FINANCIAL REPORTING & ANALYSIS

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IMPORTANT NOTICE ON BACKGROUND

No previous knowledge of financial accounting will be presumed although being familiarized with the basics will help to better learn the key messages.

IE has developed a Financial Accounting Pre-Program, recommended to be followed by all the students with no prior financial background. The pre-program's main goal is to converge student's basic knowledge of Financial Accounting. Detailed information about pre-program is available on CAMPUS.

COURSE OBJECTIVES

The objectives of this course are to provide students with an understanding of:

• the information contained in Financial Statements

• the effects of economic events on Financial Statements

• the use of accounting information for internal as well as for external decision makers

• the measurement theories underlying Financial Statements,

• the ethical dilemmas in financial accounting, and

• financial reports – what they do and do not communicate

STUDENT PERFORMANCE OBJECTIVES

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

• Understand the 'language' of business, its uses and limitations,

• Interpret and understand how economic events affect the Balance Sheet, Income Statement and Statement of Cash Flow.

• To consider the relative importance of net income and cash flows in the context of a value creation orientation

• To analyze ethical dilemmas in financial accounting while developing the necessary analytical skills to recognize them and deal with them.

METHODOLOGY

This course contains 14 sessions, 2 of which will be conducted during the residential period in Madrid. 6 sessions will be conducted by online forum discussion and 6 sessions will have videoconference format.

The course will follow the textbook "FINANCIAL ACCOUNTING" by Libby, Libby and Short (see section BIBLIOGRAPHY).The planning of sessions and the required problems assigned for each session are described below. We will use a mix of exercises, cases, readings and discussions to achieve the learning objectives. Due to time constraints, not all problems listed in the Programme will be discussed in the sessions. The solutions, however, will be available. Problems/cases are assigned for each lecture/discussion session (see Detailed Program below).

Student work groups are expected to prepare (in electronic format) and participate in the solution and discussion of these problems and cases.

Modifications may be made to the program during the course. Any change will be duly announced.

PROGRAM

SESSIONS 1 & 2

Introduction. Financial Statements. Balance Sheet Concepts.

SESSION 3

Income Statement Concepts. Adjustments. Closing the Accounting Cycle. Quality of Earnings.

SESSION 4

Review sessions 1-3 Accounting Decisions I

SESSION 5

Revenues & receivables

SESSION 6

COGS & Inventory

SESSION 7

Long-Lived Assets

SESSION 8

Long-Term Liabilities. Bonds

SESSION 9

Statement of Cash Flows I Reading:

SESSION 10

Statement of Cash Flows II Reading:

SESSION 11

Equity. Investments in other corporations.

SESSION 12

Accounting decisions II - Ciclón de Alicante

SESSION 13

Financial Statement Analysis

SESSION 14

Ethics and Accounting

EVALUATION METHOD

EVALUATION COMPONENTS

The total grade will be based on performance in the following areas:

- Class Participation 35%
- Homework 25%
- Quizzes 40%

EVALUATION CRITERIA

CLASS PARTICIPATION

Attendance and participation is essential and all students are expected to participate. Intelligent and relevant discussions are expected of each student and it is an important part of the general evaluation of the course. Among other skills, class participation is very important to develop the ability to express and defend one's ideas. Unexcused absences will definitely affect your class participation grade.

HOMEWORK

The assignments will be split among the different groups in the different sessions in order to covered all the cases and exercises. The assignments will be due before the start of each session and will have to be submitted through the 'Assignment tool'.

QUIZZES

Quizzes will be conducted along the program, but they will be properly announced. Only chapters of the book and concepts which have already been covered will be subject to quizzes.