



MGV 400Av: FINANCIAL ACCOUNTING

Course Objective

To make you informed users of financial information prepared under U.S. “generally accepted accounting principles” (GAAP). GAAP defines the set of accounting method and disclosure practices from which firms select when providing information to external parties, such as investors, financial analysts, lenders, and regulators. The Financial Accounting Standard Board (FASB), a private sector regulatory authority, sets GAAP. The primary emphasis of this course is to assist you in developing basic skills required to interpret, analyze, and evaluate information reported in GAAP financial statements.

Textbook

Hanlon, Magee, & Pfeiffer. 2023. *Financial Accounting* **7th edition**. Cambridge Business Publishers. ISBN: 978-1-61853-431-6.

Course Assessments

Course grades will be based on the following (details are provided below):

a) Asynchronous Response Completion	10%
b) Live Session Preparation (lowest score dropped)	10%
c) Live Session Participation (9/10 for full credit)	10%
c) Quizzes (9 quizzes, equally weighted)	60%
d) Final Case (end of Week 10)	10%

Submit all deliverables via Digital Canvas.

Course Letter Grade

The minimum letter grade is based on percentage of points earned and corresponds to the following scale:

A+	98.0 – 100%	B+	87.0 – 89.9%	C+	77.0 – 79.9%	D	60.0 – 69.9%
A	93.0 – 97.9%	B	83.0 – 86.9%	C	73.0 – 76.9%	F	0 – 59.9%
A-	90.0 – 92.9%	B-	80.0 – 82.9%	C-	70.0 – 72.9%		

If needed, grades will be curved such that *at least* 45% of students in the combined sections in the quarter earn an A- or better and *at least* 70% earn a B+ or better.

a) Asynchronous Response Completion

Completion of all exercises and questions in asynchronous course sessions. This is graded on an effort basis. Due date is ten minutes before the live session.

Live Session Preparation

Students are expected to complete and submit preassigned work at least ten minutes before the live session. Late work will not be accepted, as solutions are reviewed in the live session. This work is graded based on effort and completeness.

b) Live Session Participation

Students are expected to attend and participate in all synchronous sessions with their camera turned on. Participating in nine out of ten sessions results in full credit. Please contact the live session instructor if you miss more than one session or are not able to turn on your camera for a session.

c) Quizzes (end of Weeks 1 through 9)

Each weekly quiz will be at a time of the student's choice but must be completed by 11:59 pm two days before the live session. For example, if your live session meets on Wednesdays, then the quiz is due by 11:59 Monday. Students are encouraged to complete the quiz well before the deadline in case unexpected events that may occur. Late quizzes will not be accepted. Quizzes are timed at 60 minutes. All quizzes are closed book (except for the formula sheet provided by the instructor in the Toolbox folder on Digital Canvas). Students will be permitted to use a calculator or excel. Each quiz will cover material covered in that week's asynchronous and synchronous sessions. Each quiz contains 10 questions, and the format is multiple choice and short answer. Students will be required to submit the calculations supporting their answers either on the last question of the quiz (as an upload) or by emailing the professor the file within 5 minutes of completing the quiz.

Students may not discuss the quiz material and may not share solution files with other students while the quiz is still open, and students may not discuss or share quiz material with students across quarters. These activities are in violation of the UC Davis Code of Academic Conduct. Violations for all parties involved will be reported to the Academic Director of the MBA program and the UC Davis Office of Judicial Affairs.

d) Final Case (end of Week 10)

The final exam will be a financial analysis case. It will be provided at the close of the last live session and is due one week later. The case is open book, and students are permitted to collaborate with other students in the course. However, each student must create and turn in their own solution file (e.g., students may not share their excel files, each student should create their own).

Academic Honesty

The GSM takes academic honesty very seriously and vigorously enforces university policy related to infractions. Click on the link to review the UC Davis Code of Academic Conduct: [Code's web page](#). Receiving and/or sharing of materials or information about materials (e.g., quizzes, exams, assignment solutions) with other students, whether past or present, is a violation of academic honesty. Accessing solution manuals is also a violation of academic honesty.

Expectations for Live Session Behavior

- It is expected that all class members will treat each other with respect and dignity.
- It is unacceptable behavior to insult, harass, or demean any member of the class.
- Professional business behavior should be modeled in the classroom, including use of appropriate language, jokes, or stories.

In general, students should adhere to the [UC Davis Principles of Community](#), copied below.

The University of California, Davis, is first and foremost an institution of learning and teaching, committed to serving the needs of society. Our campus community reflects and is a part of a society comprising all races, creeds, and social circumstances. The successful conduct of the university's affairs requires that every member of the university community acknowledge and practice the following basic principles:

We affirm the inherent dignity in all of us, and we strive to maintain a climate of justice marked by respect for each other. We acknowledge that our society carries within it historical and deep-rooted misunderstandings and biases, and therefore we will endeavor to foster mutual understanding among the many parts of our whole.

We affirm the right of freedom of expression within our community and affirm our commitment to the highest standards of civility and decency toward all. We recognize the right of every individual to think and speak as dictated by personal belief, to express any idea, and to disagree with or counter another's point of view, limited only by university regulations governing time, place, and manner. We promote open expression of our individuality and our diversity within the bounds of courtesy, sensitivity, and respect.

We confront and reject all manifestations of discrimination, including those based on race, ethnicity, gender, age, disability, sexual orientation, religious or political beliefs, status within or outside the university, or any of the other differences among people that have been excuses for misunderstanding, dissension, or hatred. We recognize and cherish the richness contributed to our lives by our diversity. We take pride in our various achievements, and we celebrate our differences.

We recognize that each of us has an obligation to the community of which we have chosen to be a part. We will strive to build a true community of spirit and purpose based on mutual respect and caring.

Course Schedule

Important Notes

- In textbook readings, ignore any text references to journal entries, t-accounts, debits and credits. Journal entries, t-accounts, debits and credits will not be used in this course; instead, we will use the FSET to record transactions.

Week 1: Introduction

- Asynchronous preparation: Read Chapter 1 and Appendix 1A
- Segments: Demand for Accounting Information; Business Activities; Financial Statements: Reporting Periods; The Balance Sheet; The Income Statement; The Statement of Stockholders' Equity; The Statement of Cash Flows; Financial Statement Linkages; Regulations; Ratios

Week 2: Financial Statements

- Asynchronous preparation: Read Chapter 2, excluding LO2-6
- Segments: Assets; Liabilities; Equity; Recording Economic Transactions: The Balance Sheet; Jana Juice Part I, Reporting Financial Performance: The Income Statement; Recording Economic Transactions: The Income Statement; Jana Juice Part II

Week 3: Financial Statements, Continued

- Asynchronous preparation:
 - Reread Chapter 2, LO2-5 only
 - Read Chapter 3, excluding the subsection titled "Preparing and Adjusted Trial Balance" and LO3-4
- Segments: Jana Juice Part II; Reporting on Equity; Jana Juice Part III; The Accounting Cycle; Jana Juice Part IV; Overview of the Adjusting Process; Adjusting Entries: Deferred (Unearned Revenue); Adjusting Entries: Deferred (Prepaid) Expenses

Week 4: Financial Statements, Continued, and Revenue Recognition

- Asynchronous preparation:
 - Reread Chapter 3, beginning with LO3-2, *with the same excluded pages as in Week 3*
 - Read Chapter 6 through and including LO6-3.
- Segments: Adjusting Entries: Accrued Revenues; Adjusting Entries: Accrued Expenses; Financial Statements from the Adjusted Accounts; The Income Statement; Revenue Recognition; Contract Assets and Liabilities; Contract Liabilities

Week 5: Revenue Recognition, Continued, and Receivables

- Asynchronous preparation: Read Chapter 6 beginning with LO6-4
- Segments: Contract Assets; Reporting Accounts Receivable; Accounts Receivable Transactions; Simple Example; Example; Earnings Management

Week 6: Inventory

- Asynchronous preparation: Read Chapter 7 and Appendix 7A
- Segments: Operating Expenses; Reporting Inventory Costs; Inventory Costing Methods; Comparison of Methods; Lower of Cost or NRV; LIFO Reserve; LIFO Liquidation; Inventory Errors

Week 7: Long-Term Assets

- Asynchronous preparation: Read Chapter 8
- Segments: Operating Assets; PPE: Capitalizing Costs; PPE: Depreciation; Changes in Depreciation Estimates; PPE: Disposals; Asset Impairments; Natural Resources; Intangible Assets

Week 8: Liabilities

- Asynchronous preparation:
 - Read Chapter 9
 - Read Chapter 10, LO10-1 only
- Segments: Contingent Liabilities; Interest-Bearing Loans; Bonds; Bonds at a Discount; Bonds: Effective Cost; Bonds at a Premium; Leases

Week 9: Cash Flows

- Asynchronous preparation: Read Chapter 4
- Segments: Overview; Operating Section; Adjustment Type 1: Accrued Revenues; Adjustment Type 1: Deferred Revenues; Adjustment Type 1: Accrued Expenses; Adjustment Type 1: Deferred Expenses; Adjustment Type 1: Cost of Goods Sold; Adjustment Type 2: Noncash; Adjustment Type 3: Nonoperating Gains and Losses; Summary of Adjustments; Investing and Financing Sections

Week 10: International Financial Reporting with Professor Hollis A. Skaife

- Asynchronous preparation:
 - Read Chapter 5
 - Read “A Global Perspective” subsection of LO1-4 from Chapter 1
 - Review the following ratios: ROE, ROA, EPS, and P/E
- Segments: International Financial Reporting; Exercise; Exercise Part 2; U.S. Standard Setting Process and IFRS