THE CATHOLIC UNIVERSITY OF AMERICA
THE COLUMBUS SCHOOL OF LAW

LEGAL ACCOUNTING
SPRING 2007

Law 549
Monday, 10:35-12:20
Office Hours: Tues/Thurs, 11:00-1:00

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SYLLABUS

Course Approach:  This course focuses on the basic as well as the conceptual aspects of accounting and finance, providing a necessary foundation for students to address legal questions in a business or regulatory environment. Today lawyers need to be aware of the legal implications of a wide variety of accounting issues that arise in virtually every area of law. Most of these issues will be discussed in the context of financial statements: accurate presentation of balance sheets, income statements, statements of cash flows; detecting financial/accounting fraud, auditors' responsibility and liability; reporting on pending litigation and potential liability, explanatory notes, and the use of accounting terms in legal documents.

Current major issues that confront publicly-held corporations will also be discussed, particularly in regards to their regulation by the Securities and Exchange Commission and the impact of the Sarbanes-Oxley Act. Examples include the treatment and reporting of stock options and executive compensation, management’s certification of the accuracy of financial statements, the composition and operation of audit committees, and the Management Discussion and Analysis Section (i.e., forward-looking statements).

The course is different than the traditional law course, which is almost exclusively case-oriented. While court cases and legal questions and articles will covered to some extent, a good portion of the course will study purely accounting and finance concepts, rules and problems (but not with an overload of "numbers-crunching").

We will refer to the financial statements of the Starbucks Corporation throughout the course. Class participation may be a factor for grading purposes. Handouts and other materials will be distributed throughout the course.


Course Materials Manual, Prof. Raymond J. Wyrsch (Spring 2007).
CLASS ASSIGNMENT*

1. Introduction and Overview ....................................................................................... Preface
   Read: Main Text: The Preface (pp. v-xv)
   Course Manual: pp. 6-12
   Supplement: The Preface (pp. vii-x)

2. Accounting Principles ............................................................................................... Chapter II
   Read: Main Text: pp. 121-149
   Course Manual: pp. 15-18
   Supplement: pp. 1-14; 22 - 30

   Using Accounting/Finance Terms in Business Documents
   Read: Main: pp. 307 - 314; 432 - 437

3. Auditing Standards ................................................................................................. Chapter II
   Read: Main Text: pp. 149-179
   Course Manual: pp. 19 - 30
   Supplement: pp. 14 - 20; 350-410 (excluding 381-389)

4. Accountants’ Legal Liability .................................................................................. Chapter II
   Read: Main Text: pp. 179-204
   Course Manual: pp. 31- 34
   Supplement: pp. 381-389

5. Financial Statements – In General ......................................................................... Chapter I
   Balance Sheet--Income Statement
   Statement of Changes in Owners’ Equity--Statement of Cash Flows
   Read: Main Text: pp. 1 -12 (exclude Double-Entry…);
   26 - 28; 43 - 50; 103 - 113
   Course Manual: pp. 35 - 47
   Supplement: pp. 31 - 38; 41 - 45

*Throughout our discussions regarding specific topics we will refer to the pertinent
parts of Starbucks Corporations’s Annual Report (Appendix A), so please read.
6. Continued…………………………………………………………………………….Chapter IV

Explanatory Notes -- Management Discussion & Analysis -- Pro Forma Reports

Read: Main Text: pp. 229 - 234; 259 - 268; 280 - 289
Course Manual: pp. 48 - 49
Supplement: pp. 14; 189 - 203

7. Revenue & Expense Recognition……………………………….. Chapter VI

Read: Main Text: pp. 50 - 60; 64 - 68; 70 - 72; 96 - 98
Supplement: pp. 374 - 377; 393 - 396
Course Manual: pp. 50 - 61
Supplement: pp. 41 - 49; 54 - 64 (Chapter 3)

8. Contingencies……………………………………………… Chapter VII

Read: Main Text: pp. 439 - 482
Supplement: pp. 140 - 144; 414 - 423

9. Inventory – Cost of Goods Sold .................................. Chapter VIII

Read: Main Text: pp. 89 - 94; 491 - 504; 509 - 526
Course Manual: pp. 68 - 76
Supplement: pp. 67 - 83 (Chapter 4)

10. Long-Lived Assets & Intangibles - Depreciation .....................Chapter IX

Read: Main Text: pp. 60 - 63; 537 - 560;
Course Manual: 569 - 577; 582 - 586
Supplement: pp. 77 - 87
Supplement: pp. 89 - 104; 106 - 109 (Chapter 5)
Supplement: pp. 121 - 125 (Goodwill & Intangibles)
11. Shareholders’ Equity .......................................................... Chapter V
   Read:  Main Text: pp. 291 - 306
          Course Manual: pp. 88 - 91
          Supplement: pp. 145 - 161

12. Business Valuation Methods ....................................................
   Read:  Course Manual: p. 97
          Supplement: pp. 261 - 278 (Chapter 11)

   Read:  Main: pp. 229 - 257; 270 - 280
          Course Manual: pp. 92 - 97
          Supplement: pp. 167 - 189

14. Summary and Review