



# Financial Accounting

Financial accounting is the backbone of any well-run business. Be it a Fortune 500 company, a start-up, or a non-profit, having a solid understanding of financial accounting is essential for business success.

Harvard Business School Online's Financial Accounting course will teach you the fundamentals of financial accounting. Starting with the basics of recording transactions as journal entries and posting them to T accounts, you will learn how to prepare a balance sheet, income statement, and cash flow statement. Equipped with an understanding of the building blocks of financial statements, you will learn how to analyze them and calculate and interpret critical ratios. The course concludes with an introduction to forecasting and valuation where you will learn to prepare forecasted financial statements and make capital budgeting decisions using tools such as Net Present Value and Internal Rate of Return calculations. Participating in Financial Accounting will allow you to:

- **Understand** where the information in financial statements originates by recording transactions
- **Construct** balance sheets and income statements
- **Use** the statement of cash flows to evaluate the financial health of a business
- **Analyze** ratios and use the DuPont Framework to evaluate a business
- **Prepare** and evaluate financial forecasts used to make strategic decisions
- **Learn** how to value a venture, project, or investment opportunity and perform a sensitivity analysis

## Quick Facts

- An interactive, immersive, and highly experiential online program
- Build, interpret, and analyze financial statements to drive business decision-making
- 7 modules of study over 8 weeks
- Approximately 60 hours of total learning time
- Certificate of Completion from Harvard Business School Online

## Who is this course for?

Financial Accounting is designed for individuals who are looking to learn how to build and interpret financial statements. The course also develops problem-solving skills and allows individuals to better contribute to business discussions and decision making.

## About the Harvard Business School Faculty



### V.G. Narayanan

*Thomas D. Casserly, Jr. Professor of Business Administration*

Professor Narayanan has been teaching accounting at Harvard Business School for the past 20 years and is currently co-chair of the MBA program's second-year, elective curriculum. His research in management accounting focuses on understanding how firms can use incentives and performance feedback to improve performance.



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## Syllabus

Modules		Lessons	Learning Objectives	
Module 1	<b>The Accounting Equation</b>	<ul style="list-style-type: none"> <li>Accounting Equation Components</li> <li>Basic Transactions and the Equation</li> <li>Accounting Principles and Rules</li> <li>Formal Definitions of Accounting Terms</li> </ul>	<ul style="list-style-type: none"> <li>Understand the accounting equation and demonstrate how different transactions impact it</li> <li>Define key accounting concepts and principles</li> </ul>	Quiz
Module 2	<b>Recording Transactions</b>	<ul style="list-style-type: none"> <li>Journal Entries and T Accounts</li> <li>Advanced Journal Entries</li> <li>The Trial Balance</li> </ul>	<ul style="list-style-type: none"> <li>Understand where financial statement information originates by recording business transactions as journal entries</li> </ul>	Quiz
Module 3	<b>Financial Statements</b>	<ul style="list-style-type: none"> <li>The Balance Sheet</li> <li>The Income Statement</li> </ul>	<ul style="list-style-type: none"> <li>Construct the balance sheet and income statement to learn their purpose and format</li> </ul>	Quiz
Module 4	<b>Adjusting Journal Entries</b>	<ul style="list-style-type: none"> <li>Accruals and Deferrals</li> <li>Long-Lived Assets</li> <li>Inventory</li> <li>Deferred Taxes</li> </ul>	<ul style="list-style-type: none"> <li>Understand complex accounting transactions and how they relate to accounting principles</li> <li>Recognize the impact of judgment and bias on financial statements and accounting practices</li> </ul>	Quiz
Module 5	<b>The Statement of Cash Flows</b>	<ul style="list-style-type: none"> <li>Operating: Direct Method</li> <li>Operating: Indirect Method</li> <li>Investing and Financing</li> </ul>	<ul style="list-style-type: none"> <li>Use the statement of cash flows to evaluate the financial health and life-cycle stage of a business</li> </ul>	Quiz
Module 6	<b>Analyzing Financial Statements</b>	<ul style="list-style-type: none"> <li>Profitability</li> <li>Efficiency</li> <li>Leverage</li> <li>Other Ratios</li> <li>Impact of Policy Differences</li> </ul>	<ul style="list-style-type: none"> <li>Analyze ratios and use the DuPont Framework to evaluate the financial state of a business</li> </ul>	Quiz
Module 7	<b>Forecasting and Valuation</b>	<ul style="list-style-type: none"> <li>Pro-Forma Financial Statements</li> <li>Projecting Free Cash Flows</li> <li>Valuation</li> <li>Determining Relevant Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>Prepare and evaluate financial forecasts used to make strategic decisions</li> <li>Calculate and forecast free cash flows</li> <li>Learn how to value a venture, project, or investment opportunity and perform a sensitivity analysis of key assumptions</li> </ul>	Quiz