



RICE
JONES GRADUATE
SCHOOL OF BUSINESS

Financial Accounting

BUSI 305

Fall 2022

Instructor: Leila Peyravan

Course Website: Canvas

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Office Hours: 2:00-3:00 on Friday. Additional office hours are available by appointment

TA office hours:

TBD	
TBD	

Course Description

Financial statements are a key source of information about the economic activities of a firm. An understanding of financial accounting is essential to anyone who will use financial statement information as an input to economic decision-making. This includes managers, lawyers, investors, financial analysts, bankers, consultants, regulators, and economic analysts in addition to professional accountants and auditors.

The course will emphasize (i) gaining familiarity with the types of transaction firms engage in, (ii) the mapping of transactions into accounting numbers, (iii) understanding the accounting-related choices that managers have for transactions and the rationale behind the various methods, (iv) developing fluency in accounting terminology, and (v) appreciating the complexity of accounting due to the (often considerable) *discretion* and *judgment* involved in choosing among alternative accounting methods, making estimates, and disclosing information in financial statements. Because annual reports are somewhat formidable, we will study how firms present the information for various accounts in their financial statements, including the footnotes.

By the end of the course, you will be able create simple financial statements and gain a solid understanding of how to use them for decision-making.

Course Format

Class meetings will consist of a combination of interactive lectures and discussions, answering questions, and solving problems individually or in small groups. Students are expected to read the assigned readings *before* the class. As new material always builds on previously studied concepts, the importance of keeping up with the coursework cannot be overemphasized. I will use the class time to help you understand the more complex issues, go over sample exercises, and to highlight the important

take-a ways from the assigned material. If you do not adequately prepare for class, you will have trouble following the discussion and mastering the material.

Course Material

- **Required textbook:** *Financial Accounting (7e)*, by Hanlon, Magee, Pfeiffer, Dyckman, Cambridge Business Publishers, 2023 (978-1-61853-431-6).
- **myBusinessCourse.com (MBC)**
This a web-based learning and assessment program associated with the course textbook. If you buy the book new, an access code to myBusinessCourse is provided **for free** (scratch off the code inside the textbook). If you buy the book used, you can purchase an access code via the myBusinessCourse website at the following link
<https://mybusinesscourse.com?code=1074-2102-3132>
You will need MBC to complete the required online quizzes and assignments prior to coming to class.

If you do not have an access code from a new textbook or eBook purchase, you can purchase access to MBC separately.

- **Canvas**
Any additional materials will be posted on the course webpage on Canvas: *canvas.rice.edu*
- **Calculator:** You are required to either have a financial calculator or a scientific calculator that has Time Value of Money operation by Class 12. I will discuss the details during the first class.

Grading

Grades for the class will be determined as follows:

Exam #1	25%
Exam #2	25%
Exam #3	30%
Homework	10%
Quizzes	5%
Class participation	5%
Total	100%

- a. **Exams:** There will be three exams during the semester. All exams are closed book and closed notes. **Unless otherwise announced, all exams will include only the material covered since the previous exam.** However, keep in mind that the new material builds on previous concepts. You will be allowed to use a calculator during the exams, but all other electronic devices are strictly prohibited.

The first two exams will be given on a Thursday. The third exam will take place during the time designated by the registrar for the final. You should plan your travel schedules accordingly. If the exam times conflict with a student's regularly scheduled class or varsity athletic commitments, an alternative exam time will be arranged. **You should contact me with potential conflicts no later than the third week of class.**

- b. **Homework and quizzes:** Each homework assignment and quiz is to be completed online using MBC and must be completed by 8:00 AM on the class date assigned. Because all assignments are submitted electronically through MBC, I am unable to accommodate any requests for extensions and late assignments will not be accepted. However, I will drop **the two lowest scores** in each of home works and quizzes. Any missed assignment is treated as a grade of zero in calculating your final grade. To acquaint you with the process, the first homework and first two quizzes are for practice only. Each homework will be posted at 12:00 AM on the day of the last class immediately prior to the homework due day.
- c. **Class participation and professionalism:** You are expected to attend class on time and actively participate in class discussions. I will occasionally call on students who volunteer to participate. There will be no penalty for giving the wrong answer.
- d. **Regrade requests:** Regrades of exams will be considered when a **written** request has been submitted to me detailing the specific nature of the request. **Requests must be submitted within 2 business days of the test being returned.** In addition, I reserve the right to regrade the entire exam. This may result in a lower grade being assigned than originally received. Per Jones School policy, all regrade requests for the final exam must be submitted through the registrar's office.

Rice University and Jones School Policies

Honor Code

This course will be conducted in accordance with the Rice University honor code. All graded work (quizzes, homework, and exams) is to be completed individually. Students are encouraged to study together, but once you have begun an assignment you may not study or consult with another student until after the submission deadline has passed. Using or sharing any materials with students from previous years is considered a violation of the Honor Code and will be reported. Go to <http://honor.rice.edu> to review the honor code. If you have an honor code question, please ask.

Disability Based Accommodations

Any student with a disability requiring accommodations in this course is encouraged to contact me after class or during office hours. Additionally, students will need to contact Disability Support Services in the Ley Student Center.

Questions and Feedback

Please feel free to contact me or any of the TAs if you have questions, comments, concerns, or suggestions. We are here to facilitate your learning and make sure your expectations for this course are met. We welcome feedback at any time so we can improve the course as it progresses.

Course Schedule (subject to change)-All assignments are due by 8:00 AM on the due day

Class	Date	Topic	Reading	Homework due date	Pre-class quiz due date
1	8/23/2022	Accounting overview, Financial statements	Ch. 1 Appendix 1A		PC-CH1 (not graded)
2	8/25/2022	Transaction analysis	Ch 2	HW-CH1 (not graded)	PC-CH2 (not graded)
3	8/30/2022	Transaction analysis Introduction to revenue and expense recognition	Ch 2		
4	9/1/2022	T-accounts, closing process, accruals	Ch 3	HW-CH2	PC-CH 3
5	9/6/2022	T-accounts, closing process, accruals	Ch 3		
6	9/8/2022	T-accounts, closing process, accruals	Ch 3		
7	9/13/2022	Statement of Cash Flows	Ch 4	HW-CH3	PC-CH 4
8	9/15/2022	Statement of Cash Flows	Ch 4		
9	9/20/2022	Statement of Cash Flows	Ch 4		
10	9/22/2022	Revenue and Expense Recognition	Ch 6	HW-CH4	PC-CH6
11	9/27/2022	Inventory	Ch 7	HW-CH6	PC-CH7
	9/28/2022	Exam 1-Up to and including revenue recognition			
12	9/29/2022	Inventory	Ch 7		
13	10/4/2022	Inventory, examples	Ch 7		
14	10/6/2022	Long-Lived Assets	Ch 8	HW-CH7	PC-CH8
15	10/13/2022	Long-Lived Assets	Ch 8		

Class	Date	Topic	Reading	Homework due date	Pre-class quiz due date
16	10/18/2022	Present Value	Appendix A	HW-CH8	PC-APPA
17	10/20/2022	Bonds and liabilities	Ch 9	HW-APPA	PC-CH9
18	10/25/2022	Bonds and liabilities	Ch 9		
19	10/27/2022	Leases	Ch 10, up to pensions	HW-CH9	PC-CH10
20	11/1/2022	Leases	Ch 10, up to pensions		
	11/02/2022	Exam 2- Up to and including Bonds and Liabilities			
21	11/03/2022	Stockholders' Equity	Ch 11 (up to Appendix 11A)	HW-CH10	PC-CH 11
22	11/08/2022	Stockholders' Equity	Ch 11 up to Appendix 11A)		
23	11/10/2022	Internal Control and Professional Ethics (Guest Lecturer)			
24	11/15/2022	Intercompany investments	Ch 12, App 12A	HW-CH11	PC-CH12
25	11/17/2022	Intercompany investments	Ch 12, App 12A		
26	11/22/2022	Financial Statement Analysis	Ch 5	HW-CH12	PC-CH5
27	11/29/2022	Financial Statement Analysis	Ch 5	HW-CH5	
27	12/01/2022	Review and practice exam			