

Argosy University
COURSE SYLLABUS
B7670
Financial Reporting Theory

Faculty Information

Faculty Name:

Campus:

Contact Information:

Office Hours:

Short Faculty Bio:

Course description:

This course will study the utility of financial statement interpretation in the strategic process of management. An intensive study and critical examination of accounting and financial reporting theories, concepts and standards; evaluations of the pronouncements of accounting standard-setters and financial reporting regulators will be an integral part of this course.

Course Pre-requisites: None

Required Textbook:

IMPORTANT: You are not required to purchase the textbook for this course. Both texts are available through ebrary.

Riahi-Belkaoui, A. (1998). *Critical financial accounting problems: Issues and solutions*. Greenwood Publishing Group.

Smith, M. (2003). *Research methods in accounting*. Sage Publications.

Course length: 7.5 Weeks

Contact Hours: 45 Hours

Credit Value: 3.0

Program Outcomes:

1. Research

- 1.1. **Performing** – Design, conduct, and justify applied research in a business context using appropriate methodology
- 1.2. **Understanding** – Evaluate and apply existing theory and research to current business practice

2. Communication

- 2.1. **Oral** – Present orally, complex business information that is concise, clear, organized, and well supported in a professional manner appropriate to the business context
- 2.2. **Written** – Present in writing, complex business information that is concise, clear, organized, and well supported in a professional manner appropriate to the business context using required format
3. **Critical Thinking/Problem Solving**
 - 3.1. **Critical thinking** – Evaluate relevance of established theory to current business practice and identify gaps in current literature
 - 3.2. **Problem Solving/Decision Making** – Given a business situation, diagnose the underlying causes of the situation, evaluate possible solutions, in relation to underlying business theory and determine and defend appropriate course of action
 - 3.3. **Information Literacy** - Conduct an exhaustive literature search from a variety of sources, evaluate the credibility of the sources, and apply that information to create new knowledge
4. **Team**
 - 4.1. **Leadership** - Conduct an exhaustive literature search from a variety of sources, evaluate the credibility of the sources, and apply that information to create new knowledge
 - 4.2. **Collaboration** - Given a case study or business situation collect, assimilate, and disseminate the views of stakeholders
5. **Ethics**
 - 5.1. **Ethics** - Given a case study or business situations, evaluate the ethical dimensions of decision situations and personal, social, and corporate responsibility not absolved by market forces
6. **Diversity**
 - 6.1. **Diversity** - Given a case study or business situation evaluate the multicultural dimensions of decision situations and multicultural solutions to business situations

Accounting Concentration

7. **Analysis**
 - 7.1. **Financial Analysis** - Evaluate results of accounting analyses including audit, financial, and risk analyses to determine appropriate business strategies
 - 7.2. **Systems** - Evaluate effectiveness of comprehensive accounting systems in meeting the goals of an organization

Course Objectives:

1. Identify and apply current regulations that have been promulgated to ensure consistency and uniformity in financial reporting. (Program Outcomes: 1.1, 1.2, 3.1, 3.2, 5.1)
2. Apply concepts and the conceptual framework for revenue and expense recognition for financial reporting and evaluating managerial recognition and materiality arguments. (Program Outcomes: 1.1, 1.2, 2.2, 3.1, 3.2, 3.3, 7.1, 7.2)

3. Critically analyze annual reporting requirements and of financial statements relationships, transaction reporting, various audit report types, and the influence of Sarbanes-Oxley Act of 2002 on internal controls and financial reporting. (Program Outcomes: 1.2, 2.2, 3.1, 3.2, 4.1, 5.1, 7.1, 7.2)
4. Apply concepts and principles for liability recognition and reporting including, unearned revenue, incomes taxes payable, warranties and payroll related liabilities. (Program Outcomes: 1.2, 3.1, 3.2, 3.3, 4.2, 6.1, 7.1, 7.2)
5. Examine the characteristics of revenue and capital expenditures for long-lived assets including lease accounting evaluation and cash flow implications. (Program Outcomes: 1.2, 2.1, 2.2, 3.2, 3.3, 7.1, 7.2)
6. Examine the characteristics of financial reporting for the issuance of common, preferred and treasury stock transactions by identifying components of stockholders equity and contributed capital transactions. (Program Outcomes: 1.2, 2.1, 2.2, 3.1, 3.2, 3.3, 7.1, 7.2)
7. Analyze the disclosure and financial reporting requirements of extraordinary items, discontinued operations and non-recurring items as opposed to income from operations transactions. (Program Outcomes: 1.2, 2.1, 2.2, 3.1, 3.2, 3.3, 7.1, 7.2)
8. Compute and evaluate various profitability, liquidity and solvency ratio computations used in measuring financial performance. (Program Outcomes: 1.1, 1.2, 2.2, 3.2, 3.3, 4.1, 4.2, 7.1, 7.2)
9. Critically analyze consolidated financial statement combination methods including foreign subsidiary, minority interest and goodwill transactions and reporting. (Program Outcomes: 1.1, 1.2, 2.2, 3.1, 3.2, 3.3, 3.4, 5.1, 7.1, 7.2)
10. Synthesize current literature on a topic relevant to this course and discuss any controversies or differences of opinion that exist in the literature. (Program Outcomes: 1.1, 1.2, 2.2, 3.1, 3.2, 3.3, 3.4, 5.1, 7.1, 7.2)

Assignment Table

Unit	Topics	Readings	Assignments
1	<ul style="list-style-type: none"> • Overview of financial reporting and the evolution of GAAP • Managerial and Financial accounting differences • Financial Statements and their relationships • Transaction recording, accounting cycle and the worksheet tool • Key elements in the annual report 	<p>Utilizing AU Library Resources read: Zeff, Stephen A. (2005). The Evolution of U.S. GAAP: The Political Forces Behind Professional Standards. <i>The CPA Journal</i>, Vol.75 (Issue 2), pg. 18, 12 pgs</p> <p>http://www.iasplus.com/resource/0407zeffusgaap.pdf</p> <p>http://www.nysccpa.org/cpajournal/2005/105/infocus/p18.htm</p>	

<p>2</p>	<ul style="list-style-type: none"> • Objectives of financial reports and Sarbanes-Oxley Act of 2002 (SOX) management certification of the financial statements implications • Consistency, conservatism and full disclosure • Merchandising businesses and internal controls • Perpetual inventory valuations and system dynamics 	<p>Utilizing AU Library Resources read the following: Sauer, R. C. (2002). Financial Statement Fraud: The Boundaries of Liability Under the Federal Securities Laws. <i>The Business Lawyer</i>, Vol.57 (Issue 3) pg. 955, 43 pgs</p> <p>Walker, D. (2002) Integrity: Restoring Trust in American Business and the Accounting Profession. www.gao.gov/cghome/2002/acpr/o122.pdf</p> <p>The Sarbanes-Oxley Act: A Guide to the Sarbanes-Oxley Act. http://www.soxlaw.com</p>	
<p>3</p>	<ul style="list-style-type: none"> • Managing inventories and the implications of decision making for inventory valuations • SOX's internal control requirements for inventories • Credit policies and managing accounts receivables, • Ethics in Accounts Receivable valuation, presentation and disclosures • Notes Receivable characteristics and reporting 	<p>Credit Basics: Financial Analysis. By: Barron, Jacob. Business Credit, Mar2007, Vol. 109 Issue 3, p48-49, 2p; (AN 24262613)</p> <p>Time to Act on Corporate Governance. Ernst & Young. http://www.ey.com/global/Content.nsf/Philippines/Time_to_act_on_corporate_governance</p> <p>Winters, B. (2004). Choose the Right Tools for Internal Control Reporting. <i>The Journal of Accountancy Online</i>. http://www.aicpa.org/pubs/jofa/feb2004/winters.htm</p>	

<p>4</p>	<ul style="list-style-type: none"> • Evaluating and reporting liabilities • Accounting for contingencies and estimated liabilities • Decision making for long-lived assets • Fixed Asset valuation, acquisitions, dispositions, and disclosures 	<p><u>When True Value Really Isn't True and Fair.</u> By: Cunningham, Colleen. Financial Executive, Jun2006, Vol. 22 Issue 5, p6-6, 1p; (AN 21216340)</p> <p><u>EFFORT STARTED TO REVAMP LEASE ACCOUNTING.</u> Practical Accountant, Sep2006, Vol. 39 Issue 9, p18-18, 1/5p; (AN 22232163)</p>	
<p>5</p>	<ul style="list-style-type: none"> • Long-term liabilities and managerial decision making • Bond characteristics, issuances and valuation • Contributed capital structure, policies and performance measurements • Stock types, issuances, retirements and repurchases 	<p><u>BUSINESS INCOME IN ACCOUNTING AND ECONOMICS.</u> By: Emily Chen Chang. Accounting Review, Oct62, Vol. 37 Issue 4, p636, 9p; (AN 7100204)</p> <p><u>Revenue-Recognition Decisions: A Slippery Slope?</u> By: Clark, Ronald L. CPA Journal, Oct2006, Vol. 76 Issue 10, p6-9, 3p; (AN 22843023)</p>	
<p>6</p>	<ul style="list-style-type: none"> • Accounting for discontinued operations, extraordinary events and non-recurring items • Earnings per share, dividends and stock splits • Statement of Cash Flows, presentation, classifications and ethics 	<p><u>The Treatment of Non-Recurring Items in the Income Statement and their Consistency with FASB Concept Statements.</u> By: Cameron, Alex B.; Stephens, Lynn. Abacus, Sep91, Vol. 27 Issue 2, p81-96, 16p; (AN 5117991)</p> <p><u>"Tracking" Common Stocks and the Potential for Misuse of the Two-Class Method of Calculating Earnings Per Share.</u> By: Maddox III, Robert L.. Management Accounting</p>	

		<p>Quarterly, Autumn2002, Vol. 4 Issue 1, p16-20, 5p; (AN 11683374)</p> <p>8 ways to boost your cash flow. By: Waisberg, Deena. Profit, Jun2006 Profit 100, p17-17, 2/3p; (AN 21381351)</p>	
7	<ul style="list-style-type: none"> • Performance measurement from an internal and external perspective • Financial analysis, ratio computations and interpretation for profitability, solvency and organizational liquidity • Consolidated financial statements, foreign subsidiary reporting and accounting for investments and goodwill 	<p>Valuation methodologies matter. By: Hughes, Carl. LP/Gas, Dec2006, Vol. 66 Issue 12, p12-12, 1p; (AN 24205714)</p> <p>Accounting Consistency- Key to Stockholder Information. By: McCosh, Andrew M.. <i>Accounting</i> Review, Oct67, Vol. 42 Issue 4, p693, 8p, 4 charts; (AN 4511770)</p> <p>Kane, G. (1997). Accounting for Transfers of Financial Assets Under SFAS No. 125 Risks and rewards are out, and control and financial components are in. <i>The CPA Journal</i>. http://www.nysscpa.org/cpajournal/1997/0397/features/f14.htm</p>	
8	<ul style="list-style-type: none"> • Annual Report analytical review and investment considerations 	<p>TBD by Instructor Final Paper</p> <p>Pick a topic or topics relevant to the course and conduct a literature review. Evaluate current issues, discuss any controversies or differences of opinion that exist in the literature and propose recommendations for the future. Cite your sources</p>	

		using APA format. Paper length TBD by instructor.	
--	--	--	--

Grading Criteria

Grading Scale
Grading requirements

A	100 – 93
A-	92 – 90
B+	89 – 88
B	87 – 83
B-	82 – 80
C+	79 – 78
C	77 – 73
C-	72 – 70
F	69 and below

<i>Attendance/participation</i>	<i>25%</i>
<i>Weekly Assignments</i>	<i>20%</i>
<i>Final paper</i>	<i>35%</i>
<i>Optional</i>	<i>10%</i>
<i>Optional</i>	<i>10%</i>
	<i>100%</i>

Library

All resources in Argosy University's online collection are available through the Internet. The campus librarian will provide students with links, user IDs, and passwords.

All resources in Argosy University's online collection are available through the Internet. Students can access the online collection by logging into the student portal and clicking on the library link. Library Resources: Argosy University's core online collection features over 48, 889 full-text journals and 23,000 electronic books and other content covering all academic subject areas including Business & Economics, Career & General Education, Computers, Engineering & Applied Science, Humanities, Science, Medicine & Allied Health, and Social & Behavior Sciences. Many titles are directly accessible through the Online Public Access Catalog at <http://library.argosy.edu>.

In addition to online resources, Argosy University's onsite collections contain a wealth of subject-specific research materials searchable in the Online Public Access Catalog. Catalog searching is easily limited to individual campus collections. Alternatively, students can search combined collections of all Argosy University Libraries. Students are encouraged to seek research and reference assistance from campus librarian.

Academic Policies

Academic Dishonesty/Plagiarism: In an effort to foster a spirit of honesty and integrity during the learning process, Argosy University requires that the submission of all course assignments represent the original work produced by that student. All sources must be documented through normal scholarly references/citations and all work must be submitted using the current edition of the *Publication Manual of the American Psychological Association*. Students are encouraged to purchase this manual and become familiar with its content as well as consult the Argosy University catalog for further information regarding academic dishonesty and plagiarism.

Scholarly writing: The faculty at Argosy University is dedicated to providing a learning environment that supports scholarly and ethical writing, free from academic dishonesty and plagiarism. This includes the proper and appropriate referencing of all sources. You may be asked to submit your course assignments through "Turnitin," (www.turnitin.com), an online resource established to help educators develop writing/research skills and detect potential cases of academic dishonesty. Turnitin compares submitted papers to billions of pages of content and provides a comparison report to your instructor. This comparison detects papers that share common information and duplicative language.

Americans with Disabilities Act Policy

It is the policy of Argosy University to make reasonable accommodations for qualified students with disabilities, in accordance with the Americans with Disabilities Act (ADA). If a student with disabilities needs accommodations, the student must notify the Director

of Student Services. Procedures for documenting student disability and the development of reasonable accommodations will be provided to the student upon request.

Students will be notified by the Director of Student Services when each request for accommodation is approved or denied in writing via a designated form. To receive accommodation in class, it is the student's responsibility to present the form (at his or her discretion) to the instructor. In an effort to protect student privacy, the Department of Student Services will not discuss the accommodation needs of any student with instructors. Faculty may not make accommodations for individuals who have not been approved in this manner.

The Argosy University Statement Regarding Diversity

Argosy University prepares students to serve populations with diverse social, ethnic, economic, and educational experiences. Both the academic and training curricula are designed to provide an environment in which students can develop the skills and attitudes essential to working with people from a wide range of backgrounds.