1. **Introduction**
   - Function and objectives of accounting
   - Management accounting
   - Financial reporting: principal statements

2. **The balance sheet**
   - Accounting equation and transactions analysis
   - Use of accounts
   - Debit and credit notation
   - The accounting cycle

3. **The income statement**
   - Cash basis of accounting
   - Accrual basis of accounting
   - Revenue and expense adjustments
   - Preparation of the income statement and balance sheet

4. **Receivables and Revenue Recognition**
   - Principles of income recognition
   - Accounts receivable and bad debts

5. **Inventories**
   - Manufacturing cost flows
   - Perpetual and periodic inventory systems
   - Inventory valuation methods
   - Implications of choice of method: income and tax effects
   - Current cost disclosure

6. **Long term assets: depreciation and depletion**
   - Methods of computing depreciation
   - Tax effects
   - Dispositions
   - Natural resource assets and Intangible assets

7. **Liabilities**
   - Liability recognition
   - Contingencies
   - Current liabilities

8. **The time value of money**
   - Present and future value concepts
   - Mortgages and amortization schedules
   - Net present value and internal rate of return
   - Appendix, pp.486-489
   - handout

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9. **Financial instruments: bonds**
   - Valuation models for bonds
   - The corporate and government bond markets
   - Yields and prices
   - Accounting for bonds

10. **Owners' equity and Income Statement**
    - Reporting earnings
    - Capital stock and retained earnings
    - Dividend policy

11. **Statement of cash flows**
    - Significance of cash flow
    - Accounting income vs. cash flow

12. **Financial statement analysis**
    - Measures of profitability
    - Measures of liquidity
    - Debt structure and the measurement of risk

There will be weekly problem sets, one midterm, and one final examination. Both examinations are closed book. The final grade is based on:

<table>
<thead>
<tr>
<th>Points</th>
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<tbody>
<tr>
<td>Problem sets</td>
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<tr>
<td>Feedback Midterm</td>
<td>10</td>
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<tr>
<td>Final</td>
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Written assignments are due at the time and place announced. Assignments are to be submitted by teams of three students (one paper per team). All assignments must be done on a spreadsheet.

**No late homework is accepted.**