



FINANCIAL ACCOUNTING

Course # 1238.2321.01

Module 2 – 2013/14

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| Lecturer: | Dr. Itay Kama | | |
| Course Time: | Tuesday 11:30- 17:00 Thursday 08:15-13:45 | Classroom: | Recanati 303 |
| Office Hours: | Tuesday 17:00 – 18:00 | | |
| Telephone: | 03-640-9958 307a | Office: | Recanati |
| Email: | kamaitay@post.tau.ac.il | | |
| Teaching Assistant: | Mr. Elad Narkiss, CPA | | |
| Telephone: | 054-475-1652 | | |
| e-mail: | elad.narkiss@gmail.com | | |

Course Focus

The purpose of the financial accounting course is to furnish students with a basic understanding of the financial reporting process (and in particular how financial statements are put together). Although the course principally concentrates on the production of financial statements, the aim is not to turn participants into practicing accountants; the philosophy is rather to provide an appreciation of the production process that is sufficiently detailed to give students the ability to successfully analyze a relatively complex set of financial statements. This ability is essential for courses that deal with the analysis and interpretation of company financial statements in various contexts; additionally, in a number of other core courses and several electives, the ability to extract relevant information from accounting data for the purpose of decision-making is an important skill.

Course Materials

For each lecture you will be given a copy of my slides which, when annotated with your own notes, should be sufficient for both revision purposes for the exam and as a record of the course for future reference.

The textbook for this course is:

Harrison, Horngren, Thomas and Suwardy (HH), "Financial Accounting," Pearson Education, 9th edition, 2013.

This book provides a systematic, yet simple, description of various accounting topics and many real-life illustrations

The detailed outline below contains references to the relevant chapters from the textbook (these would ideally be read before the appropriate session, and revisited after the relevant session).

Electronic Access to Course Materials

All class files including selected power-point slides presented in class by the instructor will be available on the course website at Moodle Tau: <http://moodle.tau.ac.il/>

Course Requirements

Your course grade will be determined by:

- Class participation (10%)
- Problem Sets (10%)
- Final exam (80%)

Class participation

For most students the class participation score will be same as their final exam score. In a few cases, the class participation score may be different from the exam score, if the exam score does not reflect the student's contribution to in-class discussions.

Problem Sets (group assignment)

There are two problem sets which are group assignments (4 students per group)
All assignments should be typed and handed on the due date. Assignments can also be handed via email to Mr. Elad Narkiss.

Final Exam

You will have a comprehensive exam at the end of the course. The exam will be an in-class exam and this will be an open-book exam.
You must pass the exam to get an overall pass for the course.

**IMBA TENTATIVE PROGRAM
READINGS AND ASSIGNMENTS**

| SESSION 1 INTRODUCTION & Transaction analysis and basic financial statements preparation Dec. 24, 2013 Tuesday | |
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| Lecture Topic | <ul style="list-style-type: none"> • Course overview and administration • Institutional background • Basic concepts • Transaction analysis and basic financial statements preparation |
| Readings | <ul style="list-style-type: none"> • Chapter 1 • Chapter 2 |
| Content | <ul style="list-style-type: none"> • Users of accounting data • Standard Setting bodies (IAS, FASB) • Basic accounting Concepts • Basic structure of financial statements • The balance sheet equation Transaction analysis • Preparing B/S and I/S |

| SESSION 2 Accrual vs. Cash accounting & Inventories Dec. 26, 2013 Thursday | |
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| Lecture Topic | <ul style="list-style-type: none"> • Accrual vs. Cash accounting • Inventories |
| Readings | <ul style="list-style-type: none"> • Chapter 3 • Chapter 6 |
| Content | <ul style="list-style-type: none"> • Prepayments and accrued liabilities. • Expense matching under uncertainty |

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| | <ul style="list-style-type: none"> • Provisions • Product vs. period costs • Lower of cost or market • Cost flow assumptions • LIFO – international differences and taxes |
| Assignment | <ul style="list-style-type: none"> • Assignment 1 – Due Date December 27, 2013 |

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| <p>SESSION 3 Dec. 31, 2013 Tuesday</p> <p style="text-align: right;">Accounts receivable & Revenue recognition</p> | |
| Lecture Topic | <ul style="list-style-type: none"> • Accounts receivable • Revenue recognition |
| Readings | <ul style="list-style-type: none"> • Chapter 5 • Lecture notes |
| Content | <ul style="list-style-type: none"> • Cash discounts • Customer defaults • Sales Returns • Timing of revenue recognition • Conditions for recognizing revenue. |

SESSION 4

Jan. 2, 2014

Thursday

**Long-term Assets;
Long-term Liabilities;
Accounting for ownership &
Inter-corporate Investments**

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| Lecture Topic | <ul style="list-style-type: none"> • Long-term Assets • Long-term Liabilities • Accounting for ownership • Inter-corporate Investments |
| Readings | <ul style="list-style-type: none"> • Chapter 7 • Chapter 8 • Chapter 9 & 11 • Chapter 10 & Chapter 5 pp. 289-295 |
| Content | <ul style="list-style-type: none"> • Accounting for fixed assets • Depreciation methods • Capital gains/losses • Changes of estimates • Capital vs. operating leases • Discussion of off-balance sheet financing • Statement of stockholders' equity • Cost vs. mark-to-market • Accounting for dividends • Basics of equity method • Basics of consolidation |
| Assignment | <ul style="list-style-type: none"> • Assignment 2 – Due Date January 3, 2014 |

SESSION 5

Jan. 7, 2014

Tuesday

Cash flow statement

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| Lecture Topic | <ul style="list-style-type: none"> • Cash flow statement |
| Readings | <ul style="list-style-type: none"> • Chapter 12 |
| Content | <ul style="list-style-type: none"> • Components of cash flow statement • Cash flow statement • Preparing a basic CF statement • Definition and measurement of free cash flows |

SESSION 6

Jan. 9, 2014

Thursday

Wrap-up Review