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SCHOOL OF BUSINESS

To: Incoming MBA Students, 2019  
Part-Time Program: BA01, DC01, DC02, and GS01

From: Professor Rebecca Hann  
Faculty Coordinator for *BUSI 610: Introduction to Financial Accounting*

Re: Pre-term Course from Harvard Business School Publishing

Date: May 1, 2019

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***BUSI 610, Introduction to Financial Accounting***, is one of the Core courses that you will take this Fall. This course is designed to help you become an informed user of financial statements. Given the duration of the term, we will be moving at a fairly rapid pace. The course will begin with a brief overview of the fundamentals of accounting (key accounting concepts, the accounting process, and the principal financial statements) and then move on to study in greater depth the various elements of financial statements. At the end of the course, I expect you will have a good understanding of a company's financial statements—be familiar with the process of preparing the statements as well as the ability to interpret and analyze financial data for economic decision making.

To do well in the course, you need to have a solid understanding of the fundamental elements of accounting; the remainder of the course will otherwise prove to be difficult. To help you better prepare for the course, **you are required to take an on-line web-based course** from Harvard Business School Publishing titled ***Financial Accounting: An Introductory Online Course (FA)***. This requirement is intended to ensure that all students have a common understanding of financial accounting basics. It also allows us to cover more advanced and interesting topics during the semester. **Your performance in FA accounts for 10% of your grade. Please read the following information carefully and pay special attention to the deadline for completing Final Exam 1.**

### **What is FA?**

FA is designed as an interactive learning experience to help students understand (i) basic financial accounting terms and concepts, (ii) the principal financial statements—balance sheet, income statement, statement of cash flows—that firms use to describe their business, (iii) the approach used to construct the financial statements, and (iv) some simple ratios that capture key elements of firm performance.

To make the material realistic and engaging, it is presented in the context of a new business, Global Grocer, a retailer specializing in gourmet foods and condiments, unusual spices and specialty kitchen implements from all over the world. The course describes the key business activities for Global Grocer, including its set-up and subsequent operation, and shows students how Global Grocer's business activities are recorded and captured in its financial statements using a combination of voice, graphics and text. Students are encouraged to apply their learning throughout the course using the many practice problems included.

The course includes a comprehensive glossary and help section. There are three comprehensive tests: a pre-assessment test (with 50 multiple-choice questions) and two post-assessment tests (Final Exam 1 and Final Exam 2, each with 40 multiple-choice questions). During each test, you can go back to the chapters to

review the course materials – the program will remember your location in the test when you are ready to continue.

**FA requires approximately 10–12 hours to complete** for students with limited accounting experience. However, the course is likely to take longer for students with no prior exposure to accounting. Some students may need to go over the course more than once before attempting the post-assessment test. **Do not underestimate the time and effort needed to complete the course. You are urged to register for FA and begin studying the course material as soon as possible.** Do not attempt to digest all of the information in one or two sittings, but rather, break it up into smaller pieces. The table of contents for the course is attached on the last page.

### **Requirements and Grading Scheme:**

- You are urged to register for FA and begin studying the course material *as soon as possible*.
- The first post-assessment test, Final Exam 1, is ***required***. ***You must complete Final Exam 1 by 6pm the day before your first class in Term B*** (e.g., if your first class is on Wednesday, you need to complete Final Exam 1 by 6pm on the Tuesday before the first class). Your test score will be reported directly to your faculty instructor on the due date. If you only take Final Exam 1, this will be your *final FA score*. ***You will have only one chance to take Final Exam 1.***
- The second post-assessment test, Final Exam 2, is ***optional***. ***If you complete Final Exam 2 within one week after the first day of class, we will choose the higher of the two scores as the final FA score*** (e.g., if your first class is on Wednesday, you need to complete Final Exam 2 by 6pm on the Tuesday before the second class). While you can still attempt Final Exam 2 after the due date, your score will *only* count for the course grade if you complete the exam within one week after the first class. Like Final Exam 1, you will only have one chance to take Final Exam 2.
- Your performance on the post-assessment test accounts for **10% of your grade**. For example, if your FA final score is 70%, you will get 7 points for the course (out of a maximum of 10 points).
- If you have significant experience with the course material, it may be possible for you to successfully take Final Exam 1 without going through the various lessons in detail. If you score 80% or more on the pre-test, you may consider taking Final Exam 1 without going through the various lessons in detail.
- You will be taking FA under the University of Maryland's *Code of Academic Integrity* (see <http://www.shc.umd.edu/code.html> for details). **Any violation of this code, such as receiving help from another individual in taking a test, will result in an automatic "XF" on your transcript with the notation "failure due to academic dishonesty".**

## ***Financial Accounting: An Introductory Online Course***

### **Table of Contents**

#### **Pretest**

#### **1. Welcome to Financial Accounting**

#### **2. Terms and Concepts**

Overview of Financial Reports: Balance Sheet/Income Statement/ Statement of Cash Flows  
Introduction to Concepts: Entity/Money Measurement/Going Concern/ Consistency/Materiality  
Quality Attributes: Relevance and Reliability  
Accrual Accounting: Accrual vs. Cash-basis  
GAAP

#### **3. The Balance Sheet**

Assets, Liabilities, Owner's Equity, and the Accounting Equation  
Concepts: Dual Aspect/Historical Cost  
Recording Transactions  
Ratios: Current Ratio/Total Debt to Equity Ratio

#### **4. Income Statement**

Link to Balance Sheet: Retained Earnings/Dividends  
Concepts: Realization/Matching/Conservatism  
Recording Transactions: Cash and Credit Sales/Expenses: Cost of Goods Sold; Salaries; Rent and Utilities; Depreciation and Amortization; Interest and Taxes  
Ratios: Gross Margin Percentage/Return on Sales Percentage

#### **5. Accounting Records**

Double-entry Accounting  
Journal Entries and the Ledger: Debits and Credits/T-Accounts  
Adjusting and Closing Entries  
Preparing the Balance Sheet and Income Statement

#### **6. The Statement of Cash Flows**

Direct Method vs. Indirect Method  
Cash Flows from Operating, Investing, and Financing Activities  
Net Income and Operating Cash Flows  
Relation to the Balance Sheet  
Interpretation  
Analysis of Indirect Statement

**Final Exam 1 (required to be completed before the first day of class – see p.2 for details)**

**Final Exam 2 (optional – see p.2 for details)**