

**FIN 526 Finance & Accounting Applications in Logistics & Distribution
(Section 01), Spring, 2003
Time: TBD**

Detailed Outline of Course

Week 1, Class Period 1:

Chapter 1: Accounting and the Business Environment

- The Objectives of Financial Accounting
- Key Concepts and Principles
 - Entity Concept
 - Cost Concept
 - Objectivity Concept
- The Basic and Expanded Accounting Equation
 - Defining Accounts
 - Assets
 - Liabilities
 - Owner's Equity
 - Revenue
 - Expenses
- Transaction Analysis
- Financial Statements
 - Overview of the Statements
 - Relationship Among the Financial Statements

Week 2, Class Period 2:

Chapter 2: Recording Business Transaction

- Classifying Assets and Liabilities
 - Current vs. Noncurrent Assets
 - Current vs. Long-term Liabilities
- Double-entry Accounting
 - Increases/ Decreases in Accounts
 - Debit/ Credit Framework
 - Journalizing and Posting to Accounts
- Trial Balance
 - Identifying Errors and Correcting Errors

Week 2, Class Period 3:

Chapter 3: Measuring Business Income: The Adjusting Process

- Accrual Accounting vs. Cash-Basis Accounting
- Revenue Principle
- Matching Principle
- Time-Period Concept
- Adjusting Entries
 - Deferrals and Accruals
 - * Prepaid Expenses
 - * Depreciation
 - * Accrued Expenses
 - * Accrual Revenues
- Adjusted Trial Balance
- Financial Statement Preparation
 - Income Statement
 - Statement of Owner's Equity
 - Simple Balance Sheet
- Ethical Issues in Accrual Accounting

Week 2, Class Period 3 and 4:

Chapter 4: Completing the Accounting Cycle

- The Accounting Cycle
- Closing Process
- Classified Balance Sheet

Week 2, Class Period 4:

Chapter 10: Plant Assets and Intangible Assets (pp. 386-404)

(Note: Skipping Intangibles section)

- Measuring the Cost of Plant Assets
 - Land
 - Buildings
 - Machinery and Equipment
 - Leasehold Improvements
 - Construction in Progress
 - Capital Leases
 - Capitalizing the Cost of Interest
 - Capital Expenditure
- Measuring Plant Asset Depreciation
 - Straight Line Method
 - Units of Production
 - Declining Balance Method
- Other Issues in Accounting for Plant Assets
- Depreciation and Income Taxes
- Disposing of Plant Assets
 - Selling
 - Trade-ins

Week 3, Class Period 5:

Chapter 17: The Statement of Cash Flows

- Purpose of the Statement of Cash Flows
- Operating, Investing and Financing Activities
- Format of the Statement of Cash Flows
 - Direct vs. Indirect Method
 - Operating Section Differences
- Preparation of the Statement
 - Direct Method
 - Indirect Method

Week 3, Class Period 5:

Chapter 18: Financial Statement Analysis

- Liquidity Ratios
- Solvency Ratios
- Profitability Ratios

Week 3, Class Period 6:

Exam #1: Chapters 1, 2, 3, 4, 5, 17 and 18

Take the exam the first half of class period

Review the exam the second half of class period

Week 4, Class Period 7:

Chapter 19: Introduction to Management Accounting

- Management vs. Financial Accounting
- Cost-benefit Analysis
- Direct vs. Indirect costs
 - Materials
 - Labor
- Variable vs. Fixed Costs

Week 4, Class Period 7:

Chapter 20: Job Costing

- Approaches to Costing
 - Job Costing
 - Process Costing
- How are these methods utilized in service or merchandising business functions today?
- Job Costing System
 - Define a Cost Driver
 - Accounting for Materials
 - Accounting for Labor
 - Accounting for Overhead

Week 5, Class Period 8:

Chapter 21: Process Costing

- Process Costing: Overview
- Building Blocks of Process Costing
 - Conversion Costs
 - Equivalent Units
 - Process Costing: An Illustration
 - Weighted Average Method

Week 5, Class Period 8:

Chapter 25: Introduction to ABC Costing (pp.1020-1030)

- ABC Costing
 - Activity Pools
 - Cost Drivers
- Traditional vs. ABC Costing

Week 5, Class Period 9:

Chapter 23: The Master Budget and Responsibility Accounting

- The Budget as a Management Tool
- Preparing the Master Budget
 - Operating Budget
 - Capital Expenditure Budget
 - Financial Budget
- Responsibility Accounting
 - Types of Responsibility Centers
 - * Cost Center
 - * Revenue Center
 - * Profit Center
 - * Investment Center
- Management by Exception
 - Variance Analysis

Week 5, Class Period 9 and 10:

Chapter 24: Flexible Budgets and Standard Costs

- Static vs. Flexible Budgets
 - Sales Volume Variance
 - Flexible Budget Variance
- Standard Costing
 - Setting Standards
 - Benefits of Standard Costs
- Standard Costing Example
 - Price vs. Efficiency Variances
 - * Direct Material Variances
 - * Direct Labor Variances
 - * Overhead Variances

Week 6, Class Period 11:

Exam #2: Chapters 19, 20, 21, 23, 24, 25

Take the exam the first half of class period

Review the exam the second half of class period

Week 6, Class Period 12:

Introduction to Financial Management

- Overview of Financial Management
- Cost of Capital
 - Cost of Debt
 - Cost of Preferred Stock
 - Cost of Common Equity
 - * Gordon's Growth Model
 - * Capital Asset Pricing Model(CAPM)
- * EVA

Week 7, Class Period 12:

Chapter 15: Time Value of Money (Appendix only-pp 613-618)

- Future Value
- Present Value
- Annuities

Week 7, Class Period 13:

Chapter 26: Capital Budgeting

- Define Capital Budgeting
- Capital Budgeting Models
 - Payback
 - Accounting Rate of Return
 - Net Present Value
 - Internal Rate of Return
 - Mutually Exclusive Investments
 - Capital Rationing(Profitability Index)
- Comparing the Various Models

Week 7, Class Period 13:

Group Project: Capital Budgeting Analysis (Lease vs. Buy Decision)

Week 7, Class Act 14:

Exam #3: Introduction to Financial Management, Chapter 15 and 26

Take the exam the first half of class period

Review the exam the second half of class period