

Financial Accounting

EMBA Saturday Summer 2020

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Knowledge of accounting is a core requirement to any career in business – whatever you choose to specialize in - finance, marketing, strategy or human resources. The accounting system provides much of the data needed to make business decisions. The aim of this course is to ensure that this essential building block is firmly in place at the outset of your business education.

This course is designed to provide you with a comprehensive, graduate level introduction to accounting. It will provide you with the foundations of accounting - the concepts and mechanics; and to help develop a perspective for the intelligent use of accounting information. You will learn about the system used by firms for providing reports to external constituents such as stock holders, debt holders and potential investors. **At the beginning of the course, I will assume that you have never seen accounting before! But, by the end of the course you should be able to read and interpret financial accounting reports and evaluate any firm's economic performance and financial position.**

The course is organized into two interrelated modules. First, we will learn the accounting process - how information is recorded, organized and collated to produce the reports. This includes an examination of the main financial statements, the nature of accrual measurement, revenue recognition, assets, liabilities and equity. The first half of the course is the foundation. In the second half, we will dissect the balance sheet by systematically going through financial reports and learn to analyze the relevant information provided in the balance sheet and related footnotes.

Course Materials

The course will be taught from slides, notes, cases and problem sets that will be posted on **Canvas** during the course. All the materials will be made available to you on Canvas ahead of class, so that you have enough time to review the material before we meet in class. There is no

textbook for this class – all the instruction will be done from **class slides** and notes. Note that paper slides will be provided to all those who request. Since the course is taught from my notes and class slides, there is no required book for the course. However, if you are one of those that likes to get a book, I recommend that you get *Financial Accounting*, by Libby, Libby & Hodge [LLH], 9th edition, McGraw-Hill. *In addition to being a well written book, it looks quite attractive on a coffee table!* Please note that since the teaching will be done from the class slides it will not follow the sequence of material in the book; and in some cases may be quite different from the way it is presented in the book. I have given you some additional information on the book at the end of this syllabus.

The class slides are written with the aim of promoting class discussion. Therefore, by design, they have gaps in them when they are given to you. These gaps are meant to be filled during the class discussions – this promotes the process of discovery. Attending the class therefore becomes very important otherwise you will miss out on this learning process. It is highly recommended that you attend all classes. If you have to miss a class, please seek my permission to make arrangements for catching up on anything you miss.

During the course we will work through several numerical and real-world **in-class problems**. Additionally, you will get **homework problem sets** (that are graded) as well as **self-assessment problem sets** (on which you will get feedback) that will help you learn and master the materials covered in class.

Throughout the course, we will follow the financial reporting of several companies. The **financial statements** of these companies will be available on *Canvas*. Alternatively, you may download the statements, as well as additional information, from the company websites (available under investor relations pages on their websites).

We will also work through several **cases** during the course. All the cases used in the course will be posted on *Canvas*. Cases are intended for class discussion and solutions will be posted following the discussion.

Please note that sharing of course materials with anyone who is not currently enrolled in the course or someone who is not in your section is not allowed (both giving and receiving). It would be considered a violation of the honor code (and potentially of the copyrights).

Grading

Midterm	300
Three Problem Sets (100 + 75 + 75)	250
Group Case	50
Class Participation	50
Final Exam	300
Total	950

Please review the following information on the different components that will make up your final grade.

(1) Problem Sets: There are three problem sets to be submitted during the course. Problem Set 1 is 100 points. Problem Sets 2 and 3 are 75 points each. Problem sets require individual submissions. They are Type B assignments (see chart at the end containing the Honor Code for Individual and Group Work Guidelines). The date of submission is given in the schedule provided at the end of the syllabus. **Problem sets are always due at 8:30 a.m. (i.e., before the start of the class day) on the day they are due.** Successful submission requires you to upload your solution file on canvas. Your submission file must be in the Excel format. Where supplied, you must use the template given. The course design will ensure that you get enough time to work through each problem set. Also, the material will be covered in class before you are asked to work on the questions in a problem set. If you have any problems, please get in touch with me before the submission deadline. Please note that if you miss a submission, there is no way to make up.

(2) Group Case: There is one team case to be submitted during the course. This is a Type A assignment. The group case will be due at 8:30 a.m. on June 6. You will work with your team to submit the case. Also, come prepared to discuss the case in class. Your participation in class during case discussion will influence your class participation grade.

(3) Exams: There are two exams in this course.

(a) Midterm: This exam will be held in class on Day 6 of the course (June 13) and will

include all materials included in Slide Sets 1 to 3. Both sections will take the exam at the same time. The exam is 2 hours long. You will take the exam on your computer in an excel file that you will download at the start of the exam; and upload with your solution at the end of the exam. The midterm exam is closed book, but you are allowed to bring one sheet (8.5" x 11" paper) with your own notes. The notes may be handwritten or typed – but it must be your own notes and may not include information that is copied/pasted from elsewhere. You are allowed to bring a regular calculator to the exam, but phones and tablets are not allowed. You will not be allowed to refer to anything else on your computer during the exam. The midterm exam is a Type C assignment.

(b) Final: The final exam will be held on August 22. Both sections will take the exam at the same time. The exam is expected to be three hours long. You will take the exam on your computer in a word file that you will download at the start of the exam; and upload with your solution at the end of the exam. The final exam will be open class notes. In addition, you will be allowed to bring a one page cheat sheet. You will not be allowed to refer to anything on your computer during the exam other than your class notes and a blank excel file for your calculations. The final exam is a Type C assignment.

(4) Class Participation: The class participation grade will depend on class attendance, on-time arrival and professional behavior during class including but not limited to, not leaving while the class is in session, no private conversations, no use of unauthorized electronics, poll responses, preparedness, responses to questions asked during class (cold calls or voluntary), questions, comments, and sharing your professional experience and similar demonstrations of positive engagement.

(5) Homework Assignments: In addition to the problem sets (that you are mandatory for submission), there are homework assignments at the end of each chapter (slide set). There are two types of homework assignments – self assessment quizzes and exercise sets. Even though the homework assignments are optional, and carry no points, you are encouraged to submit these assignments. If you submit the self-assessment quizzes, I will give you personal feedback on your performance when sending you the solution. Also, all your optional submissions will be considered to evaluate your overall effort during the course when deciding the grade.

In addition to the above, from time to time I will try to give you opportunities to earn bonus

points during the course.

I reserve the right to improve any student's course grade based on my subjective assessment of the student's contribution to the learning of the class. On the other hand, consistent demonstration of unprofessional behavior might negatively impact a student's course grade, beyond its impact on class participation. The final grades will be based on the school's mandated grade distribution.

Exam scores will be posted on Canvas and your midterm exams will be returned to you. A student who feels that an exam has been incorrectly graded may request a grade review from me (the professor), not the TA. The request must be made within a specified date that will be announced on *Canvas* – no requests will be entertained after that period. When a request is received, the entire exam will be regraded. Note that this may cause the score to go up or down.

Honor Code Individual and Group Work Guidelines

Type	Designation	Discussion of Concept	Preparation of Submission	Grade
A	Group/Group	Permitted with designated group	By the group	Same grade for each member of the group
B	Group/Individual	Permitted	Individually (No sharing of any portion of the submission)	Individual
C	Individual/Individual	None of any kind	Individual	Individual

Pedagogy

The class format is **lectures** - interspersed with several in-class problem solving opportunities and case discussions throughout the course.

Review sessions will be held periodically (more sessions will be announced - in addition to those that are already listed on the syllabus). All review sessions will be announced on canvas.

Attendance in these sessions is not mandatory but it is encouraged for those who have difficulty

with understanding the material or solving assigned problems. Except for the review session that will be held during the offsite, all review sessions will be conducted online via Zoom, and it will be possible to attend the review session remotely. Most review sessions will be scheduled late in the evening during the week. Details for remote access will be provided when the review sessions are announced.

In addition to review sessions, there will be **office hours**. Except for the office hours held during the offsite, all other office hours held during the term will be virtual and held on Zoom. Office hours will most likely be scheduled on Friday evenings. Details for remote access will be announced.

A tentative course and assignment schedule is provided at the end of the syllabus.

Finally, a word of encouragement. This course requires you to stay on top and be consistent in your attention and effort so that you do not fall behind. I urge you to keep up with the assignment schedule. If you are having trouble, please let me know. Call me, email me or come and see me. Usually I can help, and I like to help, but I can do that only if I know that you are having trouble.

Teaching Assistant

The Teaching assistant for the course is Venkat R. Peddireddy. Venkat is a Ph.D. student in accounting at the Columbia Business School and has considerable experience assisting in many accounting courses (including the core financial accounting course). He is also a CFA charter holder and has considerable work experience in the banking industry.

Columbia Core Culture - The purpose of the Columbia Core Culture is to promote a consistent classroom environment of mutual respect, preparation and engagement. Our expectation of you in class is to be:

Present: Your success depends on being on time and present for the entire class every session. Attendance will be part of your grade for class participation and students are expected to sit in their assigned seats.

Prepared: Bring your nameplate, clicker, and complete any pre-work needed for class discussion. Expect the professor to cold call in class.

Participating: Active participation calls for no electronic devices such as laptops, tablet computers, or smartphones during class, except when the professor tells you as part of in-class work.

Schedule / Assignments

<i>Date</i>	<i>Readings and Graded Assignments</i>	<i>Homework (Ungraded)</i>
8-May;	Introduction and overview of the financial statements; Recording transactions. adjusting entries, closing entries, statement preparation. [Slide Set 1]	
9-May;	Revenue and expense recognition; accrual accounting, debits/credits, journal and ledger. [Slide Set 1]	Slide Set 1 Self-Assessment Quiz; Slide Set 1 Exercises. (To receive feedback submit by May 17)
10-May;	<u>Review session devoted to basic accounting procedures</u>	
10-May;	Cash flow statements. Understanding flows in accounts. [Slide Set 2; Slide Set 1 Appendix]	Slide Set 2 Self-Assessment Quiz; Slide Set 2 Exercises. (To receive feedback submit by May 24)
20 May;	<u>Review session devoted to Cash Flow Statements</u>	
May 30, 2020	Problem Set 1 Due	
30-May;	Introduction to Ratio Analysis [Slide Set 3]; Accounts Receivable [Slide Set 4]	Slide Set 3 Self-Assessment Quiz. (To receive feedback submit by June 5)
6 Jun, 2020	Group Case: John Smith Due	
6 Jun;	Inventory, Accounts Payable [Slide Set 4]	Slide Set 4 Self-Assessment Quiz; Slide Set 4 Exercises. (To receive feedback submit by June 19)
10 June;	<u>Review session devoted to midterm</u>	
June 13, 2020	Midterm	
20-Jun;	Long lived Assets [Slide Set 5]	Slide Set 5 Self-Assessment Quiz; Slide Set 5 Exercises. (To receive feedback submit by July 3)
27-Jun;	Time value of Money, Bond basics [Slide Set 6]	Slide Set 6 Self-Assessment Quiz; Slide Set 6 Exercises. (To receive feedback submit by July 17)
July 11, 2020	Problem Set 2 Due	
11-Jul;	Accounting for Bonds, Leases. [Slide Set 6]	
18-Jul;	Financial Assets. [Slide Set 7]	Slide Set 7 Self-Assessment Quiz; Slide Set 7 Exercises. (To receive feedback submit by July 31)
25-Jul;	Financial Assets. [Slide Set 7]; Shareholders Equity & Other Topics [Slide Set 8]	Slide Set 8 Self-Assessment Quiz; Slide Set 8 Exercises. (To receive feedback submit by Aug 15)
Aug 1, 2020	Problem Set 3 Due	-
8-Aug;	Shareholders' Equity and other topics. [Slide Set 8]	
19 Aug;	<u>Review session devoted to final</u>	
August 22, 2020	Final Exam	

If chose to buy the optional book (and let me stress again that it is optional), here is some information on where you will find information on the topics we will cover in class.

(Slide Set 1): [LLH: Ch. 1 p 2 – 22; Ch.5 p 229 - 257]; [LLH Ch. 2 p 42 – 76; Ch. 3 p 102 - 133]; [LLH Ch. 4 p 164 – 194]
(Slide Set 2): [Ch. 12 p 600 – 625, 628 - 629]
(Slide Set 3): [LLH Ch. 13 p 667 – 681]
(Slide Set 4) [LLH Ch. 6 p 283 – 298]; [LLH Ch. 7 p 332 – 358]; [LLH Ch.9 p 461 – 470]
(Slide Set 5 [LLH Ch. 8, p. 388 – 419]
(Slide Set 6) [LLH Ch.9 p 473 – 484]; [LLH Ch. 10 p 506 – 534]; [LLH Ch.9 p 472]
(Slide Set 7) [LLH Appendix A]
(Slide Set 8) [LLH Ch. 11 p 554 – 573; Ch. 9 p 485.]