

## ECB 151: FINANCIAL ACCOUNTING

### Fall 2022

Instructor: Huan Cai  
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Classroom: West Science 306 (Analytics lab)

Class Hours	Mon.	Tue.	Wed.	Thu.	Fri.
Morning	10:00 – 12:00	10:00 – 11:00	10:00 – 12:00	10:00 – 11:00	10:00 – 12:00
Afternoon	1:30 – 3:00 pm				
Office Hours	1:00 – 1:20 pm, 3:00 – 3:30 pm, or by appointment.				

\*Note: Exam hours may be different. Please see detailed schedule on the last page.

### Course Overview and Learning Objectives

*This course supports the Educational Priorities and Outcomes of Cornell College with emphases on knowledge, inquiry, communication, and Ethical Behavior.*

This course provides guidance in how to use accounting reports for financial analysis. The primary objective of this course is to understand and analyze financial statements including Balance Sheet, Income Statement, Statement of Cash Flows, and Statement of Retained Earnings.

Financial Accounting is the language of business. Knowledge of accounting facilitates the interpretation of financial information that makes better economic decisions possible. Sophisticated finance professionals extract and interpret relevant information from financial statements to make a variety of important decisions. For example,

1. Managers use accounting information for making investment decisions.
2. Investors use accounting information for valuing stocks and other securities.
3. Bankers use accounting information to assess the credit risk of their clients and decide whether to lend money to a business.

Learning how to prepare financial reports is an important step in learning to become a sophisticated user of financial statements. Hence, the first part of the course focuses on the mechanics of accounting. You will learn the entire accounting cycle from journal entries through the creation of the financial statements. In the second part, we will learn how to interpret these statements and how we can use the information they contain to make business decisions. You will also learn some basic concepts of finance such as Time Value of Money. In addition, various activities during the class, including the use of S&P Capital IQ database and excel simulations, will provide you with hands-on exposure to how we interpret financial statements and make business decisions.

**Required Text:** *Financial and Managerial Accounting (4<sup>th</sup> Edition)*, by Paul D. Kimmel; Jerry J. Weygandt; Jill E. Mitchell, Wiley, 2021 (ISBN: 9781119754176, 9781119752523).

*Books and course materials for this course are available at the Cornell Bookstore.*

**Academic support:** Please remember that whether you are taking the course in person or at a distance, the folks at the Center for Teaching and Learning are available. Please email them to make an appointment.

- ✓ Meghan Yamanishi - Librarian for social sciences, [myamanishi@cornellcollege.edu](mailto:myamanishi@cornellcollege.edu)
- ✓ The Duncy Writing Studio: <https://www.cornellcollege.edu/library/ctl/writing-studio/index.shtml>
- ✓ The Quantitative Reasoning Studio: <https://www.cornellcollege.edu/library/ctl/qr/>

If you have technology problems, the easiest way to get help is to put in a Work Order Request <https://www.cornellcollege.edu/information-technology/index.shtml>

## Class Format

The class format will include lecture and in-class discussion. I will be using mostly the board in class. Handouts will be provided in class and/or on Moodle when necessary. Active learning is encouraged with in-class practice.

- ✓ Plan to dedicate to study on a daily basis, as many concepts in this course build on one another.
- ✓ Bring your laptop and a **simple calculator** with a  $x^y$  key for practice in class (you can find one such calculator from our bookstore: <https://www.bkstr.com/cornellstore/product/calc-ti30xa-scientif-stat-frac-752676-1>). Please do not use any other electronic devices as a calculator.
- ✓ Make your own notes in class, and follow the in-class practice closely.

**Please do not be shy about asking questions or asking me to repeat anything that is not clear.**

## Grades

Grades will be based on the following weighting scheme:

1. Homework Assignments	10%
2. 3 Exams: Mid-term and Final	60% (15% + 20% + 25%)
3. The Start-up Project	15%
4. Class Participation and Attendance	<u>15%</u>
	100%

A student's final grade will be based on their raw points total, the course curve, and - at the margin - overall improvement in the course. I reserve the right to use my discretion at the margin and things such as class participation will be considered in borderline cases.

**Homework Assignments:** You should plan at least three hours after class every day for homework. They are due the next day before class unless noted in class otherwise. **No late work accepted.** Group discussion is encouraged. However, you need to hand in your own answers in details. It is essential that you keep up with the assignments.

**Exams:** All exams are closed-book, and to be done independently. You may bring one page of notes (8.5 x 11) and a **simple calculator** (you can find one in bookstore). Financial calculator or graphics calculator are NOT recommended. You should prepare your own **hand-written** notes and NOT share

with others. I will check your notes in the exams. Please see course schedule below for exam dates. There will be no make-ups unless you have a valid third-party proof of sickness.

**The Start-up Project:** You will collaborate in teams of three to five members. Your team will find an interesting idea to propose a start-up company. The key task for this project is to draft a baby-version of the start-up company's financial statements, as a foundation for future financial budgeting, which is usually included in the business plan (further discussion will be conducted in the upper-level finance course such as "Introduction to Financial Management").

Your grade for this project will consist of the following components:

- 1) A team presentation at the end of the block (3%);
- 2) A two-page short-version business plan (with 3 financial statements) for each team (4%);
- 3) Team discussion debrief summaries in each discussion session (5%);
- 4) Peer Evaluations (3%).

A detailed description of the requirement for the business plan and presentation can be found on Moodle in a separate document. More detailed instructions will be offered in class.

**Class Participation and Attendance:** You are expected to attend every class on time. Since many concepts build on one another, missing class or not completing an assignment is a formula for disaster. Your participation grade will be negatively impacted by absences and lateness. If you miss three days of class or more, you will get a "D" or a "F".

### **Academic Honesty Expectations**

Cornell College expects all members of the Cornell community to act with academic integrity. An important aspect of academic integrity is respecting the work of others. A student is expected to explicitly acknowledge ideas, claims, observations, or data of others, unless generally known. When a piece of work is submitted for credit, a student is asserting that the submission is her or his work unless there is a citation of a specific source. If there is no appropriate acknowledgment of sources, whether intended or not, this may constitute a violation of the College's requirement for honesty in academic work and may be treated as a case of academic dishonesty. The procedures regarding how the College deals with cases of academic dishonesty appear in The Catalogue, under the heading "Academic Honesty."

- Always cite your sources when you present ideas and/or language that you have not developed yourself, including material from class lectures and discussions.
- Violation of this policy includes collaborating on assignments where collaboration is not allowed and/or utilizing notes, texts, etc. on any assignment where use of such materials is not allowed.

### **Disabilities and Accommodations Policy**

Cornell College makes reasonable accommodations for persons with disabilities. Students should notify the Coordinator of Academic Support and Advising and their course instructor of any disability related accommodations within the first three days of the term for which the accommodations are required, due to the fast pace of the block format. For more information on the documentation required to establish the need for accommodations and the process of requesting the accommodations, see <http://www.cornellcollege.edu/academic-support-and-advising/disabilities/index.shtml>.

## Tentative Course Schedule

This schedule is preliminary and will be adjusted as necessary based on the pace of the class. I expect you to read the chapter listed prior to the day we begin discussing the material in that chapter.

Day	Topic	Notes	Chapters	Start-up Project
Day 1	Introduction	Lecture 1	1	Set up groups
Day 2	Financial Statements	Lecture 2	1	Financial Statements framework
Day 3	The Recording Process	Lecture 3	1,2	No afternoon class
Day 4	Accrual-basis Accounting	Lecture 4	3	A business idea for each group
Day 5	The Accounting Cycle	Lecture 5	4	
Day 6	<b>MID-TERM EXAM 1</b> Introduction to Excel	10:00 am – 12:00 pm 1:30 pm – 3:00 pm		<i>Finish 1<sup>st</sup> two slides of the ppt</i> Excel lecture
Day 7	The Operating Cycle Talk about Mid-term 1	Lecture 6	5	Speaker visit
Day 8	Inventories	Lecture 7	5,6	A list of business transactions
Day 9	Fraud, Internal Control, Cash	Lecture 8	5,7	Excel table of Income Statement
Day 10	Receivables	Lecture 9	5,8	
Day 11	<b>MID-TERM EXAM 2</b> Q&A for Business Plan	10:00 am – 12:00 pm 1:30 pm – 3:00 pm		<i>Finish 1<sup>st</sup> draft of Business Plan</i>
Day 12	Assets Talk about Mid-term 2	Lecture 10	9	
Day 13	Liabilities & Equity	Lecture 11	10, 11	Excel table of Balance Sheet
Day 14	Statement of Cash Flows	Lecture 12	12	Excel table of cash flows
Day 15	Financial Statement Analysis	Lecture 13	13	
Day 16	Final Review			Q&A session
Day 17	Team presentations	Each team: 15m presentation + 15m Q/A & Discussion		
Day 18	<b>FINAL EXAM</b>	9:00 am – 12:00 pm		<i>Due: 2-pages Business Plan</i>

## COVID-19 Related Course Policy

### Mask Requirement

This course closely follows the general campus mask requirements. Masks are highly recommended during in-person instructional time (including small group work) in this class, as there are many good reasons to wear a mask, and many of us will choose to do so. Not all members of our community are able to be vaccinated, and masking is an effective way to protect these individuals. Regardless of any individual's decision to wear a mask, I expect that we will all be considerate of each other.

If evolving COVID-19 conditions warrant, I reserve the right to require masks during all in-person instructional time in this class, regardless of the individual immunity status of members of the class. If we do need to shift to a required mask policy, I expect that all students will comply. Non-compliance would result in a conduct report to the Dean of Students, which could result in removal from the course.

### Illness Policy

**If you are experiencing COVID-19 symptoms, *do not attend class*.** Perform a home test or contact Director of Student Health Services Lynn O'Brien at [student\\_health@cornellcollege.edu](mailto:student_health@cornellcollege.edu) immediately to arrange a COVID-19 test at the Health Center.

If you need to isolate due to COVID-19, or if you become unable to attend class for any other health reason, contact me as soon as possible to determine if you are able to continue in the class. A [Withdrawal for Health Reasons](#) may be required.

### Positive COVID Test Policy

**If you test positive:** Please isolate yourself in your room, contact Director of Health Services Lynn O'Brien at [student\\_health@cornellcollege.edu](mailto:student_health@cornellcollege.edu) and wait for instructions. A representative from Student Health will contact you to discuss your test and provide you with instructions for isolating and begin contact tracing of on-campus interactions.

If you test positive for COVID-19 during the block and need to isolate, you need to inform me directly; the Health Center cannot inform me on your behalf.

### Close Contact Policy

If you are named as a close contact of someone who has tested positive on campus, you will be notified by Student Health. (If you learn that you have been in contact with someone who has tested positive from an off campus exposure, you must inform Director of Health Services Lynn O'Brien at [student\\_health@cornellcollege.edu](mailto:student_health@cornellcollege.edu). We will determine your status and next steps using the [CDC guidelines](#). To prepare for the possibility of needing to conduct contact tracing, we will have assigned seating and/or I will take a daily photo of the classroom to document seating proximity.

### Caregiver Statement

I am a caregiver for unvaccinated persons. If they must quarantine or isolate during the block, I may need to shift portions of the course online. If this happens, I will communicate with you as soon as possible via email and provide a Zoom link to our next class meeting.

If I must quarantine or isolate during the block, I will need to shift portions of the course online. If this happens, I will communicate with you as soon as possible via email and provide a Zoom link to our next class meeting.

*Attendance policy for in-person and online course components*

We may have online components to this course when in-person class is not feasible. Attendance is mandatory for both in-person and online course components. I will provide a Zoom link for specific online components. You may not “Zoom in” to an in-person course component unless this is a specific arrangement you have made with me in advance as part of an arranged health accommodation.