



# FIN 560

## Financial Accounting (25F5R)

### Module 2, 2025-2026

#### Course Information

---

**Instructor: Dr. Nan Liu**

Office: PHBS Building, Room 662

Phone: 86-755-2603-3873

Email: nanliu@phbs.pku.edu.cn

Office Hour: Monday, Wednesday and Thursday 12: 30-14: 00, and by appointment.

**Teaching Assistant:**

Phone:

Email:

Office hours:

**Classes:**

Lectures: Tue & Fri 13:30-15:20

Venue: PHBS Building, Room

**Course Website:**

<https://cms.phbs.pku.edu.cn/claroline/course/index.php?cid=FIN560>

This is PHBS's online learning environment that supports teaching, learning, and collaboration for students and instructors. Specifically, you will find your class syllabus, handouts, and instructor announcements on this website. Be sure to check the System frequently for announcements and any changes to the class schedule. (The Key is 2025Fall)

Please make sure you preview the PPT before each class.

## 1. Course Description

### 1.1 Context

Course overview: The purpose of this course is to teach students the skills to apply accounting knowledge to solve real business problems and make solid decisions.

### 1.2 Textbooks and Reading Materials

**Textbook**

*Financial Accounting, Tools for business decision making*, 6<sup>th</sup> edition, Kimmel, Weygandt and Kieso, ISBN: 978-0470534779 (required)

**Other Materials (not required)**

*Financial Accounting*, 11<sup>th</sup> Edition, Walter T. Harrison Jr. Charles T. Horngren, C. William Thomas, Wendy M. Tietz, ISBN: 9787302561934 (HHTT)

*Intermediate Accounting: IFRS Edition*, 3<sup>rd</sup> Edition, Donald E. Kieso, Jerry J. Weygandt, Terry D. Warfield, ISBN: 9781119372936

<https://www.sec.gov/>

<https://asc.fasb.org/Home>

## 2. Learning Outcomes

### 2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	Yes, with term project.
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	No.
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	Yes, with team project.
	2.2. Students will be able to apply leadership theories and related skills.	No.
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	No.
	3.2. Our students will practice ethics in the duration of the program.	No.
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	No.
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Yes, with class exercises and term project.
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Yes, with class exercises and term project.
	5.3. Our students will demonstrate competency in critical thinking.	Yes, with class exercises and term project.

### 2.2 Course specific objectives

Upon successful completion of financial accounting, students will be able to: translate activities related to essential business processes into accounting information reflected in the accounting information system; prepare financial statements for external users; and comprehend the usefulness of accounting information to stakeholders in making business decisions.

### 2.3 Assessment/Grading Details

**Students are expected to come to class prepared.** Your attendance and active participation in this class are essential to your learning. Research shows that attendance is a good predictor of performance. Students that read (and reread) the chapters and review their notes, lecture material, and homework have a much better success rate.

Assessment task	Weighting
Midterm exam	100 points
Final exam	100 points
Class Participation (include class attendance and class activity )	20 points
Best 10 of 12 Homework (due in class, based on accuracy)	40 points
Group Term Project	40 points
Total	300 points

	<b>Final Grade</b>
≥240 points	A+, A, A-, B+, B, B-
180-240 points	C+, C, C-, D+, D
<180 points	F

## **2.4 Academic Honesty and Plagiarism**

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

### **AI tools requirements:**

Using AI tools to complete assignments or assessments without the approval of the course instructor will be regarded as an act of academic dishonesty. Depending on the severity of the situation, penalties will be implemented in accordance with the provisions of the Peking University Graduate Student Handbook.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

## **3. Topics, Teaching and Assessment Schedule**

## TENTATIVE CLASS SCHEDULE

Week	CLASS DATE	READING ASSIGNMENT	LEARNING OBJECTIVES	HW DUE IN CLASS
1	Nov. 14	Chapter 1 Introduction to Financial Statements	Discuss the concept of accounting, and financial statements, and the importance of ethics in financial reporting. And Explain the concepts of accounting transactions.	
2	Nov. 18	Chapter 3 The Accounting Information System	Define debits and credits and identify the basic steps in the recording process. Prepare a trial balance.	HW 1 Why FA, E1-9, P1-3A
	Nov. 21	Chapter 4 Accrual Accounting Concepts	Explain the accrual basis of accounting; identify the major types of adjusting entries and prepare adjusting entries; and discuss the process of closing the books	HW 2 E3-10, P3-5B
3	Nov. 25	Chapter 2 A Further look at Financial Statements	Identify the sections of a classified balance sheet. Discuss the building blocks of accounting. Compute Ratios for analysis	HW 3 P4-5A, P4-3B (a-d)*
	Nov. 28	Chapter 5 Merchandising operations and the multiple-step income statement	Identify the differences between a service company and a merchandising company. Explain the recording of purchases and sales under a perpetual inventory system.	HW 4 BE4-14, E2-8
4	Dec. 2	Chapter 5 continued  Chapter 6 Recording and analyzing inventory	Understand multiple-step income statement. Determine cost of goods sold under a periodic system. Explain the basis of accounting for inventories and apply the inventory cost flow methods under a periodic inventory system	
	Dec. 5	Chapter 6 continued	Explain the lower-of-cost-or-market basis of accounting for inventories. Describe the LIFO reserve and explain its importance for comparing results of different companies	HW 5 P5-3A, E5-10
5	Dec. 9	Chapter 7 Fraud, internal control and Cash	Understand fraud and internal control. Explain the applications of internal control principles to cash.	HW 6 P6-6A, P6-9A
	Dec. 12	Chapter 7 continued  Chapter 8 Reporting and analyzing receivables	Describe the reporting and monitoring of cash. Explain how accounts receivable are recognized in the accounts. Describe the methods used to account for bad debts.	
6	Dec. 16	Review for Exam		HW 7 E7-9, P7-4A
	Dec. 19	Midterm Exam 13:30-15:30	Ch 1-7	
7	Dec. 23	Chapter 8 Continued	Compute the interest on notes receivable. Describe the entries to record the disposition of notes receivable. Describe the principles of sound accounts receivable management.	

\* For Instruction (d), use the format learned in Ch1 to prepare the balance sheet.

## **TENTATIVE CLASS SCHEDULE**

Week	CLASS DATE	READING ASSIGNMENT	LEARNING OBJECTIVES	HW DUE
	Dec. 26	Chapter 9 Reporting and analyzing long-lived assets	Describe how the cost principle applies to plant assets. Compute periodic depreciation.	HW 8 P8-2A, P8-8A
8	Dec. 30	Chapter 9 continued  Chapter 10 Reporting and analyzing liabilities	Explain how to account for the disposal of plant assets. Identify the basic issues related to reporting intangible assets.  Explain a current liability and identify the major types of current liabilities	
	Jan. 2	Chapter 10 continued	Describe the accounting for notes payable, bonds and interest expenses. Describe the entries when bonds are redeemed.	HW 9 P9-1A, P9-2A
9	Jan. 6	Chapter 12 Statement of cash flows	Distinguish among operating, investing, and financing activities. Prepare a statement of cash flows.	HW 10 P10-1B, P10-5A
	Jan. 9	Chapter 11 Reporting and analyzing stockholder's equity	Record the issuance of common stock. Explain the accounting for the purchase of treasury stock. Prepare the entries for cash dividends and understand the effect of stock dividends and stock splits. Identify the items that affect retained earnings	HW 11 E12-7, E12-8
10	Jan. 13	Review for exam <b>Project Due</b>		HW 12 E11-7, E11-16
	<b>Scheduled by school</b>	<b>Final Exam</b>	<b>Ch 8-12</b>	

Note:

- HWs are due **at the beginning of the class**. There are **NO MAKE-UP HWS**.
- Students who have examination conflicts with the scheduled examination time periods must contact the instructor at least one week before the first exam date. Students who miss an exam due to an emergency situation must contact the instructor as soon as possible. Documentation of the time conflict or emergency situation will be required. Make-up exams will be more difficult than regularly scheduled exams, and may be given only on the presentation by the student of documented, valid, and acceptable excuses.
- The course syllabus, schedule, and assignments provide a general plan for the course; deviations may be necessary.

## Term Project: Annual report for Cookie Chronicle

**(Note: This is a continuation of the Cookie Chronicle from Chapters 1 through 12.)**

The comparative balance sheet of Cookie & Coffee Creations Inc. at October 31, 2018 for the years 2018 and 2017, and the income statements for the years ended October 31, 2017 and 2018, are presented below.

### COOKIE & COFFEE CREATIONS INC.

#### Balance Sheet

**October 31**

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Cash	\$ 22,334	\$ 5,550
Accounts receivable	3,250	2,710
Inventory	7,897	7,450
Prepaid expenses	5,800	6,050
Equipment	102,000	75,500
Accumulated depreciation	<u>(25,200)</u>	<u>(9,100)</u>
Total assets	<u>\$116,081</u>	<u>\$88,160</u>
<b><u>Liabilities and Stockholders' Equity</u></b>		
Accounts payable	\$ 1,150	\$ 2,450
Income taxes payable	9,251	7,200
Dividends payable	27,000	27,000
Salaries and wages payable	7,250	1,280
Interest payable	188	0
Note payable—current portion	4,000	0
Note payable—long-term portion	6,000	0
Preferred stock, no par, \$6 cumulative— 3,000 and 2,800 shares issued, respectively	15,000	14,000
Common stock, \$1 par—25,180 shares issued	25,180	25,180
Additional paid in capital—treasury stock	250	250
Retained earnings	<u>20,812</u>	<u>10,800</u>
Total liabilities and stockholders' equity	<u>\$116,081</u>	<u>\$88,160</u>

COOKIE & COFFEE CREATIONS INC.

**Income Statement  
For the Year Ended October 31**

	<b>2018</b>	<b>2017</b>
Sales	\$485,625	\$462,500
Cost of goods sold	<u>222,694</u>	<u>208,125</u>
Gross profit	<u>262,931</u>	<u>254,375</u>
Operating expenses		
Salaries and wages expense	147,979	146,350
Depreciation expense	17,600	9,100
Other operating expenses	48,186	42,925
Total operating expenses	<u>213,765</u>	<u>198,375</u>
Income from operations	<u>49,166</u>	<u>56,000</u>
Other expenses		
Interest expense	403	0
Loss on disposal of plant assets	<u>2,500</u>	<u>0</u>
Total other expenses	<u>2,903</u>	<u>0</u>
Income before income tax	46,263	56,000
Income tax expense	<u>9,251</u>	<u>14,000</u>
Net income	<u>\$ 37,012</u>	<u>\$ 42,000</u>

Additional information 1:

1. Equipment (cost \$4,500 and book value \$3,000) was disposed of at the beginning of the year for \$500 cash and replaced with new equipment purchased for \$4,000 cash.
2. Additional equipment was bought for \$14,000 on November 1, 2017. A \$12,000 note payable was signed. The terms provide for equal semi-annual installment payments of \$2,000 on May 1 and November 1 of each year, plus interest of 5% on the outstanding principal balance.
3. Other equipment was bought for \$13,000 cash.
4. Dividends were declared on the preferred and common stock on October 1, 2018. The dividends would be paid one month later. The same amounts of dividends were declared on October 1 and paid on November 1 of 2017.
5. Accounts payable relate only to merchandise creditors.
6. Prepaid expenses relate only to other operating expenses.

Additional information 2:

Natalie and Curtis are thinking about borrowing an additional \$20,000 on Nov 1, 2018 to buy more kitchen equipment. The loan would be repaid over a 4-year period. The terms of the loan provide for equal semi-annual payments of \$2,500 on May 1 and November 1 of each year, plus interest of 6% on the outstanding balance.

### **Instructions**

**Requirements:** Prepare the 2018 annual report for Cookie \$ Coffee Creations Inc., including

1. Corporate Profile and Financial highlights
2. Management's Discussion and Analysis (CH1 PPT)  
Note: Report your analysis about the potential impact of borrowing an additional \$20,000 to buy more kitchen equipment on the financial condition of the company as the last item in Management's Discussion and Analysis.
3. Financial Statements (an income statement and a classified balance sheet for two years, a statement of cash flows (indirect method) and a retained earnings statement for one year).
4. Notes to the Financial Statements
5. Supplementary Financial Information (Ch13 as an example)
  - (a) Prepare a horizontal analysis of the income statement and balance sheet for Cookie & Coffee Creations Inc. using 2017 as a base year.
  - (b) Prepare a vertical analysis of the income statement and balance sheet for Cookie & Coffee Creations Inc. for 2018 and 2017.

**Note:** 1. Use **Appendix A** of the textbook as the example for preparing financial reports.

2. When analyzing financial performance, reasonable assumptions are acceptable.

### **Grading:**

1. Each group (with a maximum of 6 students) should submit a hard copy by the due date for grading.
2. 40 points based on the comprehensive analysis of the above items (8 points each).