

**Business 224C**  
**Spring 2018**  
**Accounting/Financial Aspects of Medical Product Development Management**

Instructor	Richard D. (Rick) Steingart
Course Title:	Accounting/Financial Aspects of Medical Product Development Management
Course Code:	Business 224C SEC 01 LEC 29905
Class Hours & Location:	Lucas Business Complex (2933 Bunker Hill Lane, Suite #120, Santa Clara) Wednesdays 6:00 - 10:00 PM (Room posted) Saturdays 9:00 AM to 1:00 PM (Room posted) Jan 20
Office Hours:	Before class at Lucas Center or by appointment on campus
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### Course Description

This course provides background in financial accounting, financial statement analysis, and management accounting.

For financial accounting this course introduces the accounting process and the creation and analysis of published financial statements (Balance Sheet, Income Statement, Statement of Retained Earnings, Statement of Cash Flows) for information for decision making by parties external to the business (e.g., investors, analysts, government agencies).

For financial reporting students are required to analysis and report on the actual results of a publicly owned company referencing the company SEC 10K, including the financial statements, notes to the statements, and published management discussion and analysis.

For management accounting the course surveys key uses of accounting data for managerial decision making within a company. Topics include: cost behavior; cost-volume-profit analysis; budgets and profit planning; and capital budgeting. Additional topics may be discussed.

### Course Goals and Student Learning Objectives

After completing the financial accounting and reporting section of this course, students should be able to:

- Understand the financial statement impact of typical corporate business transactions.
- Describe and prepare an Income Statement (IS), Stmt. of Retained Earnings and Balance Sheet
- Understand a Statement of Cash Flow
- Understand published company financial statements including single & multi step IS.
- Understand GAAP accounting alternatives for Receivables, Inventory, Fixed Assets
- Understand liabilities, and stockholders equity (including treasury stock).
- Perform a horizontal, and vertical analysis of financial statements.
- Understand how to use the company 10K report to analyze financial performance.

After completing the management accounting section of this course, students should be able to:

- Identify the major differences between financial and managerial accounting
- Understand/prepare a traditional income statement and contribution income statement
- Perform a cost volume profit analysis under several common business situations
- Understand the types of financial budgets used in profit planning for a retail company.
- Understand what types of additional budgets are required for a manufacturing company.
- Understand the concept of the time value of money and calculate net present value
- Understand capital budgeting & methods: compute net present value, payback

## Required Texts/Readings

### Class Reader

The class notes/reader will be available for purchase at the start of the first class. It is mandatory.

### Required Text:

Understanding Financial Statements, 8<sup>th</sup> Edition; Fraser & Ormiston; Pearson Prentice Hall  
 ISBN: 0-13-187856-5

### Other requirements

Students must bring a four function calculator to every class to do class exercises.  
 For any multiple choice exams; students must use Scantron Form 882-E (to be discussed)

### Examinations and Grading

3 Financial Accounting Exams 50% (10%, 15%, 25%)  
 4 Managerial Accounting Exams 30%  
 Financial Statement Project Report 20% (Team Effort/Grade)

### Grading – Per San Jose State University Grading Schedule

Grading is based on the following schedule.

%	Grade	%	Grade	%	Grade	%	Grade	%	Grade
		87-89	B+	77-79	C+	67-69	D+		
94-100	A	84-86	B	73-76	C	63-66	D	0-59	F
90-93	A-	80-83	B-	70-72	C-	60-62	D-		

### Financial Statement Analysis Project

Students will be assigned a publicly traded pharmaceutical or biotech company. and obtain a copy of their annual and 10K reports. Students will then analyze the financial performance of the company using prescribed predetermined analysis formats.

## **Canvas**

This class will use Canvas for homework solutions, messages on tests, and other administrative activities. Please log onto Canvas for this class as soon as possible [see San Jose State Website MYSJSU]. If you have any difficulty contact IT Support Services at (408) 924-2377

### **How to use Canvas**

When on canvas click on Modules (where files are organized). Do not click on files.

## **Homework**

Most homework topics are covered in class before assigned as homework. Homework should be completed as assigned. Solutions are made available on Canvas to assist students in understanding the homework and to minimize class time reviewing homework. Just reviewing the homework solutions made available without actually doing the assignment will generally negatively impact performance on exams and subsequently impact your success in this class.

If you have done the homework with the aid of the text, handouts, or solutions consider doing the same example again at a later time (in the day or next day) but without any aids. Repeat until you can solve problems independently. This will ensure you have understood and internalized the concepts.

### **College of Business Program Goals (CBPG):**

#### **1. Business Knowledge**

Understand basic business principles and demonstrate discipline-specific competencies as applied to local and global environments.

#### **2. Communication**

Communicate ideas clearly, logically, and persuasively in oral and written format, using technology appropriately.

#### **3. Ethical Awareness**

Recognize, analyze, and articulate solutions to ethical issues that arise in business.

#### **4. Leadership, Teams and Diversity**

Comprehend the challenges and opportunities of leading and working in diverse teams and environments.

#### **5. Critical Thinking**

Comprehend, analyze, and critically evaluate complex and unstructured qualitative and quantitative business problems, using appropriate tools and technology.

#### **6. Innovation**

Recognize, analyze, and articulate strategies for promoting creativity and innovation.

Spring 18 Date	V0 Mtg.	Bus 224 Accounting/Financial Aspects of Med. Prod. Dev. Mgmt. Section 15 LEC 29905	UFS Chapter	Class Reader	Home Work (HW) Assignment MC = Multiple Choice P=Problem
Wed/Sat	#	Wednesday 6-10 P.M.(1/17-3/14) - Sat. 9 - 1:00 PM (1/20)	Reading	Section	CC = Concept Check (in reader) HO=Handout HI=Hand
		Topics discussed in class			
		Financial Accounting			
1/17 Wed.	1	Introduction and course administration			BFAP = Fin. Accounting Prep HW
		Introduction to Financial Accounting		100	[Many CC will be done in class]
		Example Financial Statements (line item descriptions); GAAP;		105-110	Read for homework; Do CC
		Transactions to Financial Statements		120	CC1,2
		Transactions to Financial Statements (homework)		122	HW 1,2,3
		Annual Reports -10K-Viropharma (handout to be returned)			Review Item 1, Item 8 (pp 69-74)
		USF Chapter 1 Financial Statements: An Overview	UFS 1		Ch1 Self Test MC 1-17 P1-1,2,7
		Accrual Acctg Concepts		130	CC1,2,3,4
		Generally Accepted Accounting Principles (GAAP)		150	
		Exam FA1 Prep - study Income Statement/Balance Sheet and Summary			Exam Prep BFAP 121
1/20 Sat.	2	Exam FA1 Accounting Transactions and Concepts		Exam FA1	
		Transactions to Financial Statements with Accruals/Closing		132	N/A
		Balance Sheet - Overview		200	N/A
		Balance Sheet - Current Assets [Accounts Receivable]		210	CC 1,2
		UFS Chapter 2 Bal. Sheet 1 - [Cash, Accounts Receivable] p44-52			Ch 2 MC1 to 5; P2.1, 11
		Balance Sheet - Current Assets [Inventory]		210	CC4 BFAP 210
		UFS Chapter 2 Balance Sheet 1 - [Inventory] p52-55	UFS 2		Ch 2 MC 6 to11; P2.2,3 BFAP210
		Exam 2 Preparation			Exam Prep BFAP 122, 123
1/24 Wed.	3	Exam FA2 - Accounting Cycle		Exam FA2	
		Bal. Sheet Non-Current Assets [Fixed Assets, Intangibles, Goodwill]		220	CC1,2,3,4,5,6,7
		UFS Chapter 2 Balance Sheet 1 - [Fixed & Other Assets] p55-58	UFS 2		Ch 2 MC1-14 P2.4,6,11
		Balance Sheet - Liabilities		230	CC1,2,3
1/31 Wed.	4	Balance Sheet - Shareholders Equity		240	CC1,2,3,4
		UFS Ch 3 Balance Sheet 2-Liabilities/Stockholders' Equity	UFS 2		Ch 2 MC15-25 P2-14
		[Bonds, Common & Preferred Stock - pages 58-69]			
		Income Statement and Statement of Retained Earnings		300	CC1
		Financial Statement Analysis (FSA) Project Team/Company selection		910	Request/Access 10K/Annual Report
		Financial Statement Analysis Project Requirements		900	N/A
2/7 Wed.	5	Income Statement Analysis - Horizontal, Vertical, Trend		310	CC1,2,3
		Balance Sheet Analysis - Horizontal, Vertical, Working Capital		320	N/A
		Financial Statement Analysis HW - IS, BS, WC (homework)		330	CC1,2,3,4
		Rationale for Mergers & Acquisitions		340	N/A
		UFS Ch 3 Income Statement & Statement of Stockholders' Equity	UFS 3		Ch 3 MC1-20 P3.7,8,10,11,12
		Financial Statement Analysis Project Requirements - Begin Project	Project	900	N/A
		Financial Statement Analysis Project Spreadsheet Format		905	
		Sample Project Binders for in-class review			
2/14 Wed.	6	Financial Statement Analysis - Ratio Analysis		500	CC1,2,3,4
		Ratio analysis example		505	N/A
		Financial Statement Analysis - Ratios and Operating Cycle		510	515 Year to Year Change HW
		Statement of Cash Flows and Performance Measures		410	N/A
		Financial Statements - SCF - HW		415	CC1
		Accessing Financial Ratios from the web		920	
		Team Workshop - Project IS, BS, SCF analysis formats & Assignments	Project		
		UFS Ch 4 Statement of Cash Flows (Read pp 117-20;127-134)	UFS 4		Ch 4 MC1,2,19,20,22
		UFS Ch 6 Analysis of Financial Statements + Appx 6A (p249-55)	UFS 6		Ch 6 MC1-35 P6.1,2,4,5,6,7,8
		UFS Ch 5 Reporting Quality: Read topics 1,4,5,7,9,11,14,15	UFS 5		Ch 5 MC 1,2,3,4,5,7,11 P5-7,8
		Exam FA3 Prep:Ch 1,2,3,4,6 MC; BFAP 210, 310 Horizontal Anal			Exam Prep: prior Concept Checks
2/21 Wed.	7	Exam FA3 - Financial Statement Analysis		Exam FA3	
		Managerial Accounting			
		Managerial Accounting - Introduction		100	CC1,3
		Cost Behavior & Analysis - Contribution Margin Income Statement		200	CC1-8
		Cost Volume Profit Analysis (1)		300	CC1-6
2/28 Wed.	8	Exam MA1 Cost concepts and terms		Exam MA1	
		Cost Volume Profit Analysis (2)		300	CC1-6
		Decentralization, ROI, Residual Income		1200/1220	CC1,2
		Balanced Scorecard, Strategy Map		1230/1240	CC1-6
		Company Financial Statement Analysis Project Soft Copy Due			In Canvas Drop Box by 11 P.M.
		Company Financial Statement Analysis Project Binder Due to Tonja			
3/7 Wed.	9	Exam MA2 Cost Volume Profit Analysis		Exam MA2	
		Budgetary Planning - Retail		900	CC1-4
		Budgetary Planning - Manufacturing -Overview		905	
		Unit Product Cost and Budgeting		910	
		The concept of present value		1400	CC1-4
		Capital Budgets [NPV,IRR,Payback,Acctg ROR, Profit Index]		1410	CC1-7
		Capital Budgets - Profitability Index (TBD)			
3/14 Wed.	10	Exam MA4 Budgets and Budgetary Planning (Discuss quiz options)		Exam MA4	
		Exam MA5 Capital Budgeting (or combined MA4/MA5)		Exam MA5	
LDOC		Health Care Value Chain			
		Health Care Value Chain - Clinical Trials, Payer, Provider, Patient Interface	1700-1720		
		Example Clinical Trial Budget	1740		
		Additional Topics - Overviews-Clinical Trial Accruals		160	
		Additional Topics - Overviews-Job Order Costing, Activity Based Costing		400, 800	
		Additional Topics - Incremental Analysis Overview (Organization Impacts)		1300	
TBD		Project Return/Review			
	UFS	Understanding Financial Statements 8th Ed. Ormiston (order on-line)			ISBN 0-13-187856-5
		Syllabus may be changed with reasonable notice			