 45 points and will be based on <http://www.ltu.edu/ltuonline/rubrics.asp>.

*** Avoid putting too many words on your slide – typically six bullet points with six words per bullet are reasonable. Use the Notes area to describe what you would say if you were to give the presentation.

*** Most speakers tend to use one slide per minute – **for a 15 minute presentation aim for 15 slides**

Spreadsheet – Students will prepare (and submit in BlackBoard) a spreadsheet containing **all** financial ratios covered in the text for both firms. Also, students should calculate and give a brief interpretation of an Altman Z score for both firms. Not familiar with Altman Z? Check out: http://en.wikipedia.org/wiki/Z-Score_Financial_Analysis_Tool (30 points)

Assumptions – you can assume your reader has a basic knowledge of financial ratios and terms. Hence, you needn't define things like “The current ratio is defined as” in your presentation.

Sources - Students should make use of (and cite appropriately) sources such as company website, DataMonitor report (available in the LTU library), ValueLine, S&P reports and other sources. If you quote a source – put the quote in quotation marks (“ ”) and tell the reader where you found the information.

Budget Case – Android Architects

ASB 1/7/09

Objective: Prepare a budget (sales and cash) for a small service oriented business.

Android Architects has been engaged in the process of forecasting its financing needs over the next quarter and has made the following forecasts of planned cash receipts and disbursements:

1. The firm has several large projects (typically billed 25% at the start of work, 25% at the halfway point and 50% at completion). Also, the firm has an on-going collection of small projects that are billed at completion: Large projects are invoiced ahead of the indicated start and completion dates, so that you can assume the firm receives payments on the specific date shown below. Small projects are collected 50% in the month the work is done and 50% in the following month

| Project Start | Completion | Total Price |
|---------------|------------------------------|-------------|
| Project A | April 1 August 31 | \$50,000 |
| Project B | July 1 October 31 | \$45,000 |
| Project C | July 1 September 30 | \$38,000 |
| Project D | August 1 October 31 | \$55,000 |
| Project E | September 1 December 22 | \$43,000 |

The firm bills miscellaneous small projects at approximately \$13,000 per month from the June to September period.

2. The firm incurs and pays a monthly rent expense of \$3,000 due on the first of the month.
3. The firm's annual insurance premium of \$12,000 is due July 1.
4. Wages and salaries for the coming months are estimated as follows (with payments coinciding with the month in which the expense is incurred):

| | |
|-----------|------------------------------------|
| July | \$18,000 – includes summer interns |
| August | 18,000 – includes summer interns |
| September | 16,000 |

6. Utilities for the firm average \$400 per month in July and August and \$300 in September. The firm pays these in full the month they are received.
7. Depreciation expense is \$5,000 annually.
9. Interest on a \$40,000 bank note (due in November) is payable at an 8 percent annual rate in September for the three-month period just ended.
10. The firm follows a policy of paying no cash dividends.
12. The firm plans on spending \$10,000 in leasehold improvements (see d. below) in September.
13. Supplies run approximately \$2,000 per month and are typically paid in the month following purchase.

Based on the above, use a computer spreadsheet to do the following computations:

- a. Prepare a monthly cash budget for the three-month period ended September 30, 2006 showing cash receipts, cash payments and required borrowing. (15 points)
- b. If the firm's beginning cash balance for the budget period is \$15,000, and this is its minimum desired balance, determine when or if and how much the firm will need to borrow during the budget period. The firm has an \$80,000 line of credit with its bank with interest (12 percent annual rate) paid monthly (for example, for a loan taken out at the end of December, interest would be paid at the end of January and every month thereafter so long as the loan was outstanding). (10 points)

c. Comment on how the firm would recognize depreciation and revenue under accrual accounting as opposed to your budget plan. (5 points)

d. Estimate the firm's free cash flows for the three-month period ending September 30, 2000. To calculate this – assume working capital stays the same and the only investment the firm has is a \$10,000 in September for leasehold improvements (that is, they will re-carpet and buy furniture for their office. For net income, do a quick estimate of revenue and expenses from your budget plan. (10 points)

| Element | Data Source |
|------------------------------|--|
| Net Income | Current Income Statement |
| + Depreciation/Amortization | Current Income Statement |
| - Changes In Working Capital | Prior & Current Balance Sheets: Current Assets and Liability accounts |
| - Capital Expenditure | Prior & Current Balance Sheets: Property, Plant and Equipment accounts |
| = Free Cash Flow | |

Scenario

Assume it is July 20th. You've just had a bad day. Customers on Project C and D have just informed you that they will not be able to make any further payments until August 31st. Customer A is entering bankruptcy and may not be able to make the \$25,000 end of August payment. You call your bank and they give you a hesitant response when you ask about a line of credit. Do an estimate of the effect of these items to your cash budget. As a manager, what actions would you take to keep your firm operational? (10 points)