

School of Business
Francis Marion University

Spring 2017

Accounting 201, Financial Accounting

Class time: 10:30 and 12:30 M/W/F

Classroom: 255A Founders Hall

Faculty: Charles G. Carpenter

Office hours: Mon & Wed 1:00-2:30; Tu & Thurs 8:30-11:30; and by appointment

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Office: 262 Founders Hall

Course description

The conceptual approach to financial accounting. The income statement, retained earnings statement, balance sheet, and cash flow statement are studied with emphasis placed on an understanding of the underlying assumptions, theories, and concepts as well as a thorough understanding of the basic accounting equation.

Text

Ferris, Wallace and Christensen, Financial Accounting for Undergraduates, 2nd edition, Cambridge Book Publishers, 2014.

Course Grade:

Interim examinations --- 3 at 18% each	54%
Final examination, comprehensive	18
Annual report project	8
Quizzes	10
Homework	10

The homework for the course is completed using the text's online homework manger function. The homework should be submitted following completion of the chapter. The homework will be considered "late" if submitted after the interim exam in which the subject matter is tested. The publisher then will report to you and to me on your accomplishment. At the end of the semester, I will assign a grade based upon extent of completion of the homework. That is, the homework grade is dependent upon completion of the homework, not how well you perform; so use the homework to learn the material, and if you perform poorly on any part, learn from your mistakes.

Quizzes will be unannounced. At the end of the semester, I will drop the lowest quiz grade in calculating your quiz average. Further, I will then company the quiz grade average with the average on your three interim examinations; the quiz average used in determining your course grade will then be the higher of the quiz average or the interim examination average.

Class time will be utilized often with problems as the basis for explanation of the concepts explained in the book. In the early part of each week, I will post on Blackboard a copy of all the class handouts from the preceding week. Examinations will be drawn from class presentation, so you need careful notes as to what was / was not covered in

class to use as the basis for study. The examinations will be substantially problems with some essay (definition; what is the reason for...); multiple choice and true/false questions will not be used.

The University maintains a tutoring service, available to all students without cost. The Tutoring Center is now located in 220 Founders Hall; the location is, essentially, in the walkway between FH and CEMC. Further information on this service will be announced when it is in place.

Academic Integrity. It is contemplated students will adhere to university policy. For homework, students are encouraged to discuss their answers with others. For examinations and the annual report project, the work is to be solely that of the individual student without collaboration.

Accommodation. Students with learning or other disabilities seeking accommodation in this course are asked to contact Counseling for assessment/approval.

Attendance. You will be dropped from the course at six absences.

Assignments

Date Reading assignment

January

- 11 Introduction
- 13 Ch 1, Business decisions [omit appendix]

- 16 Martin Luther King remembrance
- 18 Ch 1
- 20 Ch 2, Processing information [omit appendices]

- 23 Ch 2
- 25 Ch 2
- 27 Ch 2

- 30 Ch 3, Accrual basis of accounting

February

- 1 Ch 3
- 3 Ch 3

- 6 Ch 3
- 8 Ch 4, p. 178-188 only. Understanding financial statements
- 10 No class

- 13 Examination I
- 15 Ch 5, Merchandising, omit p. 232-235; read appendix A
- 17 Ch 5

- 20 Ch 6, Inventory, omit p. 276-280; read appendix A
 22 Ch 6
 24 Ch 6
- 27 Ch 6
- March
- 1 Ch 7, Cash, read p. 328-335. Omit appendix.
 3 Ch 8, Receivables, omit p. 376-377, read appendix
- 6 Ch 8
 8 Ch 9
 10 Examination II
- 13-17 Spring recess
- 20 Ch 9, Long-lived assets
 22 Ch 9
 24 Ch 9
- 27 Ch 9
 29 Ch 10, read appendix
 31 Ch 10
- April
- 3 Ch 10
 5 Financial analysis
 7 Ch 11, Shareholders' equity
- 10 Ch 11
 12 Examination III
 14 Ch 12, Cash flow
- 17 Ch 12
 18 Annual report project due at midnight if submitted electronically --- if not, slide under office door before security locks building for the day.
 19 Ch 12
 21 Ch 12
- 24 Review of course coverage from Examinations I and I
- Final examination [comprehensive]—
 10:30 section --- Wednesday, April 26th, 3:00-5:00
 12:30 section --- Thursday, April 27th, 11:45-1:45

Annual Report Project

The purpose of the project is to integrate the concepts in the course to the financial statements of a multi-national company whose securities are traded in a public securities market.

You will be comparing the financial statements of two retailers: American Eagle Outfitters and Abercrombie and Fitch. Further information about each company is available on the company's web site---use Google to find the company, then look around [especially the bottom of the opening page] for something like "Investor Relations." This project and how to access the information will be reviewed in detail in the section of the syllabus on Financial Analysis.

By midnight Tuesday, April 18th, if submitted electronically, you are to submit a paper which addresses the issues below. One letter grade is deducted if submitted within 24 hours after the due date; otherwise, submission is not accepted. Please address the following:

- Describe the retailing market each company sees for itself [i.e., age group, income level, etc.]. Also, what appears to be the opportunities for future growth. This section should approximate two pages.
 - Dividends, and earnings per share in the most recent two years covered by the annual report for each company. What is the percentage of net income paid in dividends in each year?
 - Analysis of the financial information, showing:
 - Liquidity: current and quick ratios for the current and prior years for each of the two companies. Which company seems stronger? Why?
 - Gross profit ratio --- compare percentages for the current and the prior year for each company; how do the ratios differ between the two companies you selected?
 - Profitability: the return on equity, the return on assets for the current year and the prior years for each company. Comment on the differences between the two companies you selected.
 - Leverage: if employed, is it successful? That is, does each company use leverage? Successful or not?
- Show each calculation either in the body or in an attachment to the report [which may be handwritten, if you prefer].
- An overall assessment and commentary on each company's ability to perform in the future. If your best friend was a business student interested in a career in retailing, which company would you recommend and why?

The years you are to use for each company will be a one year, twelve month period [called a fiscal year] ending toward the end of January 2016, and the immediately preceding year. It is possible the report for the period ending January 2017 will be available; use the most recent report available to you. The annual report for that year will be on the web site.

The project will be addressed in more detail in a class period somewhat prior to the project's due date.

