

Commerce 1AA3 **Financial Accounting Fall 2014 Course Outline** **Accounting and Financial Management Services Area** **DeGroote School of Business** **McMaster University**

COURSE OBJECTIVE

This course will help **all** students (whether or not they plan a career in accounting) understand why accounting exists, how it is implemented, its usefulness for decision making, how it affects behaviour and contracts and why there are controversies over accounting methods.

The specific objectives of this course are:

- 1) Help students develop a thorough understanding of accounting procedures and the choices possible in preparing corporate financial statements.
- 2) Help students become intelligent readers and users of corporate financial reports, which include the fundamental statements (balance sheet, income statement, retained earnings statement, and cash flow statement) plus explanatory notes, auditor's report, etc.
- 3) Develop students' appreciation of the usefulness and limitations of financial accounting information.

INSTRUCTOR AND CONTACT INFORMATION

<p>Section 1-3: Weeks 1-4 Dr. Emad Mohammad mohde@mcmaster.ca Office: DSB 317 Office Hours: 9:30-11:20, Thursdays and Fridays Tel: (905) 525-9140 x27432 Class Location: JHE 376</p>	<p>Section 1-3: Weeks 5-12 Aadil Merali merali@mcmaster.ca Office: DSB 318 Office Hours: Tuesday 9:30 – 11:00 and 12:30 – 2:00 Tel: (905) 525-9140 x24630 Class Location: JHE 376</p>
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Teaching Assistants: Information to be posted on Avenue

Course Website: <http://avenue.mcmaster.ca>

COURSE ELEMENTS

Credit Value:	3	Leadership:	No	IT skills:	Yes	Global view:	Yes
Avenue:	Yes	Ethics:	Yes	Numeracy:	Yes	Written skills:	Yes
Participation:	Yes	Innovation:	No	Group work:	No	Oral skills:	No
Evidence-based:	Yes	Experiential:	No	Final Exam:	Yes	Guest speaker(s):	Yes

COURSE DESCRIPTION

This course provides an introduction to the fundamental concepts of financial accounting. The focus of this course will be on how accounting is used for recording economic events and for the financial reporting, primarily to users external to business organizations. The course will emphasize underlying concepts and principles, as well as cover accounting procedures in sufficient detail to enable students to record accounting transactions and prepare financial statements. A major emphasis in the course will be on understanding the information in corporate financial reports and its use by individuals external to a corporation in making investment and contracting decisions. The course will examine alternative accounting policies and methods that may legitimately be used in financial reporting, and motivations that may influence managers in choosing among them.

COURSE LEARNING OUTCOMES

Upon completion of this course, students will be able to:

1. Read and understand financial statements
2. Understand the accounting conceptual framework, and relate it to all accounting transactions
3. Understand the accounting cycle and implement all its steps including analyzing, journalizing and posting accounting transactions, preparing end-of-period adjusting entries, preparing pre- and post-adjusting entries trial balance, and preparing closing entries
4. Prepare financial statements such as the Statement of Earnings, Statement of Retained Earnings, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows
5. Analyze internal control issues and employ some procedures to deal with them such as Bank Reconciliation Statement
6. Record and measure of individual elements within the financial statements such as accounts receivable, allowances, contingencies, inventory, long term depreciable and non-depreciable assets, short term and long term liabilities, and shareholders' equity
7. Analyze and interpret financial statements using ratio analysis and vertical and horizontal ratio analysis with industry and within the firm over time

REQUIRED COURSE MATERIALS AND READINGS

Avenue registration for course content, readings and case materials

- <http://avenue.mcmaster.ca>

\$ FREE

Pearson My Accounting Course (My Accounting Lab + Course Connect)

5th Canadian Edition by Harrison, Horngren, Thomas

- <http://www.pearsonmylabandmastering.com/northamerica/>

\$ 65.00

EVALUATION

The final grade will be calculated in the first instance from the grades obtained on the one midterm examination, eight best online-assessment marks out of nine in total, and the final examination. The assessments/examinations and their weightings in the determination of the final grade are:

Components and Weights

Midterm Exam	Saturday October 18 th , 2014 @ noon for 2 hours	35%
Final Exam	3 hours scheduled through the registrar	45%
Online Quizzes	8 best online quizzes out of 9 total quizzes @ 2.5% each	20%
Total		100%

NOTE: The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy at the following URL:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/examinationindex.html>

Grade Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

LETTER GRADE	PERCENT	LETTER GRADE	PERCENT
A+	90 - 100	C+	67 - 69
A	85 - 89	C	63 - 66
A-	80 - 84	C-	60 - 62
B+	77 - 79	D+	57 - 59
B	73 - 76	D	53 - 56
B-	70 - 72	D-	50 - 52
		F	00 - 49

Communication and Feedback

Students who are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential email to the respective Area Chair (nainar@mcmaster.ca) or the Associate Dean (adbusac@mcmaster.ca).

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Area Administrative Assistants.

Instructors are required to provide evaluation feedback for at least 10% of the final grade to students prior to Week #8 in the term.

Instructors may conduct an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

Students who wish to have a course component re-evaluated must complete the following form:

http://www.mcmaster.ca/policy/Students-AcademicStudies/Form_A.pdf

In order for the component to be re-read:

- the component must be worth 10% or more of the final grade in the course
- students pay a fee of \$50 in Gilmour Hall #209 (receipt is then brought to APO)
- the Area Chair will seek out an independent adjudicator to re-grade the component
- an adjustment to the grade for the component will be made if a grade change of three points or greater on the 12 point scale (equivalent to 10 marks out of 100) has been suggested by the adjudicator as assigned by the Area Chair
- if a grade change is made, the student fee will be refunded

Online Quizzes

Since this is a blended course, online quizzes will be covering materials for new chapters before they are covered in class. The purpose of this assessment is to make sure that students read the online materials before class. Each online quiz is worth **2.5%** of your final grade and must be completed only by the student. The quiz will be made available on Avenue from 9:00 p.m. on Friday till 11:59pm on Sunday. If an MSAF is used for a quiz, then the **2.5%** for that quiz will be added to the final exam. The online quiz release dates at 9pm are as follows:

	Date	Coverage
Quiz 1	September 12 th	Chapter 1 and 2
Quiz 2	September 19 th	Chapter 3
Quiz 3	September 26 th	Chapter 12
Quiz 4	October 3 rd	Chapter 4 and 5
Quiz 5	October 10 th	Chapter 6
Quiz 6	October 24 th	Chapter 7
Quiz 7	November 7 th	Chapter 9
Quiz 8	November 14 th	Chapter 9
Quiz 9	November 21 st	Chapter 10

Midterm Exam

The midterm exam is worth **35%** of your final grade and will be marked individually. The exam will cover material from the textbook, readings, lectures, online material, tutorials, and class discussion. The format of the test will be either True/False questions and/or Multiple Choice Questions. Past exams from 2006-2012 are available on Avenue for practice. The chapters covered on the midterm exam are: Chapter 1, 2, 3, and 12. Two hours will be allocated for the midterm exam and the date, time, and location will be announced on Avenue.

Final exam

The final exam is worth **45%** of your final grade and will be marked individually. The exam will cover material from the textbook, readings, lectures, online material, tutorials, and class discussion. The format of the test will be either True/False questions and/or Multiple Choice Questions. Past exams from 2006-2012 are available on Avenue for practice. The final exam will be cumulative in terms of content. 3 hours will be allocated for the final exam and the time and location will be coordinated through the registrar.

The Learning Portfolio

The purpose of the Learning Portfolio (LP) is to develop a means to capture and enhance your learning journey at McMaster. The LP will help you plan, record, understand and develop on a personal and academic level throughout your learning journey. The online platform on Avenue will enable you to track and reflect on your personal learning experiences. The LP is not limited to this course only; rather you can build your LP as you progress through your studies. At the DeGroote School of Business, we designed an interface labeled “Learning @ DeGroote”, which rests on four pillars: Academic Learning, Experiential Learning, Community Learning, and Professional Development. You are encouraged to start building your own LP by populating these pages with your own reflections and experiences. Your inputs to the LP will not be marked for credit. I will, however, reward you with **2 BONUS points added to your final grade** if you populate at least **three of the four pages with artifacts and reflections**. Moreover, I will be more than happy to spend time with you, either during or after the term, to give you feedback on your LP entries.

TUTORIALS

Tutorials will be held each week, starting Monday September 15th, 2014. Attendance will be taken at these tutorials. Therefore, you must attend the tutorial to which you have been assigned. An adjustment to the calculated grades as above, to a maximum of 3%, will be made based upon attendance and participation in tutorials. **DO NOT SIGN** in tutorials on behalf of other students. Doing so is considered cheating. Both students will, at minimum, lose all the bonus points regardless of their attendance record. **You are required to be present for the entire hour of the tutorial for the bonus for that week. You will only be eligible for bonus marks for the tutorials if you attend at least 5 tutorials during the semester; that is, students who attend less than 5 tutorials will NOT receive any credit for attendance. Each tutorial will be worth 0.3% of your final mark up to a maximum of 3%. It is your responsibility to sign the sign-in sheet if you attend. If a tutorial is cancelled due to a holiday, the bonus mark will be given to students registered in the relevant tutorial section; however, students are encouraged to attend a different section for learning purposes.**

ACADEMIC DISHONESTY

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, located at www.mcmaster.ca/academicintegrity.

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations.

REQUESTING RELIEF FOR MISSED ACADEMIC WORK

Students may request relief from a regularly scheduled midterm, test, assignment or other course component in the following two ways:

- a) **for missed coursework worth less than 30% of the final grade (and/or absences lasting less than 5 days); or**
 - b) **for missed coursework worth 30% or more of the final grade (and/or absences lasting more than five (5) days)**
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- a) **For missed coursework worth less than 30% of the final grade (and/or absences lasting less than 5 days)**

Students must use the MSAF (McMaster Student Absence Form) for their first incidence of missed coursework worth less than 30% for each term. This is an on-line, self-reporting tool, for which submission of medical or other types of supporting documentation is normally not required. Students may use this tool to submit a maximum of one (1) request for relief of missed academic work per term as long as the weighting of the component is worth 29% of the final grade or less. Students must follow up with their course instructors regarding the nature of the relief within two days of submitting the form. Failure to do so may negate the opportunity for relief. It is the prerogative of the instructor of the course to determine the appropriate relief for missed term work in his/her course.

If the value of the component is worth 30% or more, students must report to the APO to discuss their situation and will be required to provide appropriate supporting documentation.

- b) **For missed coursework worth 30% or more of the final grade (and/or absences**

lasting more than five (5) days

Students MUST report to the APO to discuss their situation and will be required to provide appropriate supporting documentation. If approved, students will be given access to the MSAF system where they will be required to enter the details of the missed coursework for which they were approved. Students must follow up with their course instructors regarding the nature of the relief within two days of submitting the form. Failure to do so may negate the opportunity for relief. It is the prerogative of the instructor of the course to determine the appropriate relief for missed term work in his/her course.

Students who wish to submit more than one request for relief of missed academic work per term cannot use the online MSAF tool without permission. They must report to the APO and discuss their situation with an academic advisor. They will be required to provide supporting documentation and possibly meet with the Manager.

The MSAF cannot be used during any final examination period.

Regarding Midterm Conflicts

Students unable to write a mid-term at the posted exam time due to the following reasons: religious; work-related (for part-time students only); representing university at an academic or varsity athletic event; conflicts between two overlapping scheduled mid-term exams; or other extenuating circumstances, have the option of applying for special exam arrangements. Please see the DeGroote Missed Course Work Policy for a list of conflicts that qualify for academic accommodation

<http://ug.degroote.mcmaster.ca/forms-and-resources/missed-course-work-policy/>

Such requests must be made to the Academic Programs Office at least ten (10) working days before the scheduled mid-term along with acceptable documentation. Instructors cannot themselves allow students to unofficially write make-up exams/tests. Adjudication of the request must be handled by the Academic Programs Office.

If a mid-term exam is missed without a valid reason, students will receive a grade of zero (0) for that component.

STUDENT ACCESSIBILITY SERVICES

Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements with a Program Coordinator. Academic accommodations must be arranged for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail sas@mcmaster.ca. For further information, consult McMaster University's Policy for [Academic Accommodation of Students with Disabilities](#).

POTENTIAL MODIFICATIONS TO THE COURSE

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

DETAILS FOR ONLINE COMPONENT

In this course we will be using Pearson's online portal and Avenue to Learn. Students should be aware that, when they access the electronic components of this course, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in this course will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

COURSE SCHEDULE

Commerce 1AA3 Introduction to Financial Accounting Fall 2014 Course Schedule

Date	TOPIC	Details
Week 1 and 2 Sept 4 – 12	Financial Statements and Business Decisions (Note: First class is on Thursday, Sept 4th)	Chapter 1
Week 3 Sept 15 – 19	Investing and Financing Decisions	Chapter 2
Week 4 Sept 22 – 26	Operating Decisions and Income Statement	Chapter 3
Week 5 Sept 29 – Oct 3	Statement of Cash Flows	Chapter 12
Week 6 Oct 6 – 10	Receivables and Cash	Chapter 4 and Chapter 5
Week 7 Oct 13 – 17	Revenues, Cost of Goods Sold and Inventory (No classes on Monday October 13 and Midterm Exam is on Saturday October 18)	Chapter 6
Week 8 Oct 20 – 24	Revenues, Cost of Goods Sold and Inventory	Chapter 6
Week 9 and 10 Oct 27 – Nov 7	Long Lived Assets (No classes on Thursday October 30 and Friday October 31st)	Chapter 7
Week 11 Nov 10 – 14	Current Liabilities and Notes Payable	Chapter 9
Week 12 Nov 17 – 21	Long-Term Liabilities	Chapter 9
Week 13 Nov 24 – Nov 28	Owners' Equity	Chapter 10
Week 14 Dec 1 – Dec 3	Final Exam Review	Cumulative

Remarks

- i. Please see the Course Website for any updates and course material.
- ii. MSAF is not permissible for weights on evaluation that are greater than or equal to 30% (Midterms, Final exam). Any attempt to submit a falsified MSAF for this course for a missed test or midterm exam constitutes academic dishonesty and charges may be filed with the Office of Academic Integrity.
- iii. Please check with the Academics Program Office on the main floor of DeGroote on conditions attached to using the MSAF for the online evaluation components.
- iv. It is your responsibility to check Avenue daily – everything you will need is there and any important announcements will be posted there. Set your home page to the news feed for the course.
- v. It is your responsibility to understand what constitutes academic dishonesty.
- vi. We only respond to emails from students' McMaster email accounts. Ensure that your Mac account is activated and has space to receive emails. We reply to emails only once, and if it returns to us as "undeliverable mail" we do not attempt any further replies. Do not use the email provided by Avenue. We do not check Avenue for emails. We do not respond to emails asking questions to which the answer is readily available in the course outline or Avenue.