Current Issues in Accounting

Course Description

Management accounting and financial accounting are constantly changing and adapting to internal and external circumstances. According to the International Financial Reporting Standards, financial accounting is continually evolving; accounting rules are being modified, and instruments for financial management are constantly emerging. Following the financial and economic crisis of 2008, accounting changed significantly due to the introduction of additional regulatory rules and operating requirements. This course gives students an insight into selected issues and provides practical examples in management accounting and financial accounting. Students are introduced to specific tasks of a CFO involving accounting and financial management. The course also develops in-depth the students’ understanding of optimizing working capital and capital restructuring. Finally, students apply their financial and management accounting knowledge in an integrated financial modeling exercise.

Contents

1. Preparation of Financial Statements
   1. Accrual and Deferral Concepts for Recording Transactions
   2. End-of-Period Adjustments and the Use of Accounting Estimates
   3. Preparation of Financial Statements and the Classified Balance Sheet
   4. The Accrual Basis of Accounting and the Interpretation of Financial Statements
   5. Financial Analysis and the Company's Liquidity: Working Capital Ratio, Current Ratio, and Quick Ratio
2. Optimization of Receivables and Inventory
   1. Receivables and Uncollectibles
   2. Accounting for Receivables and Uncollectibles
   3. Inventories Classification
   4. Inventory Cost Flow Assumptions and Their Impact on Financial Statements
   5. Financial Analysis: Accounts Receivable and Inventory Turnover Ratios
3. Optimization of Liabilities and Equity
   1. Financing Using Current Liabilities, Notes Payable, and Contingencies
   2. Long-Term Sources of Finance
   3. Debt and Equity Financing and Earnings Per Share
   4. Financial Statement Analysis Using Price-Earnings Ratio
4. Current Issues in Financial Accounting
   1. International Financial Reporting Standards (IFRS)
   2. Principle- Versus Rule-Based Standards and IFRS Fair Value Measures
   3. Specific IFRS Standards
   4. Financial Statement Presentation under IFRS
   5. Integrated Revenue Recognition and the Implications of Adopting IFRS
5. Valuing Businesses
   1. Financial Statements and Valuation
   2. Accrual Accounting and Valuation: Pricing Book Value
   3. Accrual Accounting and Valuation: Pricing Earnings
   4. Business Valuation Methods in Practice
   5. Corporate Restructuring, Corporate Governance, and Auditor's Role in Firm Valuation
6. Capital Budgeting
   1. Capital Budgeting Decisions
   2. Non-Discounting Models: Payback and Accounting Rate of Return
   3. Discounting Models: The Net Present Value (NPV) Method and Internal Rate of Return (IRR)
   4. NPV Versus IRR for Selecting Mutually Exclusive Projects
   5. Basics of Modeling Capital Budgeting
7. Financial Modeling and Valuation
   1. Using Assumptions and Building a Financial Model
   2. Analysis, Valuation, and Planning