



Financial Accounting ADM1340T Winter 2013

Professor	James Kerr, CPA (CA), MST, CPA (Vermont)
Office	DMS5114
Telephone	613-598-4167
E-Mail	kerr@telfer.uottawa.ca For security purposes, a student must only use his or her uOttawa e-mail address when communicating with the professor. E-mails sent from other accounts <u>will not be answered.</u>
Office Hours	Thursday 17.15 – 18.15
Class Location	MRT205
Class Hours	Wednesday 19.00 – 22.00
Prerequisite(s)	ADM1100 or ADM1300 (Cannot be combined for credits with ADM2340)
Program of study	B.Com. mandatory course

Course Deliverable	Weight on Final Grade
Midterm exam	40%
Final exam (comprehensive)	60%

COURSE DESCRIPTION

This course introduces students to the financial statements of an organization and the accounting system that produces them. Emphasis is placed on understanding the role the financial statements play in communicating meaningful information about the firm, and how estimates and accounting policy choices affect the numbers in the statements.

COURSE CONTRIBUTION TO PROGRAM LEARNING GOALS

This course contributes to the attainment of the following B.Com Learning Goals.

LG2 Demonstrate Critical Thinking and Decision Making Skills

LG4 Apply high standards of Integrity, Ethics and Social Responsibility

COURSE LEARNING OBJECTIVES

1. To ensure that all business students understand the nature and the role of financial reporting, the course is aimed at all business students and has a user perspective rather than a preparer perspective.
 - a. Students will understand the nature of accounting elements: assets, liabilities, revenues, expenses, etc.
 - b. Students will be able to analyze financial statements.
2. To ensure that students have a basic knowledge of the mechanics of the accounting process.
 - a. Students will be able to do basic transactional and adjusting journal entries.
 - b. Students will be able to prepare a complete set of financial statements: balance sheet, income statement, statement of retained earnings and cash flow statement.
3. To ensure that students understand that accounting is not black and white. Estimates and accounting policy choices affect the numbers and, therefore, users' decisions. As a result, there are ethical dimensions to these accounting choices.
 - a. Students will understand the concepts that guide accountants' choices.
 - b. Students will understand where and how estimates are used: bad debts, market values, etc.
 - c. Students will be able to perform the calculations associated with most common accounting policy choices: depreciation methods, inventory costing methods, and revenue recognition methods.
 - d. Students will understand the implications of unethical behaviors related to these choices.

METHODS USED TO EVALUATE STUDENT PERFORMANCE

Course Deliverable	Weight on Final Grade
Midterm exam	40%
Final exam (comprehensive)	60%

COURSE FORMAT

The material covered in this course is extensive. The instructor will not be able to explicitly cover in class all the material that students are expected to learn; therefore, you are expected to ensure that you ask questions regarding any material with which you have difficulty that is not covered in class. Lectures are used to develop an understanding of the more complex issues and their application. Examples and in-class exercises will be used to illustrate the application of the material in typical contexts. Students are expected to read the assigned material and come to class prepared. **Bring the textbook and a calculator to class.**

COURSE MATERIALS

Financial Accounting: Tools for Business Decision-making, by Kimmel, Weygandt, Kieso, Trenholm & Irvine, 5th Canadian edition, Wiley.

You may purchase an Electronic copy for \$63.50

<http://customer.ca.wiley.com/CGI->

[BIN/lansaweb?procfun+shopcart+shcfn01+funcparms+parmsbn\(a0100\):111823152X+parmqty\(p0050\):1+parmurl\(10910\):http%3A%2F%2Fca.wiley.com%2FWileyCDA%2FWileyTitle%2FproductCd-111823152X%2CdescCd-interstitial_ebook.html](http://customer.ca.wiley.com/CGI-BIN/lansaweb?procfun+shopcart+shcfn01+funcparms+parmsbn(a0100):111823152X+parmqty(p0050):1+parmurl(10910):http%3A%2F%2Fca.wiley.com%2FWileyCDA%2FWileyTitle%2FproductCd-111823152X%2CdescCd-interstitial_ebook.html)

Or you may purchase a Hard copy or a Binder copy of the textbook from the University bookstore.

IMPORTANT NOTES

Attendance

According to the Telfer School of Management policy, attendance in class is mandatory.

Attendance therefore is expected and may be monitored at each class. **If a student is absent for more than 30% of the classes, the faculty member may deem the student ineligible to write the final exam. You will be assigned a seat for the semester and you must use that seat for each class.**

Homework

Typical homework includes reading the textbook, reviewing lecture notes, and solving the recommended exercises and problems at the end of each chapter. **Problem solving is essential: accounting cannot be learned just by reading; you have to actually do it to learn it.** The recommended exercises and problems are listed in the attached Schedule at the end of this outline. Solutions to the recommended exercises will be posted on doc-depot once each class has had a chance to go through the homework (not before reviewing the homework). Note that understanding solutions is not sufficient to succeed in the course – **you have to make sure you can SOLVE exercises.** Past experience indicates that students who do not attempt to work out problems prior to examining the suggested solutions do not get much benefit from this activity.

E-MAIL GUIDELINES AND POLICIES: The standards of professionalism apply.

Account: **Always use your university account.**

E-mail from other domains (hotmail, yahoo...) will be automatically treated as spam and not answered.

Subject: Always identify the course number and section, followed by a brief description of the issue or concern (e.g.: ADM1340A Question 7, Chapter 14.)

The Text Body Field: Try to keep things simple, clean and to the point. Address me in the email as "**Professor Kerr**". Be specific and detailed about what the difficulty or challenge is regarding. Ask an actual question, rather than leaving it up to me to infer what you don't understand. Punctuate. Capitalize appropriately. Use complete words and sentences; this is not texting. Check your spelling. Be polite and use your full name so that I may respond to you with your own name.

Professor Response Time: I read and respond to student e-mail during my scheduled weekday office hours.

Thus, you can expect a response within two work days. I may respond at other times as well.

Capstone Tutorials

Each week, there will be tutorials set up and run by the TAs for this course. The primary goal of these tutorials is to go over the solutions to the Capstone Problems that will be provided to you on Doc Depot. The Capstone Problems will not be reviewed during class time.

The tutorials will be held starting the second week of classes and run until the end of classes. They will be a first-come first-served basis, as there will not be enough seats for everyone to attend. **Anyone from any of the ADM1340 sections can attend any of the tutorials, as long as there is space.** The tutorials will be held at the following times and in the following locations:

DMS 1120_ 17:30 - 18:30 Mondays

SMD 221__ 11:30 12:30 Thursdays

SMD 422__ 17:30 18:30 Thursdays

DMS 1150_ 17:30 18:30 Wednesdays

MNT 103__ 12:00 13:00 Wednesdays

LMX 243__ 16:30 - 17:30 Wednesdays

LMX 124__ 16:30 17:30 Fridays

Examinations

Please note that for both the mid-term and final examinations, no review of the multiple choice section will be permitted. If mid-term exams are not collected within two weeks of the examination date, they will be discarded.

The following material is not examinable:

- Chapter 7 All of this chapter.
- Chapter 10 Pages 530 – 534
 (from Fixed Principal Payments plus interest to Non-Current Liabilities: Bonds Payable)
 Pages 535 - 546
 (from Determining the Issue Price of Bonds to Statement Presentation and Analysis)
- Chapter 11 Pages 588 – 591
 (from Reacquisition of Shares to Preferred Shares)
 Page 603
 (from Statement of Retained Earnings (ASPE) to end of page)
- Chapter 12 All of this chapter.

Absences from the mid-term exam

A student who misses the mid-term exam will receive zero for the respective activity unless the absence is deemed justified. Justifiable absences include sickness supported by a valid medical certificate, death of an immediate family member or a religious holiday. If a student has a valid reason, she/he must apply to the Student Services Center, undergraduate office, Telfer School of Management. If the absence is deemed justified, the professor will adjust the weight of the final examination accordingly. Note that personal travel is not accepted as a valid reason.

If a student misses the final exam, he or she will normally obtain a failing grade. For detailed information, refer to the University regulations concerning absences from the final examination.

Academic Dishonesty

Details on Academic Dishonesty are covered in the Regulations for Undergraduate Studies at <http://web5.uottawa.ca/admingov/regulations.html#r72>. It is your responsibility to understand these guidelines and to ensure that your actions do not contravene these guidelines. It is strongly recommended to read the Regulations on the University of Ottawa website.

**FINANCIAL ACCOUNTING
ADM1340**

Class	Dates	Topic	Chapter	Comments	Recommended Exercises
1	Jan 9	The Purpose and Use of Financial Statements	1		BE1-6, BE1-9 E1-2, E1-3, E1-6 Capstone Question P1-5A
2	Jan 16	Financial Statements	2		BE2-1, BE2-6, BE2-7, BE2-8, BE2-9, BE2-11 E2-2, E2-3 E2-6, E2-10, P2-3A, P2-5A, P2-8A P2-5B, P2-10B P2-6B, Capstone Question
3	Jan 23	The Accounting Information System	3		BE3-1, BE3-4, BE3-1, BE3-6, B3-8, BE3-10 E3-2, E3-11, E3-12, P3-3A, P3-7A, P3-11A P3-5B, Capstone Question P3-9B
4	Jan 30	Accrual Accounting Concepts	4		BE4-1, BE4-2, BE4-4, BE4-5, BE4-10, E4-1, E4-2, E4-8, P4-7A, Capstone Question P4-12-B
5	Feb 6	Merchandising Operations	5		BE5-3, BE5-5, BE5-8, BE5-11 E5-3, E5-8, P5-2A, P5-7A, P5-10A P5-2B, P5-7B, Capstone Questions 5-11B
6	Feb 13	Reporting and Analysing Inventory	6		BE6-6, BE6-10, BE6-1, E6-6 P6-3A, P6-8A, P6-15A, P6-16A P6-11B, Capstone Question P6-16B
	Feb 17-23	Study Week			
7	Feb 27	Reporting and analysing Receivables	8		E8-2, E8-3, E8-4 E8-8, E8-9 P8-3A, P8-5A P8-1B, P8-8B, Capstone Question P8-7B
<p>Saturday March 2 @ 9:00 to 11:00 in the following rooms; DMS 1160, DMS 1150, DMS 1140, DMS 1120, DMS 1130, MNT 202, MNT 203, MRT 218, MRT 205, MRT 211 Please note that specific rooms will be allocated to sections just prior to the exam. MIDTERM EXAM (2 hours) Chapters 1, 2, 3, 4, 5, 6 & 8 are examinable.</p>					

Class	Dates	Topic	Chapter	Comments	Recommended Exercises
8	Mar 6	Reporting and Analysing Long Lived Assets	9		E9-1, E9-2, E9-6 E9-9, E9-10 P9-3A, P9-7A P9-7B, P9-9B, Capstone Question P9-13B
9	Mar 13	Reporting and Analysing Liabilities	10		BE10-1, E10-14, E10-15 P10-1A, P10-10A, P10-2B, Capstone Question P10-9B
10	Mar 20	Reporting and Analysing Shareholders' Equity	11		BE11-1, BE11-2, BE11-5, BE11-8, BE11-10 E11-2, E11-10, E11-12 P11-1A, P11-5A, P11-11A P11-8B, Capstone Question P11-7B
11	Mar 27	Statement of Cash Flows	13		BE13-1, BE13-2, BE13-5, BE13-6, BE13-10 E13-3, E13-6, E13-8, E13-13 P13-6A, P13-7A, P13-2B, Capstone Question P13-6B
12	Apr 3	Performance Measurement	14		BE14-2, BE14-4, BE14-6, BE14-9 E14-4, E14-5, E14-12, P14-3A, P14-4A, P14-6B, Capstone Question P14-9B
13	April 10	Review			

Appendix A Single Step Income Statement

ABC Corporation
Income Statement (Single-Step Statement)
For Year Ended 31 December 2010

Revenues and Gains:	
Sales	\$600,000
Interest	2,500
Dividend income	<u>6,500</u>
Total revenues	609,000
Expenses and Losses:	
Cost of goods sold, including depreciation expense of \$43,000	\$300,000
Distribution expense	65,000
General and administrative expenses	48,000
Restructuring expense	27,000
Interest expense	4,200
Loss from tornado damage	60,000
Income tax expense $(\$609,000 - \$504,200) \times 30\%$	<u>31,440</u>
Total expenses	<u>535,640</u>
Income before discontinued operations	73,360
Loss on discontinued operations (net of \$15,000 tax benefit)	<u>35,000</u>
Net income	<u>38,360</u>

Earnings per share presentation (discussed on page 607 – Chapter 11)

Appendix B Multiple-Step Income Statement

ABC Corporation
Income Statement (Multiple-Step Format)
For Year Ended 31 December 2010

Sales revenue			\$600,000
Cost of goods sold (includes depreciation expense of \$43,000)			<u>300,000</u>
Gross margin on sales			300,000
Operating expenses:			
Distribution expenses	\$65,000		
General and administrative expenses	48,000		
Restructuring expenses	<u>27,000</u>		
Total operating expenses			<u>140,000</u>
Income from operations			160,000
Other revenues and gains:			
Interest revenue	\$2,500		
Dividend revenue	<u>6,500</u>	9,000	
Other expenses and losses:			
Loss from tornado damage	60,000		
Interest expense	<u>4,200</u>	<u>64,200</u>	
Income before income taxes and discontinued operations.....			104,800
Income tax expense (\$104,800 × 30%)			<u>31,440</u>
Income before discontinued operations			73,360
Loss on discontinued operations (net of \$15,000 tax benefit)			<u>35,000</u>
Net income			<u>38,360</u>

Earnings per share presentation (discussed on page 607 – Chapter 11)

Beware of Academic Fraud

Academic fraud is an act committed by a student to distort the marking of assignments, tests, examinations and other forms of academic evaluation. Academic fraud is neither accepted nor tolerated by the University. Anyone found guilty of academic fraud is liable to severe academic sanctions.

Here are a few examples of academic fraud:

- engaging in any form of plagiarism or cheating;
- presenting falsified research data;
- handing in an assignment that was not authored, in whole or in part, by the student;
- submitting the same assignment in more than one course, without the written consent of the professors concerned

In recent years, the development of the Internet has made it much easier to identify academic plagiarism. The tools available to your professors allow them to trace the exact origin of a text on the Web, using just a few words.

In cases where students are unsure whether they are at fault, it is their responsibility to consult the University's Web site at the following address, where you will find resources, tips and tools for writing papers and assignments:

<http://web5.uottawa.ca/mcs-smc/academicintegrity/home.php>

Persons who have committed or attempted to commit (or have been accomplices to) academic fraud will be penalized. Here are some examples of the academic sanctions, which can be imposed:

- a grade of "F" for the assignment or course in question;
- an additional program requirement of between three and thirty credits;
- suspension or expulsion from the School.

Please be advised that professors have been formally advised to report every suspected case of academic fraud. In most cases of a first offence of academic fraud, the sanction applied to students who have been found guilty is an "F" for the course with an additional three credits added to their program requirements. Repeat offenders are normally expelled from the School of Management.

Finally, the Telfer School of Management asks that students sign and submit with their deliverables the Personal Ethics Agreement form. Two versions of this form exist: one for individual assignments, and one for group submissions. **Assignments will not be accepted or marked if this form is not submitted and signed by all authors of the work.** We hope that by making this personal commitment, all students will understand the importance the School places on maintaining the highest standards of academic integrity. The forms are accessible on doc-depot:

En français: <http://doc-depot.gestion.uottawa.ca/> (et suivez le lien 'Intégrité Académique')

In English: <http://doc-depot.management.uottawa.ca/> (then click on 'Academic Integrity')

Personal Ethics Statement Concerning Telfer School Assignments

Group Assignment:

By signing this Statement, I am attesting to the fact that I have reviewed not only my own work, but the work of my colleagues, in its entirety.

I attest to the fact that my own work in this project meets all of the rules of quotation and referencing in use at the Telfer School of Management at the University of Ottawa, as well as adheres to the fraud policies as outlined in the Academic Regulations in the University’s Undergraduate Studies Calendar. I further attest that I have knowledge of and have respected the “Beware of Plagiarism” brochure found on the Telfer School of Management’s doc-depot site.

To the best of my knowledge, I also believe that each of my group colleagues has also met the rules of quotation and referencing aforementioned in this Statement.

I understand that if my group assignment is submitted without a signed copy of this Personal Ethics Statement from each group member, it will be interpreted by the Telfer School that the missing student(s) signature is confirmation of non-participation of the aforementioned student(s) in the required work.

_____ Signature	_____ Date
_____ Last Name (print), First Name (print)	_____ Student Number

_____ Signature	_____ Date
_____ Last Name (print), First Name (print)	_____ Student Number

_____ Signature	_____ Date
_____ Last Name (print), First Name (print)	_____ Student Number

_____ Signature	_____ Date
_____ Last Name (print), First Name (print)	_____ Student Number

_____ Signature	_____ Date
_____ Last Name (print), First Name (print)	_____ Student Number

Personal Ethics Statement

Individual Assignment:

By signing this Statement, I am attesting to the fact that I have reviewed the entirety of my attached work and that I have applied all the appropriate rules of quotation and referencing in use at the Telfer School of Management at the University of Ottawa, as well as adhered to the fraud policies outlined in the Academic Regulations in the University's Undergraduate Studies Calendar. I further attest that I have knowledge of and have respected the "Beware of Plagiarism" brochure found on the Telfer School of Management's doc-depot site.

Signature

Date

Last Name (print), First Name (print)

Student Number