

**ACC 7010 (A01/A02/A03/G01/G02/G03) (3.0 CH)
ACCOUNTING FUNDAMENTALS
WINTER 2023**

INSTRUCTOR

| | | | |
|--------|-----------------------------|------------------|---|
| Name: | Muhammad Kabir | Office Location: | 604 Drake |
| Phone: | 204-474-9636 | Office Hours: | Wednesdays, 11:30-1:30 PM or by appointment |
| Email: | muhammad.kabir@umanitoba.ca | Class Room: | TBA |
| | | Class Time: | A01/G01 – Tuesdays, 6:15 – 9:30 PM A02/G02 – Thursdays, 2:30 – 5:45 PM A03/G03 – Wednesdays, 2:30 – 5:45 PM |

COURSE DESCRIPTION

This course studies the principles underlying accounting, with an emphasis on the interpretation of accounting information and its usefulness to stakeholders.

In particular, this course focuses on how financial accounting information is used by external stakeholders in making investment and credit decisions.

COURSE OBJECTIVES

On course completion, you should be able to:

- Interpret basic accounting and business concepts and terminology;
- Analyze financial statement information with a view to supporting investment and credit decision-making;
- Show how financial accounting concepts are applied in the preparation of financial statements;
- Identify alternative accounting treatments and demonstrate their effects on financial statements;
- Use financial statement analysis tools to detect signs of misstatement and/or fraud; and
- Prepare basic financial statements.

COURSE MATERIALS

Robinson, Henry, and Broihahn, *International Financial Statement Analysis with WileyPLUS* (4th edition), 2020, Hoboken NJ: Wiley.

The WileyPLUS add-on contains electronic access to Kimmel, Weygandt, Kieso, Trenholm, Irvine and Burnley, *Financial Accounting* (8th Canadian edition), which we will also use in this course.

Please buy this book, either in printed or electronic version, **ONLY** from the UM Bookstore as it will sell a custom version of the book that comes with a registration code for WileyPLUS, an online study and assignment software package. You will need WileyPLUS for course assignments. **DO NOT THROW AWAY ANY INSERTS THAT COME WITH THE BOOK**, as one of them might be your access code.

COURSE ASSESSMENT

Student progress will be assessed through:

| | |
|--|-------------|
| Classwork..... | 5% |
| WileyPLUS assignments..... | 10% |
| Financial Statements Preparation (Individual)..... | 10% |
| Term project – Part 1 (due Saturday, March 25, by 7:00 PM)..... | 7% |
| Term project – Part 2 (due Tuesday, April 11, by 7:00 PM) | 8% |
| Midterm examination (Saturday, March 4, 2023; 4.00-6.30 pm) | 25% |
| Final examination (date, time, and location to be announced) | 35% |
| Total..... | <u>100%</u> |

Classwork

Classwork is designed to help you learn the course materials using the principle of active recall. I will assign one or more problems from the topics covered in a class. You may work alone or collaboratively. Details will be discussed in the introductory class and will be posted on the course website.

WileyPLUS Assignments

WileyPLUS is internet-based educational software which I have used to create assignments for ACC 7010. Six assignments will be available. Each assignment is worth two points, and a maximum of ten points are available. A student can miss one assignment without penalty.

You must achieve a grade of at least 70% by the due date to get full credit (three points) for a particular assignment. A grade greater than zero, but less than 70%, is worth one point. You can do the assignments at any time and can redo them to improve your grade up until the deadline. I encourage you to do the assignments early and as many times as you find necessary. Keep in mind that *WileyPLUS* is an internet-based program. Problems with UM Learn, your internet server or your computer are all possible and will not be considered valid reasons for missing a deadline. Deadlines for these assignments will be posted on the course website. Late assignments will not be accepted.

Accessing WileyPLUS

When you first try to access any WileyPLUS material, WileyPLUS will prompt you to either enter a code from the UM bookstore, purchase WileyPLUS standalone access, or use the fourteen-day Grace Period. The Grace Period gives you full access to WileyPLUS and all associated resources, including the Kimmel textbook, content and assignments for fourteen days while you are deciding upon what format you wish to use.

Financial Statement Preparation

This assignment will help you apply the skills to prepare major financial statements from the scratch. You will apply all major steps in an accounting cycle and prepare an income statement, a statement of financial position, and a statement of cash flow. Details including the deadline will be posted on the course website. This is an individual exercise.

Term Project

Students will analyze the 2021 annual financial statements of High Liner Foods Incorporated (HLF) with a view to making a recommendation regarding its potential interest to investors (i.e., would you recommend investing in HLF's shares to a client?). Specifically, the analysis must evaluate the profitability, asset management, solvency and liquidity of HLF, compared to that of Maple Leaf Foods Incorporated (MFI), another company in the consumer packaged foods industry. In addition, you will prepare a proforma income statement and construct a simple valuation metric for investment recommendation. A good analysis will use the ratios discussed in Class 4 (Chapter 6 of the Robinson textbook) and the simple valuation technique as a starting point, but will also include other factors, both quantitative and qualitative, available in the HLF annual report and elsewhere (e.g., financial investment services, the financial press, the internet).

The term project consists of two parts. Detailed frequently asked questions (FAQ) documents for each of these parts will be available on the course website.

Part 1

Students will compute the following items for both High Liner and Maple Leaf: financial ratios, proforma income statements, and forward-looking price-earnings estimates. The ratio results must include explicit calculations for 2021, but they may include calculations for as many years as they deem appropriate, using any charts or graphs necessary to support the discussion of these results. Students will interpret the results of each of the calculated ratios. Specifically, for each ratio the team must (1) evaluate how High Liner performs on each ratio relative to Maple Leaf, particularly in 2021; and (2) evaluate how High Liner has performed on that ratio over the past few years. The interpretation should not exceed one page. There is no limit on the number of pages of ratios, proforma statements, and charts/graphs that a group may include, but five to ten should be sufficient.

Top marks will be awarded for correct calculations and logical interpretation of the results, and professional-quality presentation of calculations and charts or graphs. The maximum score available for any part of the term project is 100%.

Part 1 is due by **7:00 PM, Saturday, March 25**. Projects must be converted to pdf format and submitted via the Dropbox feature on the course UM Learn website. Late projects will be penalized 20% of the total possible grade for each business day, or part thereof, late.

Part 2

Part 2 will consist of a written report containing **no more than three (3) 8.5-inch-by-11-inch pages of text (double-spaced, one-inch margins, and printed in 12-point Times New Roman font), not including appendices**. The text must explain the analysis performed in the Part 1 model, the results of that analysis and the conclusions that it supports. It will also include any other information or analyses, available in the High Liner annual report or elsewhere, that students believe might have an impact on the investment decision. Copies of all materials used in the project (e.g., press releases, investment analyst reports, etc.), other than the High Liner and Maple Leaf annual reports, annual financial statements and the Part 1 and Part 2 models, must be clearly presented in an appendix. There is no limit on the length of the appendix (appendices).

Top marks will be awarded for professional-quality projects that are well organized and integrate the results with other available information, with clear introduction and conclusion/recommendation.

Copies of the most recent High Liner and Maple Leaf financial statements are available on the course website. Copies of financial statements and complete annual reports from other years are available at www.sedar.com.

Part 3 is due by **7:00 PM, Tuesday, April 11**. Projects must be converted to pdf format and submitted via the Dropbox feature on the course UM Learn website. Late projects will be penalized 20% of the total possible grade for each business day, or part thereof, late.

Students will do the project in groups of three or four. Students can form their own groups.

Examinations

The midterm examination will test all materials covered in Classes one through four (see Course Schedule on the next page) and is scheduled for Saturday, March 4, 4.00 pm to 6.30 pm. The final examination will be cumulative. The date and time of the final examination will be determined by the MBA Office later in the term.

Final grades will be assigned as follows (this scheme is tentative – the instructor reserves the right to adjust the grading scale, if necessary):

| Cumulative Marks | Grade | GPA | Performance |
|------------------|-------|-----|----------------|
| 90-100 | A+ | 4.5 | Excellent |
| 80-89 | A | 4.0 | Very Good |
| 75-79 | B+ | 3.5 | Good |
| 70-74 | B | 3.0 | Satisfactory |
| 65-69 | C+ | 2.5 | Marginal |
| 60-64 | C | 2.0 | Unsatisfactory |
| 50-59 | D | 1.0 | Unsatisfactory |

| | | | |
|----------|---|-----|----------------|
| Below 50 | F | 0.0 | Unsatisfactory |
|----------|---|-----|----------------|

NOTE: Class attendance is required. Missing more than 20% of this course due to absence from lectures may result in a failing grade. It is your responsibility to inform your professor, in advance if possible, of your absence and the reason for it:

- 1) if **medical**, self-declaration form must be submitted for an illness lasting 5 consecutive days or less <https://umanitoba.ca/governance/governing-documents-students#self-declaration-for-brief-or-temporary-student-absences>, no later than 48 hours after the end of the brief absence; a medical note from your physician must be submitted for an illness lasting more than 5 days;
- 2) if a **work commitment**, a signed letter on letterhead from your supervisor is required in advance, noting clearly the date(s) you must be away for your work commitment(s);
- 3) if for **student competitions**, an email from your Asper team coach must be received in advance indicating the dates you are away at competition.

The professor will then decide how to deal with the impact of the missed classes on your final grade.

COURSE SCHEDULE

| Class | Date | Topic(s) | Readings: Chapter(s) from Robinson (R) and Kimmel (K, in WileyPLUS)# | Suggested exercises | | |
|--|-------------------|---|--|---|---|--|
| | | | | Robinson | Supplementary problems (UM Learn) | Kimmel (in WileyPLUS)* |
| 1 | Jan 24/25/26 | Introduction, Basic Accounting Concepts, Recording Transactions | R: 1,2 K: 1,2,3 | Ch. 1: All Ch. 2: All | | E2.1 – E2.5, E2.9, P2.9A, P3.5A, P3.7A, P3.10A, P3.11A |
| 2 | Jan 31 Feb 1/2 | Accounting Cycle, Balance Sheet | R: 4 K: 2, 4 | Ch. 4 | | E4.1, E4.2, P4.2A, P4.3A, P4.7A, P4.10A, P4.11A |
| 3 | Feb 7/8/9 | Income Statement, Statement of Cash Flows | R: 3 (section 6),5 K: 2, 13 | Ch. 3: Omit 8-13 Ch. 5: Omit 22 | Yes (earnings per share, cash flows) | E13.1, E13.2, E13.3, E13.5, E13.6, E13.8, E13.12, E13.13, P13.1A, P13.10A |
| 4 | Feb 14/15/16 | Financial Analysis Techniques | R: 6 K: 14 | Ch. 6: All | | E14.3 – E14.5, E14.11 – E14.14, CT14.1 – CT14.3 |
| | Feb 21/22/23 | | Winter Break – No Classes | | | |
| 5 | Feb 28 Mar 1/2 | Inventories, Long- Lived Assets | R: 7 (omit section 4), 8 K: 6, 9 | Ch.7: Omit LIFO questions Ch. 8: All | Yes (long-lived asset impairment) | E6.1, E6.3, E6.4, E6.7, E6.8, E6.11, E6.13, E9.1, E9.3, E9.7, E9.10 – E9.14 |
| | | | Midterm exam (Date, Time, and Location TBA) | | | |
| 6 | Mar 7/8/9 | Income Taxes | R: 9 | Omit 12- 15, 20-22 | Yes | |
| 7 | Mar 14/15/16 | Non-Current Liabilities | R: 10 K: 10, Study objectives 10.2 and 10.4 | All | Yes (leases) | E10.4, E10.6, E10.7, E10.11 – E10.13, P10.4A, P10.9A |
| 8 | Mar 21/22/23 | Intercompany Investments | R: 13 (omit 5.5) K: 12 (omit appendix 12A) | Omit 16 - 22 | Yes | E12.1 – E12.9, P12.4A, P12.5A, P12.6A |
| 9 | Mar 28/29/30 | Post-Employment and Share-based compensation | R: 14 | All | Yes | |
| 10 | Apr 4/5/6 | Financial Reporting Quality/ Auditing | R: 11, 17 | Ch. 11: Omit 21 Ch. 17: All | | |
| Classes on April 11, 12 and 13 are unallocated. | | | | | | |

Chapters in **bold face** are strongly recommended; others are suggested supplementary reading

*BE = Brief Exercises; E = Exercises; P = Problems; CT = Critical Thinking

ACADEMIC REGULATIONS AND STUDENT SERVICES

HUMAN ETHICS APPROVAL FOR DATA COLLECTION

As part of coursework, if you will be collecting data from people who are not students in this class, you must obtain Human Ethics approval from the UofM's Research Ethics Board (REB) prior to data collection. This applies to data collection such as surveys, interviews, focus groups, experiments, video recording, etc., where a respondent is solicited for participation.

If the entire class will be working on the same project, your instructor will apply for human ethics approval from the REB. If individuals or small groups of students will be working on different projects, it is the responsibility of the students to obtain approval (only one group member needs to apply). Your instructor will tell you whether s/he will be or you need to. When in doubt, please talk to your instructor.

Instructions and forms to apply for human ethics approval can be found at:

<http://umanitoba.ca/research/orec/ethics/guidelines.html>

In most cases, you will be using the "Protocol Submission Form" which is under the "REB Forms - Fort Garry Campus" heading.

It can take up to six weeks to process human ethics applications and obtain approval. Therefore, plan early. Note that approval must be obtained prior to data collection and cannot be obtained during the data collection phase or retroactively. Violation can get you, your instructor, and the Asper School in serious trouble with the REB.

If you will be collecting data only from other students in the class, you do not need REB approval. If you have any questions, please contact humanethics@umanitoba.ca or your instructor.

UNCLAIMED ASSIGNMENT POLICY

Pursuant to the FIPPA Review Committee's approved recommendations of August 15, 2007, all unclaimed student assignments will become the property of the faculty and will be subject to destruction six months after the completion of any given academic term.

STUDENT SERVICES AND SUPPORTS

The University of Manitoba provides many different services that can enhance learning and provide support for a variety of academic and personal concerns. You are encouraged to visit the below websites to learn more about these services and supports. If you have any questions or concerns, please do not hesitate to contact your instructor or the Graduate Program Office.

| For Information on... | ...follow this link |
|---|--|
| Course Outlines, Year-at-a-Glance, Concentrations, Textbooks, VW Dates and Final Exams | MBA Course Information |
| Exam Rescheduling Policy - <i>Please refer to Missing a Test/Exam on page 18 of the MBA Student Handbook</i> | MBA Student Handbook |
| Help with research needs such as books, journals, sources of data, how to cite, and writing | Library Resources |
| Tutors, workshops, and resources to help you improve your learning, writing, time management, and test-taking skills | Writing and Learning Support |
| Support and advocacy for students with disabilities to help them in their academic work and progress | Student Accessibility Services |
| Copyright-related questions and resources to help you avoid plagiarism or intellectual property violations | Copyright Office |
| Student discipline bylaws, policies and procedures on academic integrity and misconduct, appeal procedures | Academic Integrity |
| Policies & procedures with respect to student discipline or misconduct, including academic integrity violations | Student Discipline |
| Students' rights & responsibilities, policies & procedures, and support services for academic or discipline concerns | Student Advocacy |
| Your rights and responsibilities as a student, in both academic and non-academic contexts | Your rights and responsibilities |
| Full range of medical services for any physical or mental health issues | University Health Service |
| Information on health topics, including physical/mental health, alcohol/substance use harms, and sexual assault | Health and Wellness |
| Any aspect of mental health, including anxiety, stress, depression, help with relationships or other life concerns, crisis services, and counselling. | Student Counselling Centre |
| Support services available for help regarding any aspect of student and campus life, especially safety issues | Student Support Case Management |
| Resources available on campus, for environmental, mental, physical, socio-cultural, and spiritual well-being | Live Well @ UofM |
| Help with any concerns of harassment, discrimination, or sexual assault | Respectful Work and Learning Environment |
| Concerns involving violence or threats, protocols for reporting, and how the university addresses them | Violent or Threatening Behavior |

ACADEMIC INTEGRITY

I.H. Asper School of Business, The University of Manitoba

It is critical to the reputation of the I. H. Asper School of Business and of our degrees that everyone associated with our faculty behaves with the highest academic integrity. As the faculty that helps create business and government leaders, we have a special obligation to ensure that our ethical standards are beyond reproach. Any misconduct in our academic transactions violates this trust. The University of Manitoba Graduate Calendar addresses the issue of academic misconduct under the heading "Plagiarism and Cheating." Specifically, acts of academic misconduct include, but are not limited to:

- using the exact words of a published or unpublished author without quotation marks and without referencing the source of these words
- duplicating a table, graph or diagram, in whole or in part, without referencing the source
- paraphrasing the conceptual framework, research design, interpretation, or any other ideas of another person, whether written or verbal (e.g., personal communications, ideas from a verbal presentation) without referencing the source
- copying the answers of another student in any test, examination, or take-home assignment
- providing answers to another student in any test, examination, or take-home assignment
- taking any unauthorized materials into an examination or term test (crib notes)
- impersonating another student or allowing another person to impersonate oneself for the purpose of submitting academic work or writing any test or examination
- stealing or mutilating library materials
- accessing tests prior to the time and date of the sitting
- changing name or answer(s) on a test after that test has been graded and returned
- submitting the same paper or portions thereof for more than one assignment, without discussions with the instructors involved.

Many courses in the I. H. Asper School of Business require group projects. Students should be aware that group projects are subject to the same rules regarding academic misconduct. Because of the unique nature of group projects, all group members must exercise extraordinary care to insure that the group project does not violate the policy on Academic Integrity. Should a violation occur on a group project, all group members will be held jointly accountable, no matter what their individual level of involvement in the specific violation.

Some courses, while not requiring group projects, encourage students to work together in groups (or at least do not prohibit it) before submitting individual assignments. Students are encouraged to discuss this issue as it relates to academic integrity with their instructor to avoid violating this policy.

In the I. H. Asper School of Business, all suspected cases of academic misconduct involving a graduate student (i.e. MBA, MFin, MScM, MSc or PhD student) will be reported directly by the instructor to the Dean of the Faculty of Graduate Studies.

FACULTY BIOGRAPHY

I.H. Asper School of Business, The University of Manitoba

Muhammad Kabir, PhD, CFA, CMA
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Muhammad Kabir is an Assistant Professor of Accounting at the Asper School of Business, University of Manitoba. Prior to joining the Asper School, he worked as an Assistant Professor at Lakehead University. Muhammad completed his Ph.D. in Accounting at McMaster University. He also holds an MBA from Emory University, a CFA charter, and a CMA designation. Muhammad's research focuses on financial accounting, corporate governance, and corporate finance. His recent projects explore the links among corporate boards, disclosure, cost of debt, and insider trading profitability. His research has been published in the Journal of Corporate Finance.