

# Financial Statements for Legal Professionals eCourse

## OVERVIEW

### **Welcome to the Course**

Provides a brief overview and introduction to the course.

### **The Accounting Environment**

#### **The Accounting Environment**

Addresses misconceptions about accounting and answers the question, “what is accounting?”

Describes the “accounting environment” to provide an understanding of the contexts behind financial reporting.

Discusses how different accounting treatments affect financial statements and shows the impacts of accounting changes on the liability side of the balance sheet.

Discusses why accounting matters.

#### **Canadian Accounting Standards**

Explains the two sets of Accounting standards in use in Canada and when and how they are used.

### **Introduction to Financial Reporting and the Balance Sheet**

#### **The Financial Statements**

Outlines and explains the five components of a complete set of financial statements, including the Balance Sheet, the Income Statement, the Cash Flow Statement, the Statement of Changes in Equity or the Statement of Retained Earnings, and the Notes to the Financial statements.

Reviews the “Accounting Equation”, the conceptual foundation of modern accounting.

#### **What are Assets?**

Provides an overview of assets, including what can be recorded as an asset.

Differentiates between current and non-current assets.

Explains the limitations of the definition and provides examples of what are not considered assets for accounting purposes.

Reviews five different methods for measuring assets.

#### **Liabilities?**

Outlines the criteria to be met for a liability to be reported on a balance sheet.

Describes current and non-current assets and provides a scenario to explain the difficulties in differentiating between the two.

Defines trade payables and customer deposits as liabilities.

Provides an explanation of Off-Balance Sheet Financing.

#### **Estimated Liabilities**

Explains estimated liabilities and how they are reported in the financial statements.

#### **Long-term Debt Disclosures & Equity**

Outlines the information that is important in evaluating the borrowing position of an entity.

### **Measurement of Major Asset Categories Part 1**

Outlines how major asset categories are accounted for, including, accounts receivable, inventory, property, plant, and equipment, intangible assets, and goodwill. Describes depreciation and outlines three different methods of depreciation. Describes impairment and the writing down procedure.

### **Measurement of Major Asset Categories Part 2**

Examination of three different categories of capital assets including property, plant, and equipment, intangible assets, and goodwill.

### **Balance Sheet Odds and Ends**

Outlines the ways a balance sheet can be used and its limitations.

## **The Income Statement**

### **A Quick Look at How Accounting Works**

Provides an overview of accounting and the recording process, including how transactions and economic events get recorded and their impact on the financial statements.

Describes the tools accountants use to record economic events.

### **Accrual Accounting and the Measurement of Income**

Outlines how income is measured under IFRS and ASPE using accrual accounting. Describes how performance is measured on the income statement using the accrual method.

Differentiates between cash accounting and accrual accounting.

Outlines the limitations and drawbacks of accrual accounting.

### **The Income Statement Part 2**

Explores how the timing of revenue recognition affects the income statement.

Outlines revenue recognition and its importance to the income statement.

### **The Income Statement Part 3**

Explores some items that are important for understanding the income statement including matching, gains and losses, and impairment losses.

### **The Income Statement Part 4**

Discusses comprehensive income.

Describes how non-GAPP financial measures can make it more difficult for stakeholders to interpret and understand financial information.

Discusses earnings management.

## **The Cash Flow Statement, Statement of Changes in Equity/Statement of Retained Earnings, Notes to The Financial**

### **The Cash Flow Statement Part 1**

Discusses the Cash Flow Statement and describes the three categories of the Cash Flow Statement including operating cash flows or cash from operations, investing cash flows, and financing cash flows.

### **The Cash Flow Statement Part 2**

Explores an example of a cash flow statement.

Describes non-cash working capital accounts and its relation to cash from operations.

**Statement, and  
Other Reporting  
Issues**

**Statement of Changes in Equity**

Discusses the Statement of Changes in Equity, as well as the Notes to the Financial Statement.  
Explores additional reporting issues.

**Leases and Deferred Taxes**

Discusses leases and deferred taxes.  
Explains the two ways to account for leases including finance or capital leases, and operating leases.  
Outlines the issues underlying the lease accounting.

**Investments and Investment Property**

Discusses reporting topics including investments in other companies with an emphasis on consolidated financial statements and investment properties.

**Using and  
Interpreting  
Financial  
Statements**

**The Time Value of Money**

Explores the time value of money as a tool for analyzing financial statements.  
Differentiates between the present and future value of money and provides the formula for calculating both.  
Explores key concepts of the time value of money and three key pieces of information required to do a time value of money calculation.  
Provides the formula for calculating the present and future value of annuities.

**Evaluating Performance**

Explores evaluating performance as a tool for analyzing financial statements.  
Discusses ratios for gaining insight on the performance, solvency and leverage and liquidity of an entity.  
Discusses how leverage affects the returns earned by owners of a business.

**Leverage and Solvency**

Discusses leverage and solvency, including how leverage affects the returns to common equity investors.  
Provides tools for assessing solvency and leverage.

**Liquidity**

Explores how to assess the liquidity of an entity.

**Additional Considerations**

Provides additional techniques for restating the financial statements, including the vertical and horizontal analysis.  
Explores different types of cost behaviour including variable costs, fixed costs, mixed costs, non-recurring costs, and out-of-pocket costs.  
Discusses limitations and caveats about analyzing financial statements.

**Assurance**

Explores the process of assurance and how independent accountants and assurance services can overcome information risk.