

# Capital University of Economics and Business

## Overseas Chinese College

### Course Syllabus

<b><u>Year and Semester</u></b>	2019 Fall (September 2, 2019 - January 10, 2020)
<b><u>Course Name</u></b>	Financial Reporting and Analysis II
<b><u>Course Code</u></b>	CFA201
<b><u>Course Type</u></b>	<input type="checkbox"/> General Education (Required) <input type="checkbox"/> General Education (Elective) <input type="checkbox"/> Professional Course (Required) <input checked="" type="checkbox"/> Professional Course (Elective) <input type="checkbox"/> Basic Disciplinary Course
<b><u>Course Credits</u></b>	3
<b><u>Course Hours</u></b>	51
<b><u>Prerequisites</u></b>	CFA103
<b><u>Instructor</u></b>	Yuanyuan Lyu
<b><u>Contact Information</u></b>	Office: C203 Tele: (010)83951085 Email: lvyuanyuan@cueb.edu.cn
<b><u>Office Hour</u></b>	M Mon.&Thu. 13:00-15:00; Tue. 10:00-12:00
<b><u>Learning Centre</u></b>	Wed.15:00-17:00, Wed.18:00-20:00
<b><u>Grade/Section</u></b>	2018CFA/Y01
<b><u>Course Time/Place</u></b>	Tue. 8:00-9:50 & Thu. 11:10-12:00 / A106
<b><u>Textbook</u></b>	Schweser Notes for the CFA Exam – Financial Reporting and Analysis, Level 1 Book 3, 2019

#### **Reference Book**

1. Jamie Pratt. *Financial Accounting in an Economic Context, 9th Edition*. Wiley Press, ISBN 978-1-118-58255-8.
2. Robert N. Anthony. *Accounting, 13th Edition*. McGraw-Hill Education – Europe, ISBN 978-0-071-28909-2.
3. John J.Wild, Ken W.Shaw, Barbara Chiappetta. *Fundamental Accounting Principles, 21st Edition*. China Renming University Press, Beijing, ISBN 978-7-300-18314-5.

#### **Course Description**

This study session describe the general principles of financial reporting, underscoring the critical role of the analysis of financial reports in investment decision making.

It introduces the range of information that is available to analyze the financial performance of a company, including the principal financial statements (the income statement, balance sheet, cash flow statement, and statement of changes in owners' equity), notes to those statements, and management discussion and analysis of results. A general framework for addressing most financial statement analysis tasks is also presented.

A company's financial statements are the end-products of a process for recording the business transactions of the company. This session illustrates this process, introducing such basic concepts as the accounting equation and accounting accruals.

The presentation of financial information to the public by a company must conform to applicable financial reporting standards based on factors such as the jurisdiction in which the information is released. This study session explores the roles of financial reporting standard-setting bodies and regulatory authorities. The International Accounting Standards Board's conceptual framework and the movement towards global convergence of financial reporting standards are also described.

### **Student Learning Objectives**

After completing this course, students will be able to demonstrate a good grasp understanding of the following areas of accounting:

- Inventories
- Long-lived assets
- Income taxes
- Non-current (long-term) liabilities
- Financial reporting quality
- Financial statement analysis: applications

### **Website Source**

1. <https://www.cfainstitute.org>
2. <https://www.principlesofaccounting.com>

### **Teaching Methods**

This course contains lectures, class discussions, homework, quizzes, presentation and exams. Textbook content will be introduced first. Then real case and practice questions will be delivered to students as a way to test their understanding of the knowledge. This will require individual or group assignment in or after class.

### **Grade Criterion**

<b>Component</b>	<b>Weight</b>	<b>Description</b>
Final Exam	20%	A cumulative final examination will be given based on all of the contents of the class. The exam paper may be composed of multiple-choice questions, short answer questions, essay questions, problems, and preparation of financial statements. Students should rely primarily on homework assignments to give them a sense of what they may see for material on exams.
Mid-Term Test	20%	A cumulative midterm test will be given based on all of the contents that have been taught in class. The test paper may be mainly composed of multiple-choice questions and it should be completed within 15 minutes in class.
Homework	15%	Most of the assigned homework is taken from the Exercises in the textbook. Assignments will be collected at the clearly stated date. Late assignments will not be accepted. The graded assignments will be kept by the tutor for reference and won't be returned to students.
Quizzes	15%	There will be at least 2 quizzes during the semester. Quizzes may or may not be announced in advance. It may also be used as a way to check the

		attendance. Quizzes will test your knowledge of both concepts and the application of those concepts.
Presentation	10%	The students will be divided into several groups to prepare a presentation. Each student is required to be involved in the presentation. The topics can be selected from the textbook or lectures. Each group need to finish a PPT related to the topic which is given and hand in the related resources to the teacher before the presentation.
Participation	10%	Individuals will be asked to participate individually in a question and answer at least 5 times during the semester. The performances should be counted in their participation.
Attendance	10%	Refer to attendance policy listed below
<b>Total</b>	<b>100%</b>	

### **Detailed Grade Computation**

	<b>Before Midterm</b>	<b>After Midterm</b>
Attendance	5%	5%
Participation	5%	5%
Homework	5%	10%
Quizzes	5%	10%
Presentation		10%
Midterm test	20%	
Final exam		20%
Total	40%	60%

### **Grading Policy**

A+ 97-100	A 93-96	A- 90-92	B+ 87-89	B 83-86	B- 80-82
C+ 75-79	C 70-74	C- 67-69	D+ 63-66	D 62-60	F 0- 59

### **Exam Schedule**

Midterm Test: November 5-9, 2018;

Final Exam: January 7-11, 2019

### **Assessment of Student Performance**

#### *☛ Self-Study and Reading ability Practice*

Instructor will give out the chapters or the reference books to read and use class hours to have discussion; students should be able to show a proactive attitude and ability for self-study and reading. Knowledge and oral English will be elements of homework or presentation score.

#### *☛ Homework*

Students should finish their homework by themselves. Copying from others will be treated as cheating and the homework scores will be lowered. Students should hand in all assignments on time. Late assignments will be accepted at the discretion of the instructor (i.e., when the student was ill or had an excused absence). Late assignments without reasonable proof will be reduced in score by 50%.

#### *☛ Attendance*

Because the course covers a great deal of material, attending every class session is very important for performing well.

- ♦ Being late for 15 minutes or more is considered an absence.
- ♦ Five hours or above of unexcused absences will result in the lower level of the final grade by one grade band (e.g. from C – to D +). Any excused absence must be discussed directly with the teacher.
- ♦ Absence which is more than 1/3 of the total teaching hours will cause an F (a failing grade) directly.  
but students are welcome to continue attending classes.
- ♦ An incomplete grade (I) will be considered in case of medical or family emergencies.

#### *☞ Participation*

- ♦ Students should participate in classes actively. Half of participation grade is determined by their presentation in class. They are encouraged to ask questions relevant to the subject and express their own opinions. Every student should respect the ideas, opinions, and questions of their classmates.
- ♦ Students should also use office hours to ask questions or talk with the instructor for good communication and effective learning.
- ♦ Frequent visiting the instructor and chatting in English during office hours is highly recommended.
- ♦ Any misbehavior and non-class related activities in class will result in the lower level of the participation grade, including ringing cell phones.
- ♦ All above behaviors will be solely evaluated by the instructor for scoring.

#### *☞ Textbook*

Students must bring the textbook to class.

### **Topical Course Outline**

<b>Week</b>	<b>Date</b>	<b>Topics</b>	<b>Homework</b>
1	Sep.3	<ul style="list-style-type: none"> <li>● <b>Inventories</b> <ul style="list-style-type: none"> <li>• costs included in inventories and costs recognised as expenses in the period in which they are incurred;</li> <li>• different inventory valuation methods (cost formulas);</li> <li>• cost of sales, gross profit, and ending inventory using different inventory valuation methods and using perpetual and periodic inventory systems;</li> </ul> </li> </ul>	
	Sep.5	<ul style="list-style-type: none"> <li>● <b>Inventories</b> <ul style="list-style-type: none"> <li>• how inflation and deflation of inventory costs affect the financial statements and ratios of companies that use different inventory valuation methods;</li> <li>• LIFO reserve and LIFO liquidation and their effects on financial statements and ratios;</li> <li>• convert a company's reported financial statements from LIFO to FIFO for purposes of comparison;</li> </ul> </li> </ul>	

2	Sep.10	<ul style="list-style-type: none"> <li>● <b>Inventories</b> <ul style="list-style-type: none"> <li>• the measurement of inventory at the lower of cost and net realisable value;</li> <li>• implications of valuing inventory at net realisable value for financial statements and ratios;</li> <li>• the financial statement presentation of and disclosures relating to inventories;</li> </ul> </li> </ul>	
	Sep.12	<ul style="list-style-type: none"> <li>● <b>Inventories</b> <ul style="list-style-type: none"> <li>• explain issues that analysts should consider when examining a company's inventory disclosures and other sources of information;</li> <li>• calculate and compare ratios of companies, including companies that use different inventory methods;</li> <li>• analyze and compare the financial statements of companies, including companies that use different inventory methods</li> </ul> </li> </ul>	
3	Sep.17	<ul style="list-style-type: none"> <li>● <b>Long-Lived Assets</b> <ul style="list-style-type: none"> <li>• distinguish between costs that are capitalised and costs that are expensed in the period in which they are incurred;</li> <li>• compare the financial reporting of the following types of intangible assets: purchased, internally developed, acquired in a business combination;</li> <li>• explain and evaluate how capitalising versus expensing costs in the period in which they are incurred affects financial statements and ratios;</li> <li>• describe the different depreciation methods for property, plant, and equipment and calculate depreciation expense</li> </ul> </li> </ul>	
	Sep.19	<ul style="list-style-type: none"> <li>● <b>Long-Lived Assets</b> <ul style="list-style-type: none"> <li>• describe how the choice of depreciation method and assumptions concerning useful life and residual value affect depreciation expense, financial statements, and ratios;</li> <li>• describe the different amortisation methods for intangible assets with finite lives and calculate amortisation expense;</li> <li>• describe how the choice of amortisation method and assumptions concerning useful life and residual value affect amortization expense, financial statements, and ratios;</li> </ul> </li> </ul>	

		<ul style="list-style-type: none"> <li>describe the revaluation model</li> </ul>	
4	Sep.24	<ul style="list-style-type: none"> <li><b>● Long-Lived Assets</b></li> <li>explain the impairment of property, plant, and equipment and intangible assets;</li> <li>explain the derecognition of property, plant, and equipment and intangible assets;</li> <li>explain and evaluate how impairment, revaluation, and derecognition of property, plant, and equipment and intangible assets affect financial statements and ratios;</li> <li>describe the financial statement presentation of and disclosures relating to property, plant, and equipment and intangible assets</li> </ul>	
	Sep.26	<ul style="list-style-type: none"> <li><b>● Long-Lived Assets</b></li> <li>analyze and interpret financial statement disclosures regarding property, plant, and equipment and intangible assets;</li> <li>compare the financial reporting of investment property with that of property, plant, and equipment;</li> <li>explain and evaluate how leasing rather than purchasing assets affects financial statements and ratios;</li> <li>explain and evaluate how finance leases and operating leases affect financial statements and ratios from the perspective of both the lessor and the lessee</li> </ul>	
5	Oct. 1	— (National Day Holiday)	
	Oct. 3	— (National Day Holiday)	
6	Oct. 8	<b>● Review and recap in Chinese</b>	
	Oct. 10	<b>● Quiz 1</b>	
7	Oct. 15	<ul style="list-style-type: none"> <li><b>● Income taxes</b></li> <li>describe the differences between accounting profit and taxable income and define key terms, including deferred tax assets, deferred tax liabilities, valuation allowance, taxes payable, and income tax expense;</li> <li>explain how deferred tax liabilities and assets are created and the factors that determine how a company's deferred tax liabilities and assets should be treated for the purposes of financial analysis;</li> <li>calculate the tax base of a company's assets and liabilities</li> </ul>	
	Oct. 17	<b>● Income taxes</b>	

		<ul style="list-style-type: none"> <li>• calculate income tax expense, income taxes payable, deferred tax assets, and deferred tax liabilities, and calculate and interpret the adjustment to the financial statements related to a change in the income tax rate;</li> <li>• evaluate the effect of tax rate changes on a company's financial statements and ratios</li> </ul>	
8	Oct. 22	<ul style="list-style-type: none"> <li>● <b>Income taxes</b></li> <li>• distinguish between temporary and permanent differences in pre-tax accounting income and taxable income;</li> <li>• describe the valuation allowance for deferred tax assets—when it is required and what effect it has on financial statements;</li> <li>• explain recognition and measurement of current and deferred tax items</li> </ul>	
	Oct. 24	<ul style="list-style-type: none"> <li>● <b>Income taxes</b></li> <li>• analyze disclosures relating to deferred tax items and the effective tax rate reconciliation and explain how information included in these disclosures affects a company's financial statements and financial ratios;</li> <li>• identify the key provisions of and differences between income tax accounting under International Financial Reporting Standards (IFRS) and US generally accepted accounting principles (GAAP)</li> </ul>	
9	Oct. 29	<ul style="list-style-type: none"> <li>● <b>Mid-term test</b></li> </ul>	
	Nov.31	<ul style="list-style-type: none"> <li>● <b>Non-current (long lived) liabilities</b></li> <li>• determine the initial recognition, initial measurement and subsequent measurement of bonds;</li> <li>• describe the effective interest method and calculate interest expense, amortisation of bond discounts/premiums, and interest payments;</li> <li>• explain the derecognition of debt</li> </ul>	
10	Nov. 5	<ul style="list-style-type: none"> <li>● <b>Non-current (long lived) liabilities</b></li> <li>• describe the role of debt covenants in protecting creditors;</li> <li>• describe the financial statement presentation of and disclosures relating to debt;</li> <li>• explain motivations for leasing assets instead of purchasing them;</li> </ul>	
	Nov. 7	<ul style="list-style-type: none"> <li>● <b>Non-current (long lived) liabilities</b></li> </ul>	

		<ul style="list-style-type: none"> <li>• distinguish between a finance lease and an operating lease from the perspectives of the lessor and the lessee;</li> <li>• determine the initial recognition, initial measurement, and subsequent measurement of finance leases;</li> <li>• compare the disclosures relating to finance and operating leases</li> </ul>	
11	Nov. 12	<ul style="list-style-type: none"> <li>● <b>Non-current (long lived) liabilities</b></li> <li>• compare the presentation and disclosure of defined contribution and defined benefit pension plans;</li> <li>• calculate and interpret leverage and coverage ratios</li> </ul>	
	Nov. 14	<ul style="list-style-type: none"> <li>● <b>Review and recap in Chinese</b></li> </ul>	
12	Nov. 19	<ul style="list-style-type: none"> <li>● <b>Quiz 2</b></li> </ul>	
	Nov. 21	<ul style="list-style-type: none"> <li>● <b>Financial reporting quality</b></li> <li>• distinguish between financial reporting quality and quality of reported results (including quality of earnings, cash flow, and balance sheet items);</li> <li>• describe a spectrum for assessing financial reporting quality;</li> <li>• distinguish between conservative and aggressive accounting</li> </ul>	
13	Nov. 26	<ul style="list-style-type: none"> <li>● Financial reporting quality</li> <li>• describe motivations that might cause management to issue financial reports that are not high quality;</li> <li>• describe conditions that are conducive to issuing low-quality, or even fraudulent, financial reports</li> </ul>	
	Nov. 28	<ul style="list-style-type: none"> <li>● <b>Financial reporting quality</b></li> <li>• describe mechanisms that discipline financial reporting quality and the potential limitations of those mechanisms;</li> <li>• describe presentation choices, including non-GAAP measures, that could be used to influence an analyst's opinion</li> </ul>	
14	Dec. 3	<ul style="list-style-type: none"> <li>● <b>Financial reporting quality</b></li> <li>• describe accounting methods (choices and estimates) that could be used to manage earnings, cash flow, and balance sheet items;</li> <li>• describe accounting warning signs and methods for detecting manipulation of information in financial reports</li> </ul>	



	Dec. 5	<ul style="list-style-type: none"> <li>● <b>Financial Statement Analysis: Applications</b> <ul style="list-style-type: none"> <li>• evaluate a company's past financial performance and explain how a company's strategy is reflected in past financial performance;</li> <li>• forecast a company's future net income and cash flow</li> </ul> </li> </ul>	
15	Dec. 10	<ul style="list-style-type: none"> <li>● <b>Financial Statement Analysis: Applications</b> <ul style="list-style-type: none"> <li>• describe the role of financial statement analysis in assessing the credit quality of a potential debt investment;</li> <li>• describe the use of financial statement analysis in screening for potential equity investments</li> </ul> </li> </ul>	
	Dec. 12	<ul style="list-style-type: none"> <li>● <b>Financial Statement Analysis: Applications</b> <ul style="list-style-type: none"> <li>• explain appropriate analyst adjustments to a company's financial statements to facilitate comparison with another company</li> </ul> </li> </ul>	
16	Dec. 17	● Review and recap in Chinese	
	Dec. 19	● Quiz 3	
17	Dec. 24	● Presentation	
	Dec. 26	● Presentation	

*Note: Some chapters or sections may leave for self-study; this is the students' duty to learn and understand, they may also be included in the quizzes or exams.*

*A review in Chinese may be held during L.C. and O.H. in the semester.*

### Teacher's Office Hour

- ♦ The instructor's office hour is shown in the front of the office door.
- ♦ Students are suggested to use the instructor's office hour and learning center to ask questions or talk with the instructor once at least per week for good communication and effective learning, which is recorded in the students' participation.
- ♦ The time can be scheduled by instructors or students, or both.

### Cheating and Plagiarism

Cheating is not tolerated. Any student caught cheating on a quiz; test or exam will be given a mark of zero (0) for the particular work. At the beginning of the semester the definition of plagiarism will be carefully explained, when any thoughts or writings of another person are used, they must be clearly identified (usually one uses quotation marks) and the source notes. **If any student is caught cheating on any homework assignment, the highest score the student can earn in that course is a "C".**

### Important Dates

Fall Semester, 2019

August 30, 2019— January 12, 2020

Aug.30	Registration
Sep.2	Classes Begin
Sep.6	Last Day to Drop or Add a Course
Sep.7-20	Freshmen's Military Training
Sep.13	Mid-Autumn Festival
Sep.23	Classes Begin (Freshmen)
Oct.1	National Day
Oct.28- Nov.1	Midterm Test (tentative)
Jan.1, 2020	New Year's Day Holiday
Jan.1-10	Final Exam Period
Jan.13	Winter Vacation Begins

*Note: This syllabus is tentative and may be changed or modified throughout the semester. All students will be notified and a new syllabus will be given.*

**Instructor:** \_\_\_\_\_

**Department Head:** \_\_\_\_\_

