



The Leon Recanati Graduate School of Business Administration

1231.3221.02 – Advanced Topics in Financial Accounting

(Prerequisites: Financial Reporting and Control in Organizations)

Second Semester – 2018/19

Section	Day	Hour	Exam date	Lecturer	Email	Telephone
02	Wednesday	17:15 – 20:00	As posted on the list of exams	Dr. Itay Kama	kamaitay@tau.ac.il	03-640-8599

Tutorial:

Section	Day	Hour	Teaching Assistant	Email	Telephone
20	Wednesday	20:15 – 21:30	Mr. Idan Sharir (CPA)	idan.sharir@gmail.com	054-444-9703

Office Hours: By appointment. Please include "[ACC]" in the subject line of your email to facilitate a faster response. We will do everything in our power to get back to you as soon as possible.

Course Units

2 course unit = 8 ECTS units. The ECTS (European Credit Transfer and Accumulation System) is a framework defined by the European Commission to allow for unified recognition of student academic achievements from different countries.

Course Description

Financial accounting is the fundamental language used to express the economic realities of complex financial topics, such as asset impairments, leases, and deferred taxes. Understanding this language is crucial for converting financial statement data into decision-enhancing information and expressing strategic business plans and investment ideas in a powerful and convincing way. The course is designed to develop sophisticated users of financial accounting information and will benefit any student (from poet to rocket scientist) who desires to increase his or her ability to understand and profitably exploit financial information. This course assumes that you are comfortable with the materials covered in the introductory financial accounting class, and will be taught in English. **The exams are in English but you can provide your answers either in English or in Hebrew.**

Course Objectives

The course objective is to help students develop an in-depth understanding of financial accounting and reporting. We will do so by reading financial reports of companies in various industries. The purpose of this course is to provide students with an advanced understanding of the financial reporting process and expand their ability to extract relevant information from accounting data. We will also discuss why management and other stakeholders care about accounting. In addition, we will spend time talking about management's incentives and how their incentives can influence the decisions and estimates they make when reporting their financial result.

This course will enable you to have a deep understanding of the advantages and the limitations of using the accounting model to track firm performance. The class is user-oriented as opposed to preparer-oriented, and is useful for anyone who will be using financial statement information as an input into economic decision-making.

Evaluation of Student and Composition of Grade

Your overall grade for the course will be determined as follows:

	<u>Weight</u>
In-class Quiz (optional)	19 % (or 0%)
Final Exam	66 % (or 85%)
Class Participation and Professionalism	<u>15</u> %
Total	100 %

Course Assignments

In-class Quiz - optional (19% or 0%)

The in-class quiz reflects 19% of your overall grade or 0% if the grade is lower than the grade of the final exam. That is, if you decide to take the quiz, it will reflect 19% of your overall grade, as long as the grade of the quiz is higher than the grade of the final exam. Therefore, the quiz portion of the overall grade is either 19% or 0% .

Final Exam (66% or 85%)

The final exam is cumulative in nature and accounts for 66% (or 85%) of your overall grade. If the grade of the final exam is higher than the grade of the quiz, or if you did not take the quiz, the final exam will account for 85% of your overall grade.

Class Participation and Professionalism (15%)

Student participation is an important element of this course! Participation grades will be based on my assessment of your level of effort in providing high quality (not quantity) thoughts, comments, and questions. However, you should not feel a need to be deep and insightful every time you say something in class. In this course I expect students to act in a professional manner. Therefore, any repeated conduct that distracts me and/or your classmates (e.g., excessive talking with neighbors, cell phones ringing) will automatically reduce your class participation and professionalism grade to a zero for the course.

Grading Policy

In the 2008/9 academic year the Faculty instituted a grading policy for all graduate level courses that aims to maintain a certain level of the final course grade. Accordingly, the final average grade for this course (which is an elective course) will be in the range 83%-87%. Additional information regarding this policy can be found on the Faculty website.

Evaluation of the Course by Student

Following completion of the course students will participate in a teaching survey to evaluate the instructor and the course, to provide feedback for the benefit of the students, the teachers and the university.

Course Site (Moodle)

The course site will be the primary tool to communicate messages and material to students. All relevant materials (e.g., lecture notes, assignments) will be posted on Moodle. In addition, Moodle will be our focal point of contact between class sessions, where all the important announcements will be posted. You should check the course site regularly for information on classes, assignments and exams, at the end of the course as well. Please note that topics that are not covered in the course material but are discussed in class are considered integral to the course and may be tested in examinations.

Course Outline*

The course integrates accounting with insights from financial economics. Every week we will read financial reports of companies in various industries (e.g., Apple, Twitter, GM, Priceline, Groupon, UPS, The Home Depot, Nokia, Partner, Bank Hapoalim, Teva) to understand the following topics:

1. Cash flow statements
2. Revenue and expense recognition
3. Deferred Income Taxes
4. Investments
5. Intangibles
6. Mergers and acquisitions (M&A)
7. Long-term Debt
8. Leases
9. Pension and Other Post-Employment Benefits (OPEBs)
10. Stock-based compensation
11. Earnings per share (EPS) and Shareholders' Equity
12. Earnings quality
13. Financial ratios

*Subject to change

Reading

- Lecture slides will be posted on the course website prior to each lecture. There is no printed course pack for this course. All relevant material will be posted on Moodle.
- The following textbook is recommended, but not required, for this course: *Financial Reporting and Analysis* (5th edition or newer) by Revsine, Collins, Johnson, Mittelstaedt, and Soffer.