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### COURSE DESCRIPTION

This course provides a base level of knowledge needed by corporate executives to understand and discuss corporate financial statements. The process of learning how various business activities impact financial statements will also give you opportunities to learn and think about the business activities, themselves. In addition, this course provides a foundation for subsequent courses.

The course introduces basics of financial accounting and managerial accounting. Financial accounting is concerned with the preparation and public dissemination of financial reports designed to reflect corporate performance and financial condition. By providing timely, relevant, and reliable information, these reports facilitate the decision-making of investors, creditors, and other interested parties. Financial markets depend on the information contained in these reports to evaluate executives, estimate future stock returns, assess firms' riskiness, and allocate society's resources to their most productive uses. Managerial accounting is concerned with production of information that is typically available only internally and is need for internal planning and decision-making. Executives depend on managerial accounting to review performance of operations, plan their budgets, and allocate resources among operating divisions.

### REQUIRED MATERIALS

Text: Financial Accounting by Libby, Libby and Short, 8<sup>th</sup> Edition, McGraw-Hill/Irwin, 2014

Course website: Teaching notes, PowerPoint slides, case assignments and practice problems/solutions. The material for each topic will have its own folder on the course website.

### GRADING

Your grade will be based on:

- (i) Two exams covering financial accounting topics: These exams are cumulative (i.e., you are responsible for all material covered until that time). Exams are closed-book but you are allowed to bring one page of double-sided notes (on a standard 8.5" X 11" paper) for the first exam and two pages of double-sided notes for the second exam. You are allowed to use a calculator (but not your cell phone). Both exams will take place during class hours. The first exam will last 1 hour and 30 minutes and the second will last 2 hours and 30 minutes.
- (ii) One exam covering managerial accounting topics: The exam will cover only managerial accounting topics. It is a closed book-exam. However, you are allowed to bring one page of double-sided notes on standard 8.5" X 11" paper and a calculator. The exam will last 1 hour 30 minutes.

If you wish to request an accommodation due to a disability, please contact the Office of Disability Services as soon as possible in person at Suite 1.610 in the Student Union, via phone (972) 883-2098 (voice or TTY), or via email [disabilityservice@utdallas.edu](mailto:disabilityservice@utdallas.edu).

- (iii) Case Assignments: There will be eight case assignments during the semester. You can use the electronic drop-box on the course web site to submit your solutions to the assigned cases. The deadline for uploading each case is the start of class on the day when the assignment is due. Deadlines for uploading are strict, so please make sure to meet them.

Please work on the cases individually before consulting with anyone for help. Each individual must submit his or her own solution. Your grade on each assignment (between 0 and 2 points) will take into consideration your effort in attempting to answer the questions. Only the best 6 scores out of 8 cases will be used in the calculation of your final grade. Assigned cases will be used in class discussions, so be prepared to answer questions regarding them in class.

The final grade is the better outcome of the following two alternative grading schemes:

	Option I	Option II
Exam 1- Financial Accounting (Operations)	25%	10%
Exam 2- Financial Accounting (Investments & Financing)	26%	40%
Exam 3- Managerial Accounting	25%	25%
Cases (Best 6 out of 8)	24%	24%

I will follow the standard core curve: No more than 20% of the class will receive A+/A, no more than 25% of the class will receive A-, and 10% of the class will receive B- or below. I reserve the right to raise/lower your course grade by one level based on my subjective assessment of your class participation; such an adjustment is *very rare*.

#### ONLINE OFFICE HOUR/REVIEW SESSIONS

Dates and times of these sessions will be announced later in the semester. You are not required to attend these sessions, but attendance is encouraged for those who have difficulty following the class material.

#### READINGS AND PRACTICE PROBLEMS

To prepare for class, you should read the assigned material. You should bring a copy of the class notes and assigned cases with you to class (you can bring an electronic version if you plan to use your laptop). From time to time we may talk about some articles that reflect the viewpoints of academicians, practitioners, journalists, analysts and corporate executives on accounting issues. Although these articles are not technical, you need to read the assigned chapters beforehand in order to fully understand the issues raised.

There are practice problems and practice cases listed on the syllabus for each session. Practice problems are from your textbook and practice cases are posted on the course webpage. These will not be graded and you are not required to hand in your solutions. Solutions to practice problems/cases are posted on the course web page. I encourage you to attempt to solve those problems prior to the corresponding lecture and make sure to complete and understand those shortly after we cover the topic in class. Doing problems is the best way to learn accounting.

#### UT DALLAS SYLLABUS POLICIES AND PROCEDURES

The information contained in the following link constitutes the University's policies and procedures segment of the course syllabus: <http://go.utdallas.edu/syllabus-policies>.

***Every topic we will cover in this course builds on the topics that precede it. Therefore, this course requires constant attention and consistent effort. Batch processing will almost surely be inefficient, frustrating, and unproductive. I strongly encourage you to keep up with the class.***

**Let the fun begin!**

### CLASS SCHEDULE

The following schedule lists topics we will cover and the relevant textbook chapters. Practice problems are from the textbook. Practice cases (indicated in the last column below by '**PCXX**' in ***bold italic***) are available on the course website.

Session	Date	Topic	Case Due	Practice Problems/Cases
1	Aug. 27	<p>Introduction (Chapters 1 and 5)</p> <ul style="list-style-type: none"> <li>Overview of financial accounting</li> <li>Intro. of four main financial statements</li> </ul> <p>Balance Sheet (Chapters 2 and 4)</p> <ul style="list-style-type: none"> <li>Definitions of assets, liabilities and equity</li> <li>Balance sheet identity</li> <li>Recording transactions</li> <li>Commonly used ratios</li> </ul>		<p><b><i>Pre-skilling Tutorial</i></b> E1-3, E1-5, E1-6, E1-9, E1-13, P1-1, AP1-1, <b><i>PC01</i></b>,</p> <p>E2-4, E2-5, E2-12, E2-15, P2-5, CP2-4, CP2-5, CP2-6, <b><i>PC02</i></b>.</p>
2	Sept. 3	<p>Income Statement (Chapter 3)</p> <ul style="list-style-type: none"> <li>Definition of revenues and expenses</li> <li>Structure of an income statement</li> <li>Commonly used ratios</li> </ul> <p>Revenue Recognition and Accrual Accounting (Chapters 3, 4 and 9)<sup>1</sup></p> <ul style="list-style-type: none"> <li>Revenue and expense recognition</li> <li>Advances and deferred revenues</li> <li>Complications</li> </ul>	Case 1 is due (Please Go Over the <i>Pre-Skilling Tutorial</i> Before Attempting)	<p>E3-13, E3-14, P3-2, CP3-3, COMP4-1, COMP4-2, <b><i>PC03</i></b>,</p> <p>E3-2, E3-3, E3-4, E4-6, P9-4, P9-5, <b><i>PC04</i></b>.</p>
3	Sept. 10	No in-class session (Online office hours will be scheduled instead)		
4	Sept. 17	<p>Cash Flow Statement (Chapter 12)</p> <ul style="list-style-type: none"> <li>Structure of a cash flow statement</li> <li>Preparation of a cash flow statement</li> <li>Interpretation of a cash flow statement</li> </ul>	Case 2 is due	E2-19, P3-7, CP3-1, E12-3, E12-4, E12-7, E12-9, E12-10, E12-16, E12-21, P12-4, P12-5, CP12-4, <b><i>PC05</i></b> .
5	Sept. 24	<p>Short Term Assets (Chapters 6, 7, and 9)<sup>2</sup></p> <ul style="list-style-type: none"> <li>Receivables</li> <li>Reserves</li> <li>Inventories</li> </ul>	Case 3 is due	E6-13, E6-16, E6-19, E6-21, P6-1, P6-3, CP6-3, CP6-5, E9-9, AP9-3, <b><i>PC06</i></b> , E7-7, E7-9, E7-11, E7-15, P7-3, P7-8, CP7-1, CP7-3. CP7-6, <b><i>PC07</i></b> .
6	Oct. 1	<p><b>EXAM 1 (Covers sessions 1-5)</b></p> <p>Case study (will be distributed in class)</p>		Sample Exams and Case on Short Term Assets (Will Not Be Graded)

<sup>1</sup> For Session 2: Chapter 3: focus on 'How are operating activities recognized and measured' on pp. 105 – 111;

Chapter 4: focus on 'Adjusting revenues and expenses' on pp. 162 – 174;

Chapter 9: read 'Accrued liabilities' on pp. 455 – 458 and 'Deferred revenues' on p. 459.

<sup>2</sup> For Session 5: Chapter 6: skip section 'Reporting and safeguarding cash' (pp. 293-299);

Chapter 7: skip 'Control of inventory' (p. 347-348), and skip the chapter supplements B and C. Read Chapter 7, supplement A (p. 352 – 353), as optional material on the accounting for LIFO liquidations, which will not be on the exams. Also, see E7-20, P7-10, and CP7-5;

Chapter 9: read 'Working Capital Management' on pp. 462-463.

7	Oct. 8	Long Lived Assets (Chapter 8) <sup>3</sup> <ul style="list-style-type: none"> <li>Capitalization vs. expensing</li> <li>Calculation of original cost</li> <li>Depreciation and impairments</li> <li>Disposals</li> </ul>		E8-3, E8-7, E8-12, E8-14, E8-15, E8-17, P8-2, P8-7, AP8-6, COMP8-1, CP8-1, CP8-3, CP8-6, <b>PC08.</b>
8	Oct. 15	Debt (Chapters 9 and 10) <sup>4</sup> <ul style="list-style-type: none"> <li>Short-term notes payable</li> <li>Long-term debt</li> <li>Issuance and retirement of debt</li> </ul>	Case 4 is due	E9-4, E10-8, E10-10, E10-12, E10-20, E10-22, P10-2, P10-13, AP10-1, AP10-7, CP10-1, CP10-4, <b>PC09.</b>
9	Oct. 22	Stockholders' Equity (Chapter 11) <ul style="list-style-type: none"> <li>Contributed equity</li> <li>Issuance, buybacks and reissuance</li> <li>Dividends</li> <li>Stock splits</li> <li>Earnings per share</li> </ul>	Case 5 is due	E11-3, E11-4, E11-6, E11-10, E11-13, E11-15, E11-24, P11-4, P11-7, CP11-1, <b>PC10.</b>
10	Oct. 29	Review of Financial Accounting  Case study (will be distributed in class)	Case 6 is due	
11	Nov. 5	<b>EXAM 2 (Covers sessions 1-10)</b>		Sample exams
12	Nov. 12	Managerial Accounting (Lecture Notes) <ul style="list-style-type: none"> <li>Overview</li> <li>Basic concepts</li> </ul>		Sample problems available on the course website, <b>PC11.</b>
13	Nov. 19	Product Costing (Lecture Notes) <ul style="list-style-type: none"> <li>Traditional costing</li> <li>Activity based costing (ABC)</li> </ul>	Case 7 is due	Sample problems available on the course website, <b>PC12.</b>
-	Nov. 26	Fall Break		
14	Dec. 3	Performance Measurement (Lecture Notes) <ul style="list-style-type: none"> <li>Divisional performance measurement</li> <li>Return on investment</li> <li>Residual income</li> <li>Economic value added (EVA)</li> </ul>	Case 8 is due	Sample problems available on the course website, <b>PC13.</b>
15	Dec. 10	<b>EXAM 3 (Covers sessions 12-14)</b>		Sample exams

Note: For those of you who are interested in learning financial accounting in more detail, notes on leases and income taxes will be available on the course website. I encourage you to read this material if you are planning to take any advanced financial accounting classes. However, this material is optional and will not be covered in the course. You are *not* responsible for optional material.

<sup>3</sup> For Session 6: Chapter 8: the chapter supplement, 'Changes in depreciation estimates' (pp. 415-416), is optional and the material in that chapter will not be on the exams. Also, see E8-22, E8-23, and P8-11.

<sup>4</sup> For Session 8: Chapter 9: read only notes payable and current portion of long-term debt (p. 458-459) and the material on present value (p. 466-475);

Chapter 10: include chapter supplements A and B in your reading. The exams will not test computations of present value, but you need to understand present value concepts in order to properly understand how debt impacts the financial statements (a topic that will be on the exams).