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**College of Business Administration**

**Master of Business Administration Program**

Course Syllabus

Financial Reporting and Accounting for Control

(MBA 541)

Dr. Saad A. Alkazemi

**Spring Term 2024**

**Lecture Time and Location**

**ACCT 541**:Monday, 5:00 PM – 7:50 PM, Room C3 1007

**Contact Information**

**Location**:CBA,Accounting Dept 4th floor

**Email**: [**saad.alkazemi@ku.edu.kw**](mailto:saad.alkazemi@ku.edu.kw)

**Office**: 24988511

**Office Hours**: Mon and Wed, 4:00 PM – 5:00 PM and by appointments. Best way to communicate with me is by sending an email or Teams chat (reasonable hours).

541-Financial Reporting and Accounting for Control-S. ALKAZEMI-Days:2-Time:17:0-SPRING 2023/2024

Course Description:

This course develops the necessary concepts and skills to comprehend and use financial statements and management accounting information in decision-making processes. Topics include: accounting rules and regulations governing identification, recognition, measurement and reporting financial accounting information according to Generally Accepted Accounting Principles, the impact of alternative accounting principles on financial statements, management's financial reporting strategy, usefulness of financial statements for assessing profitability and risk for managerial decisions, cost analysis for decision making and performance evaluation, strategic cost analysis, and management control systems.

**Course Learning Objectives (CLOs)**

Upon successful completion of the course, students will be able to:

**CLO1:** Develop sensitivity to financial reporting issues, including the following:

1. The multiple uses of financial accounting reports,
2. The alternative approaches to establishing accounting measurement and reporting standards,

**CLO2:** Understand the relation between the expected return and risk of investment alternatives and the role financial statement analysis can play in providing information about risk and returns.

**CLO3**: Understand the usefulness of ROA as a measure of a firm's operating profitability independent of financing and the insights gained by disaggregating ROA into profit margin and asset turnover components.

**CLO4:** Understand the usefulness of the rate of return on common shareholders' Equity (ROCE) and the insights gained by disaggregating ROCE into profit margin, asset turnover, and leverage ratio components.

**CLO5:** Develop skills to effectively interpret the results of an analysis of profitability and risk.

**CLO6:** Understand the effects of alternative accounting principles on financial statements' analysis and how this affects investment decisions and market values of firms.

**CLO**7: Understand how managers can use management accounting information to enhance decision making:

**CLO8**: Understand the role of CVP analysis in decision making

**CLO9:** Understand the concept of relevant costs and its role in decision making.

**CLO10:** Understand the concept of ABC in manufacturing and servicing industries.

**CLO11:** Understand the importance of budgets and variance analysis.

**CLO Mapping to CBA Skill Based Competency Goals[[1]](#footnote-1)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| CLO | Competency Goal | | | |
| Decision Making | Leadership | Ethical Reasoning | Communication |
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**Type of Emphases:**

* **(I)ntroduce:** Students will be introduced to the skill and their grasp of it assessed in the course.
* **(A)pply:** The course will not cover the skill. Students should have a high-level grasp of the skill and are required to apply it in the course.
* **(R)einforce:** Students should have an introductory-level grasp of the skill and the course will improve their mastery to a higher level.

**Course Components:**

This course covers two main areas of Accounting:

1. Financial Reporting & Analysis
2. Accounting Information for Management Control and decision making.

**Part One: Financial Reporting & Analysis:**

In this part of the course, we will emphasize both the process of financial reporting and the analysis of financial statements. We will cover the following main topics:

1. The Conceptual Framework of Financial Reporting.
2. Ethics and Ethical Considerations in Financial Reporting.
3. Financial Statements:

* Balance Sheet: Statement of Financial Position
* Income Statement: Statement of Results of Operations
* Cash Flows Statement: Statement of Sources and Uses of cash.

1. Recognition, measurement and reporting of Elements of Financial Statements.
2. Interpretation and Analysis of Financial Statements:
   * Analysis of Balance Sheet
   * Analysis of Income Statement
   * Analysis of Cash Flows Statement

**Part Two: Accounting for Management Control & Decision Making:**

1. Nature & Role of Management Accounting.
2. Cost Behavior Analysis & Activity Based Costing.
3. Cost-Volume-Profit Analysis; Cost Structure & Operating Leverage.
4. Budgets and variance analysis.

**Required Texts:**

1. Kieso, Weygandt and Warfield (**Kieso**), Intermediate Accounting: IFRS Edition, 4nd Edition; John Wiley & Sons, Inc.
2. Revsine, Collins, Johnson, Mittelstaedt, Soffer: “**Financial Reporting and Analysis**'" 6th Edition, 2015. McGraw-Hill (**Revsine**).
3. Garrison/ Noreen/ and Brewer. Managerial Accounting, 16 Edition, 2018, McGraw- Hill. (**GNBM**).

# Grading:

Grading will be established based on two exams, cases and a Final Exam. The relative weighting of the grading components is as follows:

Midterm 1 20%

Midterm 2 20%

Homework and Case studies 15%

Class Participation & Discussion 5%

Final Exam  40%

**Total** **100%**

**Class Participation:**

The basic approach to class sessions is a combination of lectures and discussions. Class participation, is an integral part of the learning experience in this course. Therefore, it is expected that every student will **be prepared** for each class and be a willing participant in the discussions.

**Cases:**

You will be assigned case studies and you will be expected to fully understand them and provide a written answer with your original thoughts. There is no wrong answer as long as you provide support and show an understanding of the materials discussed in the case and apply what you have learned in the course.

# Teaching Philosophy:

We will not get with detailed accounting procedures and techniques. The course emphasizes "Users Perspective" with the minimum of "How" and more of What? And Why? Those who feel a need for more "How" are invited to read more from the available sources of information.

Instructor expects active audience participation and **advanced preparation of assigned materials**, focus on key concepts and issues, and with extensive class participation so we can minimize "Lecturing" and maximize "Discussions" and therefore reinforce class participation. Instructor will explain relevant concepts, discuss with you selected exercises, problems, and cases relevant to the issues under discussion. It is expected of class members to: read in advance! Prepare questions! Suggest solutions! In other words come to the class well prepared, with a view toward participation & discussion! Not just to listen!

**Course Schedule**

|  |  |  |
| --- | --- | --- |
| **Topic** | **Topic** | **Readings** |
| 1 | **Part One: Financial Reporting:**  The Economic & Institutional Setting for Financial Reporting | **RCJMS**  Revsine Ch.1  Kieso Ch1&2 |
| 2 | Income Statement and related information | Revsine Ch.2  Kieso Ch4 |
| 3 | The Balance Sheet & Statement of Cash Flows | Revsine Ch.4  Kieso Ch5 |
| 4 | Statement of Cash Flows | Kieso Ch23 |
| 5 | Accounting owners equity and for Investment  Exam 1 | Revsine Ch. 16 Kieso Ch17 |
| 1  2 | **Part Two: Accounting for Control**  Basic Cost Concepts & Cost Behavior Estimation  Cost-Volume-Profit Analysis | **GNBM**  Ch.2  Ch. 5 |
| 3 | Activity Based Costing (ABC) | Ch.7 |
| 4 | Flexible Budgets and Performance Analysis | Ch. 9 |
| 5 | Stand Costs and Variance Analysis  Exam 2 | Ch. 10 |
|  | Final Exam **(Comprehensive) Monday May 13, 2024** |  |

**Master of Business Administration (MBA) Competency Goals:**

1. **Decision-Making Skills:**Our students will demonstrate advanced data-driven decision-making skills and supported by advanced analytical skills:

**Student Learning Objectives:**

2.1. Apply advanced quantitative and qualitative methods to solve business problems.

2.2. Recognize the implications of business decisions, evaluate different proposals based on available facts, and make well-supported business decisions.

**Leadership Skills:**Our students will demonstrate the ability to incorporate appropriate leadership styles in pursuit of strategic goals.

1. **Student Learning Objectives:**

3.1. Analyze different leadership styles and assess the effectiveness of other leaders.

3.2. Demonstrate knowledge of relevant leadership situational factors.

1. **Ethical Reasoning Skills:** Our students will be ethically conscious business leaders.

**Student Learning Objectives:**

1. Evaluate business decisions within an ethical framework.

1. **Communication Skills:**Our students will demonstrate advanced communication skills in a variety of business settings.

**Student Learning Objectives:**

5.1. Deliver clear, concise, and persuasive presentations.

5.2 Write clear, concise, and persuasive business documents.

1. CBA Competency Goals can be found at the end of this document [↑](#footnote-ref-1)