

EM 501
FINANCIAL AND MANAGEMENT ACCOUNTING

Instructor: Serhan Duran
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Course Description

Basics of financial accounting. Preparation of balance sheet, income statement and flow of funds statement. Inventory valuation and depreciation methods. Basics of accounting. Definition of costs. Absorption cost techniques, with an emphasis on allocation of overhead in manufacturing organizations.

Texts:

1. Financial Accounting - Schaum Series by Siegel and Shim, McGraw Hill (1999). HF5661 S47. (Available for sale at the University Bookstore) **(S&S)**
2. Cost Accounting – A Managerial Emphasis, Horngern, Foster and Datar, Eleventh Edition, Prentice Hall (2003). HF5686.C8 H59 2003. (Available for sale at the University Bookstore). **(HF&D)**

References:

General Accounting

1. Principles of Accounting - Needles et. al., Houghton Mifflin (1996) - HF5635 N35.
2. Accounting Principles – Weygandt, Kimmel, Kieso (2010)

Cost Accounting

1. Cost and Managerial Accounting - Gray and Ricketts, McGraw-Hill (1982) HF5686 C8 G685.
2. Cost Accounting: Concepts and Techniques for Management - Killough and Leininger, West Publishing (1987), HF5686 C8 K488.

Grading (Tentative)

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|-----------------------------|-----|
| Exam I | 25% |
| Exam II | 25% |
| Homeworks (Best 5 out of 6) | 10% |
| Final Exam | 40% |

Course Outline and Associated Reading Assignments (Tentative)

Financial Accounting

| <i>Weeks</i> | <i>Subject</i> |
|--------------|--|
| 1 | Accounting and accounting equation; Corporations and Partnerships (S&S - Chapters 1, 12, and 13; (HF&D) - Chapter 1). |
| 2 | Cash basis versus accrual basis of accounting; Transactions recording; Adjusting and closing entries (S&S - Chapter 2, Chapter 3 and Chapter 4) |
| 3-4 | Preparation of balance sheet and income statement; Cost of goods sold for a merchandising business (S&S - Chapter 2, Chapter 5 and Chapter 6). |

- 5 Accounting for inventories; Depreciation; Statement of changes in financial position (**S&S** - Chapter 8, Chapter 10 and Chapter 15).
- 6 Financial statement analysis (**S&S** - Chapter 14).

Cost Accounting

| <i>Weeks</i> | <i>Subject</i> |
|--------------|---|
| 7 | Midterm 1 |
| 8 | Types of costs; Cost estimation ((HF&D) - Chapter 2 and Chapter 10). |
| 9 | Job costing ((HF&D) - Chapter 4) |
| 10 | Process costing ((HF&D) - Chapter 17) |
| 11 | Spoilage, Rework, and Scrap ((HF&D) - Chapter 18) |
| 12 | Activity Based Costing ((HF&D) - Chapter 5) |
| 13 | Midterm 2 |
| 14 | Final |