

School for New Learning

DePaul University

Course syllabus: FA 223 Evaluating Accounting and Finance Principles: A Global Perspective

Fall 2009, O'Hare Campus, Thursday

Faculty:

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Competencies : FX, H2X, S3D, H5

Course Description and Faculty Biographical Sketch

This course introduces the basic principles and quantitative methods which embody the fields of finance and accounting. Moreover, the course demonstrates how the two disciplines complement each other to facilitate various types of sensitivity analyses in a global environment. The students will learn (1) the fundamental framework of accounting; (2), the criteria used for making finance decisions related to investing, forecasting & planning; and (3) the financial tools applied to evaluate the financial performance of a business. Additionally, students will be given an introduction to the international financial markets, the international flow of funds and exchange and interest rate determinations. We will also discuss the challenges behind recent plans to integrate International Financial Reporting Standards (IFRS) with U.S. GAAP (Generally Accepted Accounting Principles) and why it is such a hot topic among accounting professionals today. There is no accounting or finance background required for this course. Students should have an understanding of basic algebra and ratios.

E. PETE LEWIS

- **Executive Tax Consultant, Lewis & Associates Tax Planning, Inc.**
- **Education – B.S. Journalism- MBA in Finance- Dominican University**

Mr. E. Pete Lewis is an Executive Tax Consultant with more than 30 years of financial management and tax experience primarily in the consulting industry. He currently operates his own consulting practice, Lewis & Associates Tax Planning, Inc. in St. Charles, Illinois. He has been an Adjunct Professor of Accounting and Finance for eleven years having taught at Roosevelt University, Schaumburg; Olivet Nazarene University, Bourbonnais, Illinois; and Columbia College, Chicago, Illinois. He currently teaches at University of Phoenix, Schaumburg campus, and Waubensee Community College in Sugar Grove, Illinois. He holds an MBA in Finance, a B.S. in Journalism and completed courses toward an MSA (Accounting).

Competence Criteria and Specifications

H-2-X – Can compare fiscal, financial and monetary policies that affect inflation and exchange rates in the U.S. with counterpart policies that affect international markets.

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S-3-D – Can use scientific knowledge to understand varying perspectives on a policy issue.

1. Identifies and describes a current public policy issue that has significant scientific or technological elements.
2. Can analyze any theory, method, or standard taken by two or more perspectives on this issue (Ex. Redetermination of the basis for assessing market values).

H-5 – Can analyze issues and problems from a global perspective.

1. Analyzes one or more global issues, problems, or opportunities facing the human race.
2. Can explain how these issues affect individuals or societies in both positive and negative ways.

In all of the competencies, the students will choose a current event, ethical situation or a personal business scenario and prepare an analytical artifact applying the tools learned in class. Each student will need to incorporate the main idea of their chosen competencies within their artifact.

Learning Experience

Learning Strategies:

- **Discussion** – Students will take part in open discussions that will assist them in relating the material in class to real life events. This will be done through associating student situations with relevant materials of the class.
- **Lecture** – Part of each class will be used to relay the relevant topics, tools and approaches to be used in completing the assignments, as well as learning how to apply these techniques through-out ones career.
- **Collaborative Learning** – through role-playing and group assignments, teams will produce a couple of group assignments. This will allow students to learn the need for the diversity of thought as well as apply ethical restraint to differing opinions.
- **Research project** - Each student will be asked to produce an artifact that is relevant to their chosen competence(s); this artifact will ask the student to critically think of a current situation either in their personal careers or the current business world that the class materials can assist them in determining how they would have approached the situation differently given the tools discussed in class.

Required readings

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- *Financial Accounting*, by Walter T. Harrison, Jr. and Charles T. Horngren, Sixth Edition, published by Pearson/Prentice Hall. ISBN 0-13-149945-9
- Chapters from *Foundations of Finance, The Logic and Practice of Financial Management* by Arthur J. Keown, J. William Petty, David F. Scott, Jr. and John D. Martin, Recent Edition Unknown, published by Prentice Hall. ISBN 0-13-748153-5
- Chapters from *International Financial Management*, by Jeff Madura, Recent Edition Unknown, published by West Publishing Company. ISBN 0-314-04161-3.

Attendance and Participation:

Attendance and participation are essential. In the event of an absence it is imperative that you (1) let me know ahead of time, and (2) contact a classmate ahead of time to be your "tutor" for the missed session. Always consult our Blackboard for handouts and assignments (or the students should discuss the issues with the instructor to work out a plan to make up assignments). Students missing more than two classes of our ten week course will not have met the requirements for a passing grade.

The Following will be the main deliverables for this course:

- Weekly practice review problems on the readings to be corrected and reviewed in class.
- A group presentation (7 -10 minutes per presenter) on a research topic to be determined.
- An individual research paper (8-10 pages) on a topic to be determined.
- Written examinations

Evidence the Students will submit

- **H-2-X** - Can compare fiscal, financial and monetary policies that affect inflation and exchange rates in the U.S. with counterpart policies that affect international markets.

The students will submit individual research papers (8-10 pages APA style) which compare or contrast past or current U.S. and international monetary policies that affect inflation and exchange rates.

- **S-3-D** - Can use scientific knowledge to understand varying perspectives on a policy issue.

The students will conduct a group research project with all team members taking an active role in a power point presentation for the purpose of demonstrating each member's ability to understand, identify and analyze a public policy issue which affects either an international finance, domestic finance or accounting principle, concept or practice.

- Can analyze issues and problems from a global perspective.

The ability to analyze issues and problems from a global perspective will be assessed by written examination which will take the form of objective multiple choice, essay questions and hypothetical case questions.

Statement on Plagiarism

The DePaul Student Handbook defines plagiarism as follows: "Plagiarism includes but is not limited to the following: (a) The direct copying of any source, such as written and verbal material, computer files, audio disks, video programs or musical scores, whether published or unpublished, in whole or in part, without proper acknowledgement that it is someone else's. (b) Copying of any source in whole or in part with only minor changes in wording or syntax even with acknowledgement. (c) Submitting as one's own work a report, examination paper, computer file, lab report or other assignment which has been prepared by someone else. This includes research papers purchased from any other person or agency. (d) The paraphrasing of another's work or ideas without proper acknowledgment." Plagiarism will result in a failure of the assignment or possibly of the course. If you are unsure of how to cite a source, ask!

Grading Criteria:

3 written exams, 30%; individual paper and group presentation, 40%; homework , 20% and class participation, 10%. Class participation will result in a total of 50 points available for each student. A rubric will be provided identifying specific grading criteria for the research paper. Homework practice problems will be taken from the assigned reading materials. Problems will be reviewed and graded the next class session.

Written Work will be Evaluated As Follows:

A = designates work of high quality; reflects thorough and comprehensive understanding of the issues at hand; reflects a clearly identifiable thesis and argument that demonstrates cogent and creative development and support of idea.

B= designates work of good quality; reflects clearly organized and comprehensive understanding of issues at hand; presents substantive thesis and argument with evident development and support of ideas.

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C= designates work which minimally meets requirements set forward in assignment; reflects some organization and development of ideas but develops argument in superficial or simplistic manner; may only address part of the assignment or be otherwise incomplete.

D= designates work of poor quality which does not meet minimum requirements set forth in the assignment; demonstrates poor organization of ideas and /or inattention to development of ideas, grammar and spelling; treatment of material is superficial and /or simplistic; may indicate that student has not done reading assignments thoroughly.

Tentative Class Schedule

Session 1

In Class:

- Overview of accounting profession and an introduction to the mechanics of bookkeeping and recording accounting transactions.
- Lecture regarding financial statement presentation, transaction analysis and the application of the accrual accounting concept.

Readings:

ACCOUNTING

Financial Statements- Chapter 1

Transaction Analysis – Chapter 2

Using Accrual Accounting – Chapter 3

Financial Accounting by Walter T. Harrison, Jr. and Charles T. Horngren, Sixth Edition, published by Pearson/Prentice Hall. ISBN 0-13-149945-9

Assignments

Practice Problems from Accounting Chapters 1-3 to be assigned

Session 2

In Class:

- Lecture regarding trading investments, types of receivables, accounting for uncollectible receivables, using key ratios to make decisions, reporting on statement of cash flows and current and long term liabilities.
- Review practice problems assigned from Accounting Chapters 1-3.
- Discussion questions from lecture material. Class participation, jeopardy game.

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Readings:

ACCOUNTING

Short term Investments and Receivables – Chapter 5

Current and Long term Liabilities – Chapter 8

Financial Accounting by Walter T. Harrison, Jr. and Charles T. Horngren, Sixth Edition, published by Pearson/Prentice Hall. ISBN 0-13-149945-9

Assignments

Practice Problems from Accounting Chapters 5, 8 to be assigned

Session 3

In Class:

- Lecture on accounting for inventory, inventory costing, plant assets, natural resources and intangible assets.
- Overview of stock prices, investments and investees, equity methods, consolidated subsidiaries.
- Review practice problems assigned from Accounting Chapters 5, 8
- Discussion questions from lecture material. Class participation, jigsaw puzzle game.

Readings:

ACCOUNTING

Merchandise Inventory & Cost of Goods Sold – Chapter 6

Plant Assets & Intangibles – Chapter 7

Long term Investment & International Operations- Chapter 10

Financial Accounting by Walter T. Harrison, Jr. and Charles T. Horngren, Sixth Edition, published by Pearson/Prentice Hall. ISBN 0-13-149945-9

Assignments

Practice Problems from Chapters 6,7,10 to be assigned

Session 4

In Class:

- Lecture on organizing a corporation, stockholders equity, issuing stock, treasury stock transactions, measuring the value of stock.
- Overview of the Income Statement & Statement of Stockholders Equity.
- Review practice problems assigned from Accounting Chapters 6,7,10.
- Discussion questions from lecture material.

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Readings:

ACCOUNTING

Stockholders Equity – Chapter 9

The Income Statement & Stockholders Equity – Chapter 11

Financial Accounting by Walter T. Harrison, Jr. and Charles T. Horngren, Sixth Edition, published by Pearson/Prentice Hall. ISBN 0-13-149945-9

Assignments

Practice Problems from Accounting Chapters 9 and 11 to be assigned

Session 5

In Class:

- Begin Finance discussion
- Interpret the meaning of a firm's cash flow statement and explain the limitations of ratio analysis
- Overview financial forecasting, planning and budgeting.
- Review practice problems assigned from Accounting Chapters 9,11
- Discussion questions from lecture material.
- **Written Exam-Accounting**

Readings:

FINANCE

Evaluating a Firm's Financial Performance and Measuring Cash Flow – Chapter 3

Financial Forecasting, Planning and Budgeting – Chapter 4

Foundations of Finance, The Logic and Practice of Financial Management by Arthur J. Keown, J. William Petty, David F. Scott and John D. Martin, Recent Edition Unknown, published by Prentice Hall. ISBN 0-13-748153-5

Assignments

Practice Problems from Finance Chapters 3 and 4 to be assigned

Session 6

In Class:

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- Explain the mechanics of compounding, discuss the relationship between compounding and present value, define ordinary annuity, differentiate between annuity due
- Define and measure expected rate of return, explain dynamics of diversifying investments
- Review practice problems assigned from Finance Chapters 3 and 4.
- Discussion questions from lecture material.
- Review Exam-Accounting

Readings:

FINANCE

The Time Value of Money – Chapter 5

The Meaning and Measurement of Risk and return – Chapter 8

Foundations of Finance, The Logic and Practice of Financial Management by Arthur J. Keown, J. William Petty, David F. Scott and John D. Martin, Recent Edition Unknown, published by Prentice Hall. ISBN 0-13-748153-5

Assignments

Practice Problems from Finance Chapters 5 and 8 to be assigned

Session 7

In Class:

- Begin International Finance Discussion
- Lecture on the goal of the MNC, theories of international business, international business methods, international opportunities and risk.
- Overview of factors affecting the capital account and factors affecting the current account.
- Review practice problems assigned from Finance Chapters 5 and 8.
- Discussion questions from lecture material.
- **Written Exam- Finance**

Readings:

INTERNATIONAL FINANCE

Multinational Financial Management: An Overview – Chapter 1

The International Flow of Funds – Chapter 2

International Foundations of Finance, by Jeff Madura, Recent Edition Unknown, published by West Publishing Company. ISBN 0-314-04161-3

Assignments

Practice Problems from International Chapters 1 and 2 to be assigned

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Session 8

In Class:

- Lecture on foreign exchange market, euro-currency market , euro-bond market
- Overview of exchange rate movements, factors that influence markets, relative inflation rates, relative interest rates.
- Review practice problems assigned from International Chapters 1 and 2.
- Discussion questions from lecture material.
- Review Finance Exam

Readings:

INTERNATIONAL FINANCE

International Financial Markets – Chapter 3

Exchange Rate Determination – Chapter 4

International Foundations of Finance, by Jeff Madura, Recent Edition Unknown, published by West Publishing Company. ISBN 0-314-04161-3

Assignments

Practice Problems from International Chapters 3 and 4 to be assigned

Session 9

In Class:

- Lecture on exchange rate systems, government intervention in the foreign exchange rate market, intervention as a policy tool.
- Review practice problems assigned from International Chapters 3 and 4.
- Discussion questions from lecture material.

Readings:

INTERNATIONAL FINANCE

Government Influence on Exchange Rates – Chapter 6

International Foundations of Finance, by Jeff Madura, Recent Edition Unknown, published by West Publishing Company. ISBN 0-314-04161-3

Assignments

Practice Problems from International Chapters 6 to be assigned

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Session 10

In Class:

- Review practice problems assigned from International Chapters 6
- Group Presentations
- **Written International Finance Exam**

Addenda

DePaul University Academic Integrity Policy

DePaul University is a learning community that fosters the pursuit of knowledge and the transmission of ideas within a context that emphasizes a sense of responsibility for oneself, for others and for society at large. Violations of academic integrity, in any of their forms, are, therefore, detrimental to the values of DePaul, to the students' own development as responsible members of society, and to the pursuit of knowledge and the transmission of ideas. Violations include but are not limited to the following categories: cheating; plagiarism; fabrication; falsification or sabotage of research data; destruction or misuse of the university's academic resources; alteration or falsification of academic records; and academic misconduct. Conduct that is punishable under the Academic Integrity Policy could result in additional disciplinary actions by other university officials and possible civil or criminal prosecution. Please refer to your Student Handbook or visit <http://studentaffairs.depaul.edu/homehandbook.html> for further details.

DePaul University Incomplete Policy

Undergraduate and graduate students have two quarters to complete an incomplete. At the end of the second quarter (excluding summer) following the term in which the incomplete grade was assigned, remaining incompletes will automatically convert to "F" grades. In the case of the Law School incompletes must be completed by the end of the semester following the one in which the incomplete was assigned. Ordinarily no incomplete grade may be completed after the grace period has expired. Instructors may not change incomplete grades after the end of the grace period without the permission of a college-based Exceptions Committee. This policy applies to undergraduate, graduate and professional programs. NOTE: In the case of a student who has applied for graduation and who has been approved for an Incomplete in his or her final term, the incomplete must be resolved within the four week grace period before final degree certification.

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n.b. The SNL student who wishes to receive the grade of IN must formally request in writing that the instructor issue this grade. This request must be made before the end of the quarter in which the student is enrolled in a course.

For Students Who Need Accommodations Based on the Impact of a Disability

Students who feel they may need an accommodation based on the impact of a disability should contact the instructor privately to discuss their specific needs. All discussions will remain confidential.

To ensure that you receive the most appropriate accommodation based on your needs, contact the instructor as early as possible in the quarter, preferably within the first week of class, and make sure you have contacted:

- PLuS Program (for LD, AD/HD) at 773-325-4239 in the Schmidt Academic Center, room 220 or;
- The Office for Students with Disabilities (for all other disabilities) at 773-325-7290, DePaul University Student Center, room 307.