



The textbook for this course is:

Harrison, Horngren, Thomas and Suwardy (HH), "Financial Accounting," Pearson Education, 8th edition, 2010.

This book provides a systematic, yet simple, description of various accounting topics and many real-life illustrations

The detailed outline below contains references to the relevant chapters from the textbook (these would ideally be read before the appropriate session, and revisited after the relevant session).

### **Electronic Access to Course Materials**

All class files including selected power-point slides presented in class by the instructor will be available on the course website at Virtual Tau: <http://virtual.tau.ac.il>

### **Course Requirements**

Your course grade will be determined by:

- Class participation (10%)
- Problem Sets (10%)
- Final exam (80%)

### **Class participation**

For most students the class participation score will be same as their final exam score. In a few cases, the class participation score may be different from the exam score, if the exam score does not reflect the student's contribution to in-class discussions.

### **Problem Sets (group assignment)**

There are five problem sets but in order to provide you with some timing flexibility, you only need to hand in four (you can choose which four you want to hand in). You can, of course, hand in all five. In this latter case, your grade will be determined by the highest four grades. This is a group assignment.

All assignments should be typed and handed in at the beginning of the class on the due date.

### **Final Exam**

You will have a comprehensive exam at the end of the course. The exam will be an in-class exam and this will be an open-book exam.

You must pass the exam to get an overall pass for the course.

**IMBA PROGRAM  
READINGS AND ASSIGNMENTS**

<b>SESSION 1</b> Nov. 1, 2011 Tuesday	<b>INTRODUCTION</b>
<b>Lecture Topic</b>	<ul style="list-style-type: none"> <li>• Course overview and administration</li> <li>• Institutional background</li> <li>• Basic concepts</li> </ul>
<b>Readings</b>	<ul style="list-style-type: none"> <li>• Chapter 1</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>• Users of accounting data</li> <li>• Standard Setting bodies (IAS, FASB)</li> <li>• Basic accounting Concepts</li> <li>• Basic structure of financial statements</li> <li>• The balance sheet equation</li> </ul>

<b>SESSION 2</b> Nov. 3, 2011 Thursday	<b>Transaction analysis and basic financial statements preparation</b>
<b>Lecture Topic</b>	<ul style="list-style-type: none"> <li>• Transaction analysis and basic financial statements preparation</li> </ul>
<b>Readings</b>	<ul style="list-style-type: none"> <li>• Chapter 2</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>• Transaction analysis</li> <li>• Preparing B/S and I/S.</li> </ul>
<b>Assignment</b>	<ul style="list-style-type: none"> <li>• <b>Assignment 1 – Due Date November 9, 2011</b></li> </ul>

<b>SESSION 3</b> Nov. 8, 2011 Tuesday	<b>Accrual vs. Cash accounting</b>
<b>Lecture Topic</b>	<ul style="list-style-type: none"> <li>• Accrual vs. Cash accounting</li> </ul>
<b>Readings</b>	<ul style="list-style-type: none"> <li>• Chapter 3</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>• Prepayments and accrued liabilities.</li> <li>• Expense matching under uncertainty</li> <li>• Provisions</li> </ul>

<b>SESSION 4</b> Nov. 10, 2011 Thursday	<b>Inventories</b>
<b>Lecture Topic</b>	<ul style="list-style-type: none"> <li>• Inventories</li> </ul>
<b>Readings</b>	<ul style="list-style-type: none"> <li>• Chapter 6</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>• Product vs. period costs</li> <li>• Lower of cost or market</li> <li>• Cost flow assumptions</li> <li>• LIFO – international differences and taxes</li> </ul>
<b>Assignment</b>	<ul style="list-style-type: none"> <li>• <b>Assignment 2 – Due Date November 16, 2011</b></li> </ul>

<b>SESSION 5</b> Nov. 15, 2011 Tuesday	<b>Accounts receivable</b>
<b>Lecture Topic</b>	<ul style="list-style-type: none"> <li>• Accounts receivable</li> </ul>
<b>Readings</b>	<ul style="list-style-type: none"> <li>• Chapter 5</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>• Cash discounts</li> <li>• Customer defaults</li> <li>• Sales Returns</li> </ul>

<b>SESSION 6</b> Nov. 17, 2011 Thursday	<b>Revenue recognition</b>
<b>Lecture Topic</b>	<ul style="list-style-type: none"> <li>• Revenue recognition</li> </ul>
<b>Readings</b>	<ul style="list-style-type: none"> <li>• Lecture notes</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>• Timing of revenue recognition</li> <li>• Conditions for recognizing revenue 1.</li> </ul>
<b>Assignment</b>	<ul style="list-style-type: none"> <li>• <b>Assignment 3 – Due Date November 23, 2011</b></li> </ul>

<b>SESSION 7</b> Nov. 22, 2011 Tuesday	<b>Long-term Assets</b>
<b>Lecture Topic</b>	<ul style="list-style-type: none"> <li>• Long-term Assets</li> </ul>
<b>Readings</b>	<ul style="list-style-type: none"> <li>• Chapter 7</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>• Accounting for fixed assets</li> <li>• Depreciation methods</li> <li>• Capital gains/losses</li> <li>• Changes of estimates</li> <li>• Revaluations (brief description)</li> </ul>

<b>SESSION 8</b> Nov. 24, 2011 Thursday	<b>Long-term Liabilities</b>
<b>Lecture Topic</b>	<ul style="list-style-type: none"> <li>• Long-term Liabilities</li> </ul>
<b>Readings</b>	<ul style="list-style-type: none"> <li>• Chapter 8</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>• Present value calculations</li> <li>• Accounting for bonds</li> <li>• Capital vs. operating leases</li> <li>• Discussion of off-balance sheet financing</li> </ul>
<b>Assignment</b>	<ul style="list-style-type: none"> <li>• <b>Assignment 4 – Due Date November 30, 2011</b></li> </ul>

<b>SESSION 9</b> Nov. 29, 2011 Tuesday	<b>Accounting for ownership</b>
<b>Lecture Topic</b>	<ul style="list-style-type: none"> <li>Accounting for ownership</li> </ul>
<b>Readings</b>	<ul style="list-style-type: none"> <li>Chapters 9&amp;11</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>Distinguish between debt and equity</li> <li>accounting for share repurchases (treasury shares)</li> <li>statement of stockholders' equity</li> </ul>

<b>SESSION 10</b> Dec. 1, 2011 Thursday	<b>Inter-corporate Investments</b>
<b>Lecture Topic</b>	<ul style="list-style-type: none"> <li>Inter-corporate Investments</li> </ul>
<b>Readings</b>	<ul style="list-style-type: none"> <li>Chapter 10 &amp; Chapter 5 pp. 289-295</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>Cost vs. mark-to-market</li> <li>Accounting for dividends</li> <li>Basics of equity method</li> <li>Basics of consolidation</li> </ul>
<b>Assignment</b>	<ul style="list-style-type: none"> <li><b>Assignment 5 – Due Date December 7, 2011</b></li> </ul>

<b>SESSION 11</b> Dec. 6, 2011 Tuesday	<b>Cash flow statement</b>
<b>Lecture Topic</b>	<ul style="list-style-type: none"> <li>Cash flow statement</li> </ul>
<b>Readings</b>	<ul style="list-style-type: none"> <li>Chapter 12</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>Components of cash flow statement</li> <li>Cash flow statement</li> <li>Preparing a basic CF statement</li> <li>Definition and measurement of free cash flows</li> </ul>

<b>SESSION 12</b> Dec. 8, 2011 Thursday	<b>Cash flow statement (Cont.)</b>  <b>Wrap-up Review</b>
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