

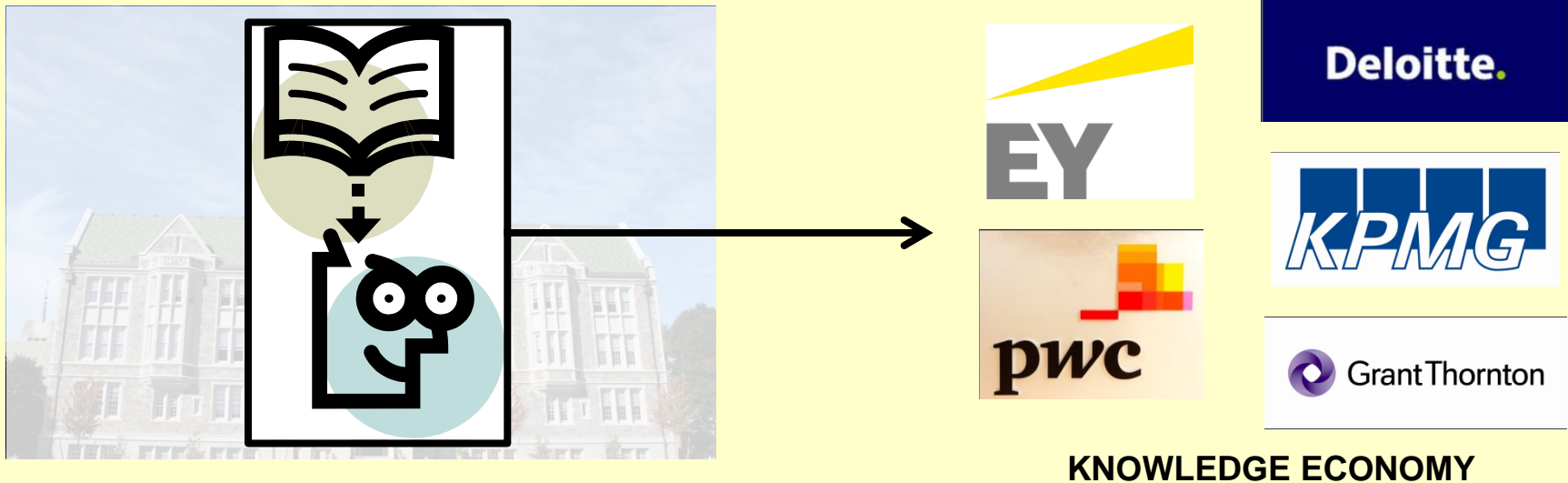
A decorative border surrounds the text, featuring black swirls, white stars of various sizes, and a rainbow gradient background. The border is composed of elegant, flowing lines that curve around the central text, interspersed with numerous five-pointed stars, some solid white and some with black outlines. The background behind the border transitions from a warm orange-red on the left to a cool blue on the right, with a yellow-green center.

# Framing Accounting Learnings

The Big Accounting Picture

# Framing Accounting Learnings

## Succeeding in a Knowledge Economy

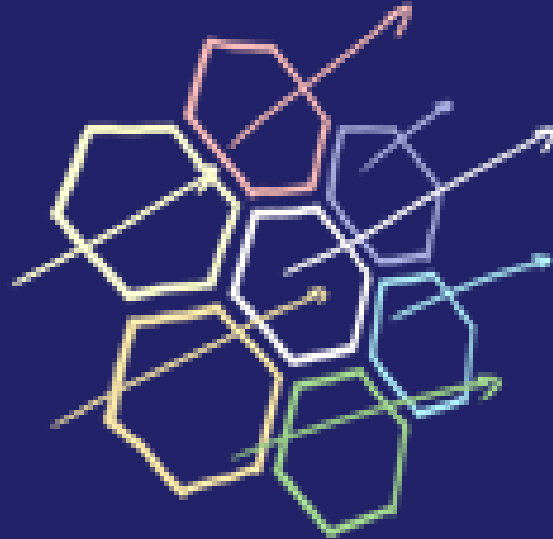


## Agenda

- Present a unified framework for all accounting
- Drill deeper into financial accounting

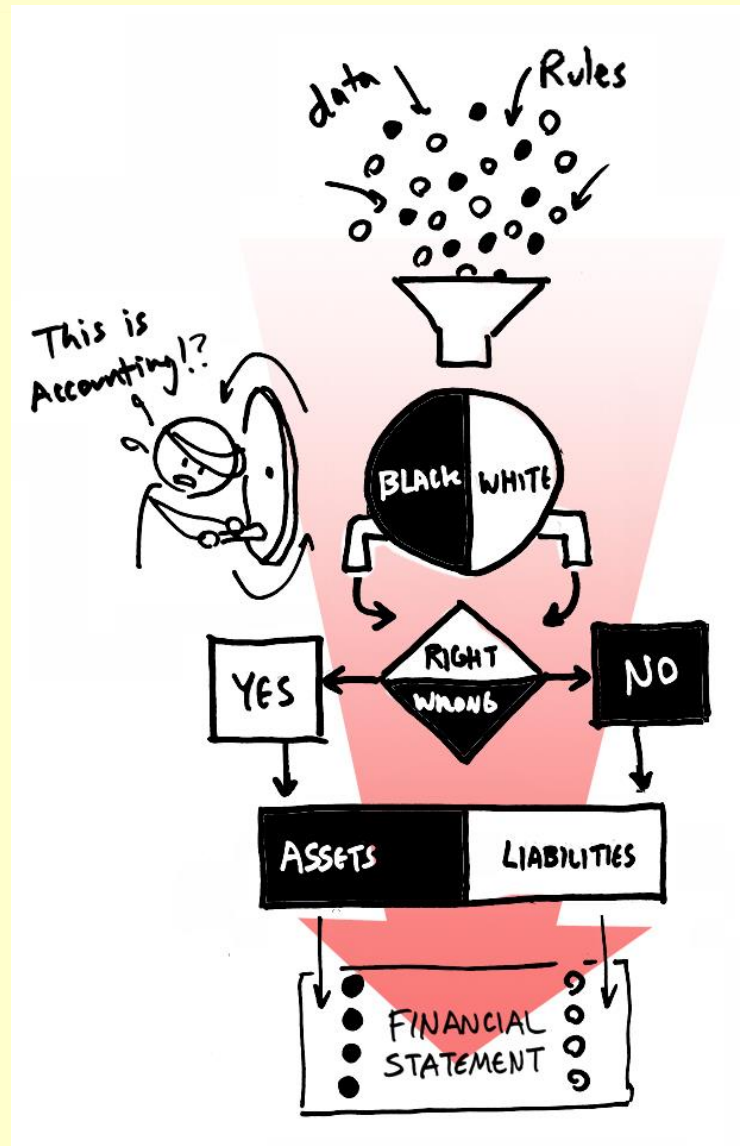
# Unified Framework Pathways Commission

## The Pathways Commission



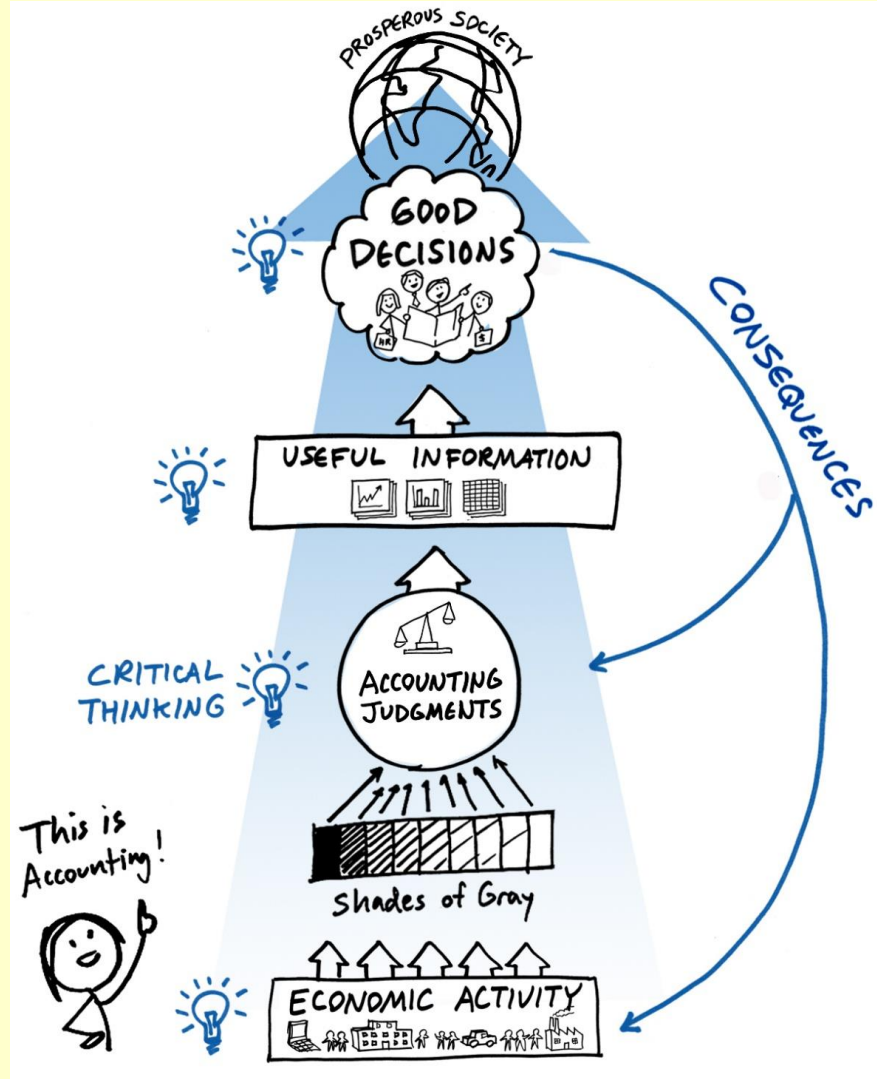
# Unified Framework

## Public Perception of Accounting



# Unified Framework Reality of Accounting

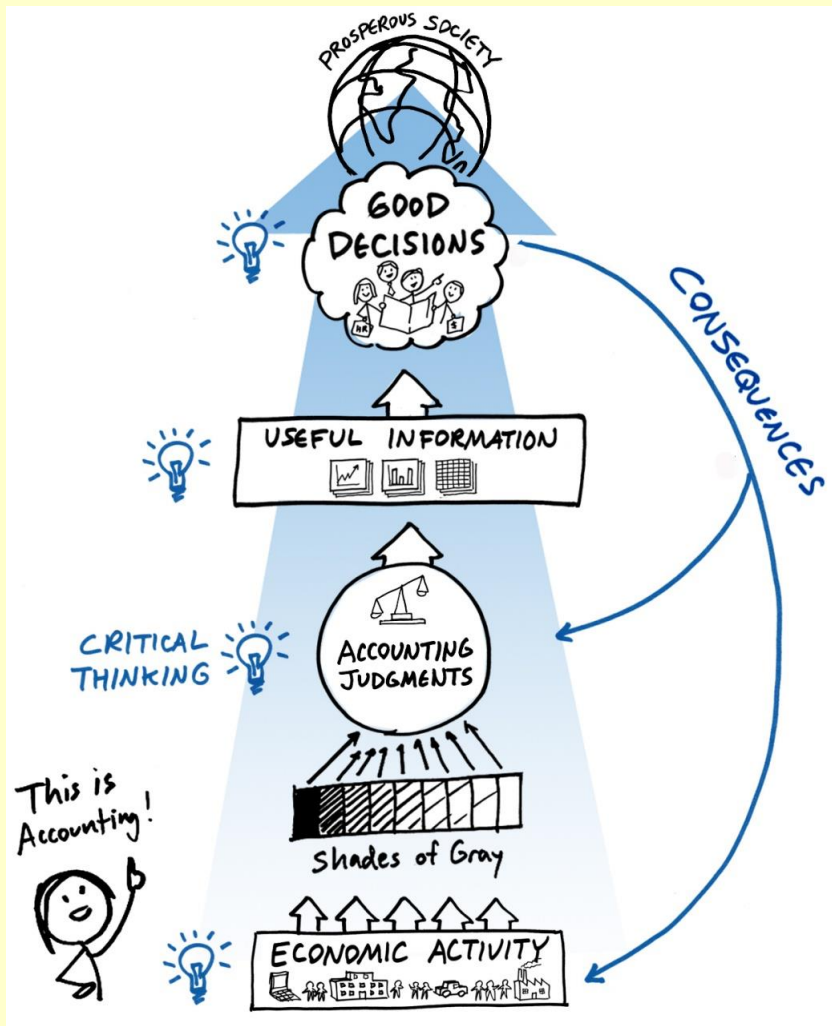
## Pathways Vision Model



# Unified Framework

## Perception Versus Reality

Often it is said that ...

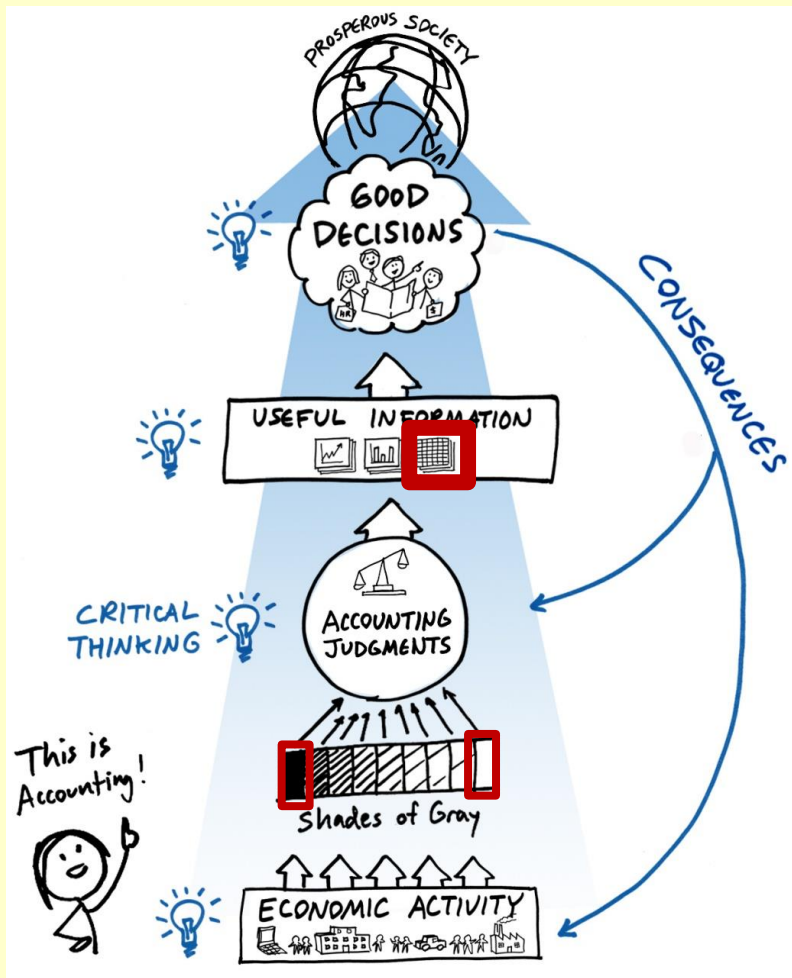


Accounting is  
the language of  
business.

# Unified Framework

## Perception Versus Reality

However, the public's perception is narrow.

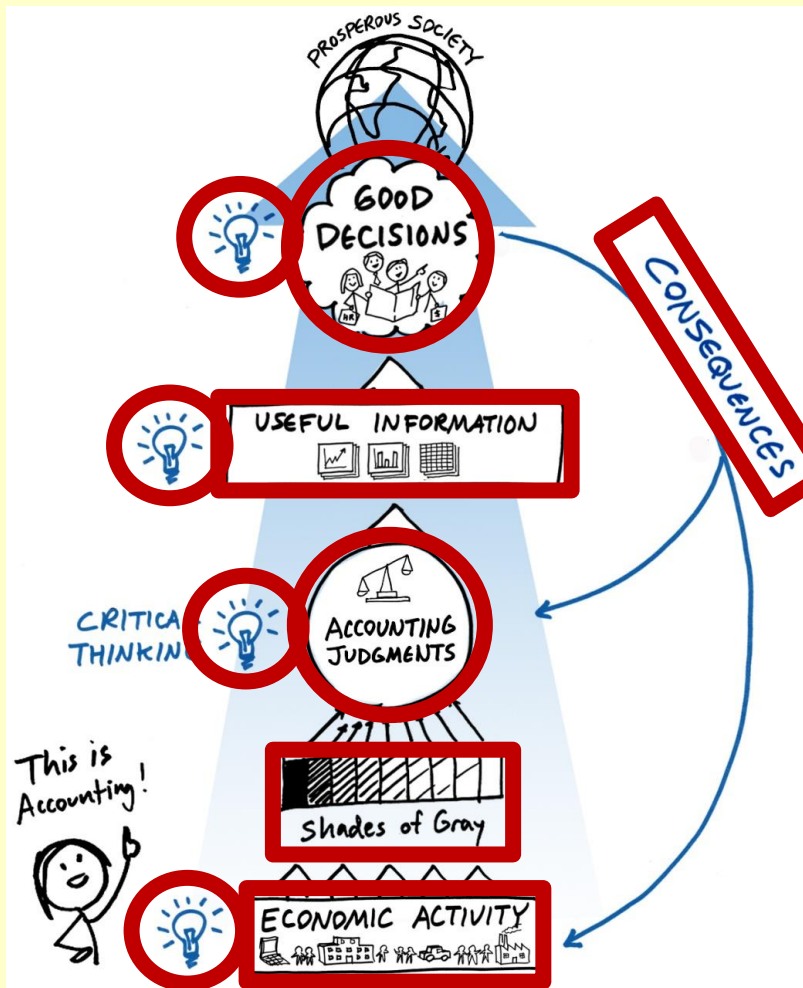


The public's view of accounting following "black and white" rules, while essential, is only the **grammar**.

# Unified Framework

## Perception Versus Reality

Rather...

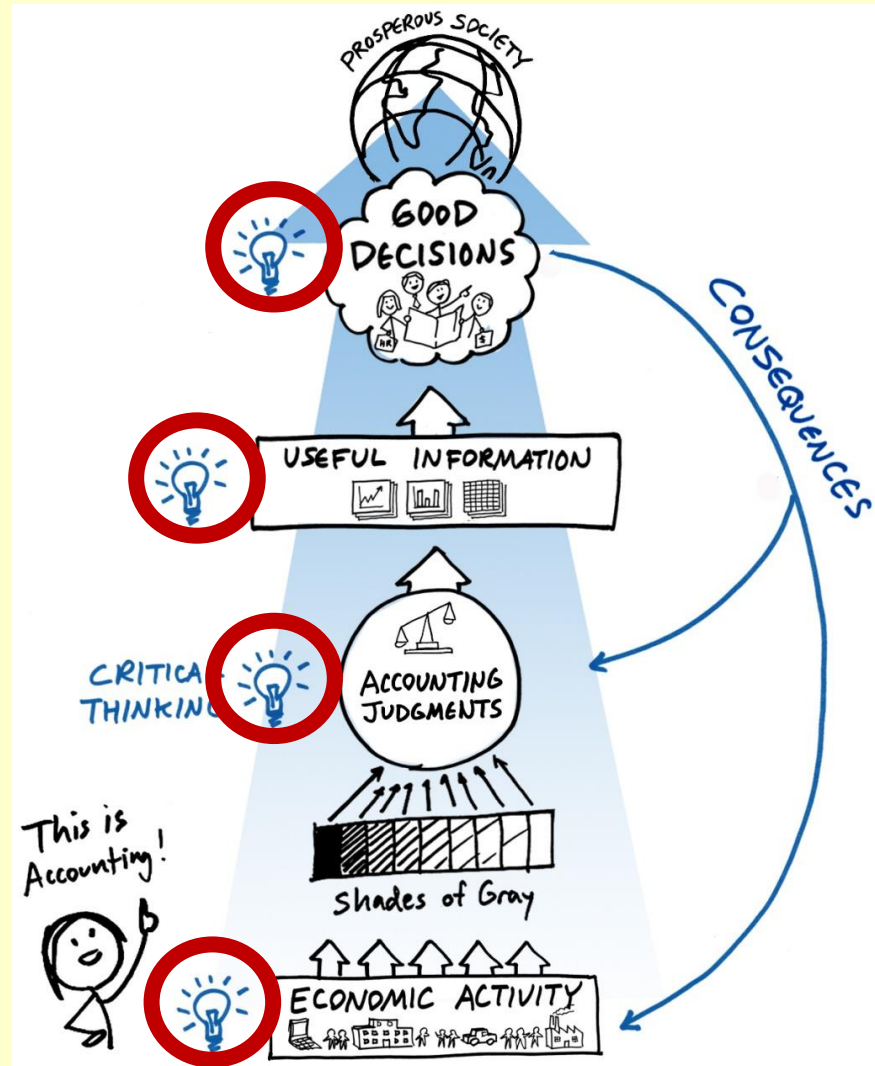


A subtle aspect of accounting, like nuances in other languages, is that it both affects and is affected by the business reality and culture.



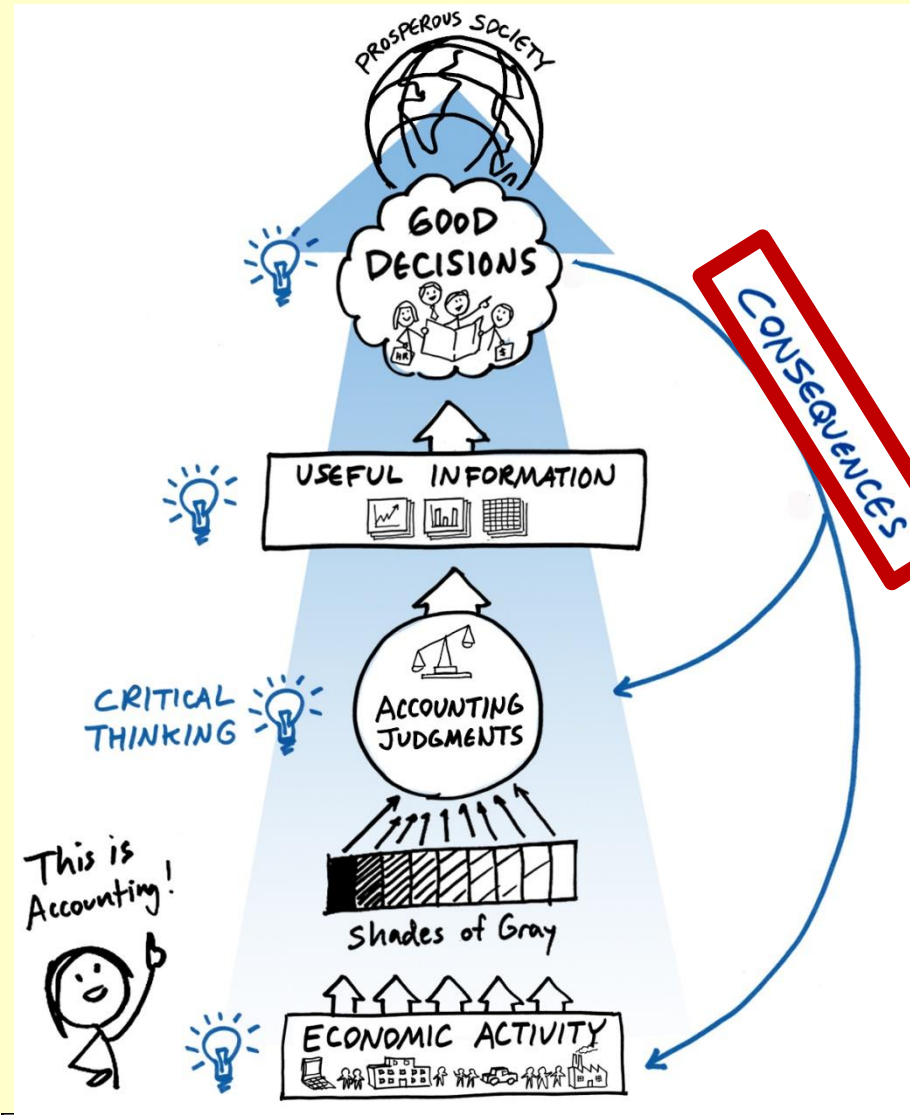
# Unified Framework Reality of Accounting

## Critical Thinking



# Unified Framework Reality of Accounting

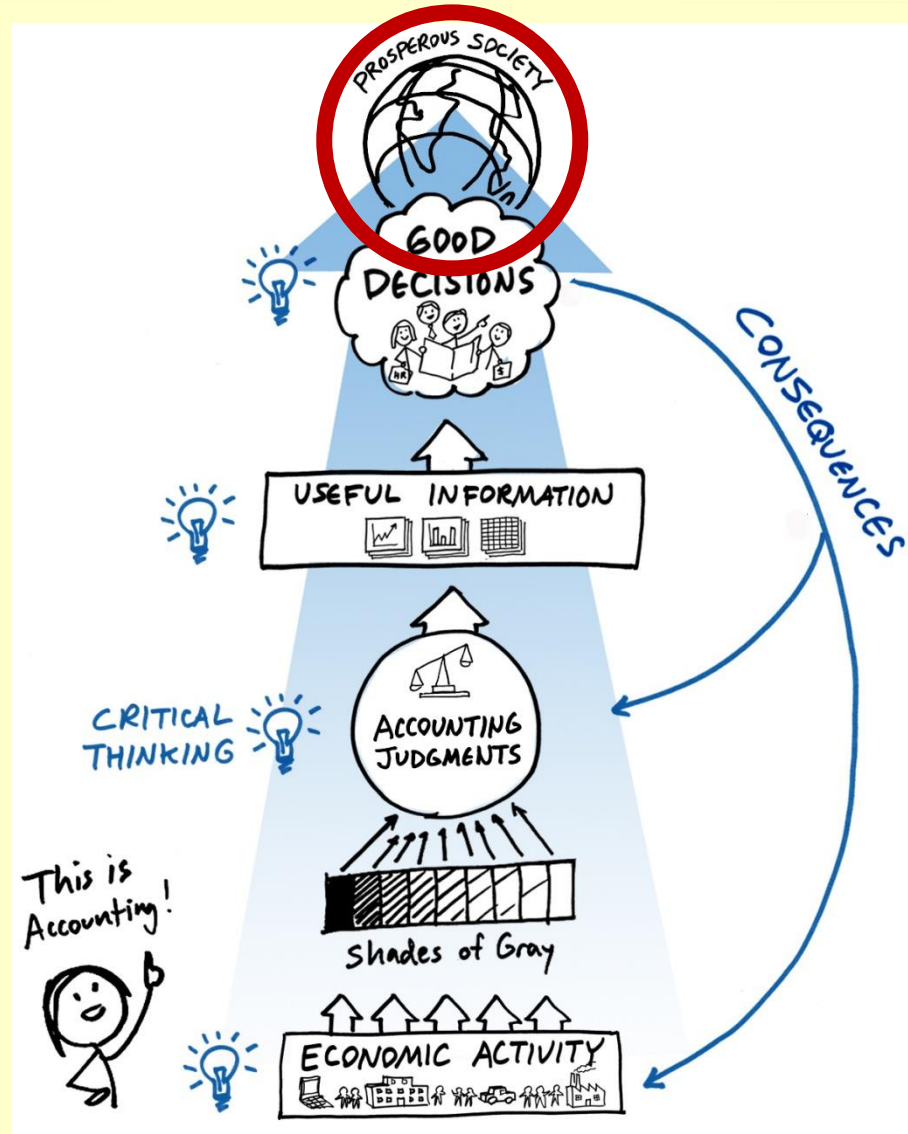
## Consequences of Users' Decisions



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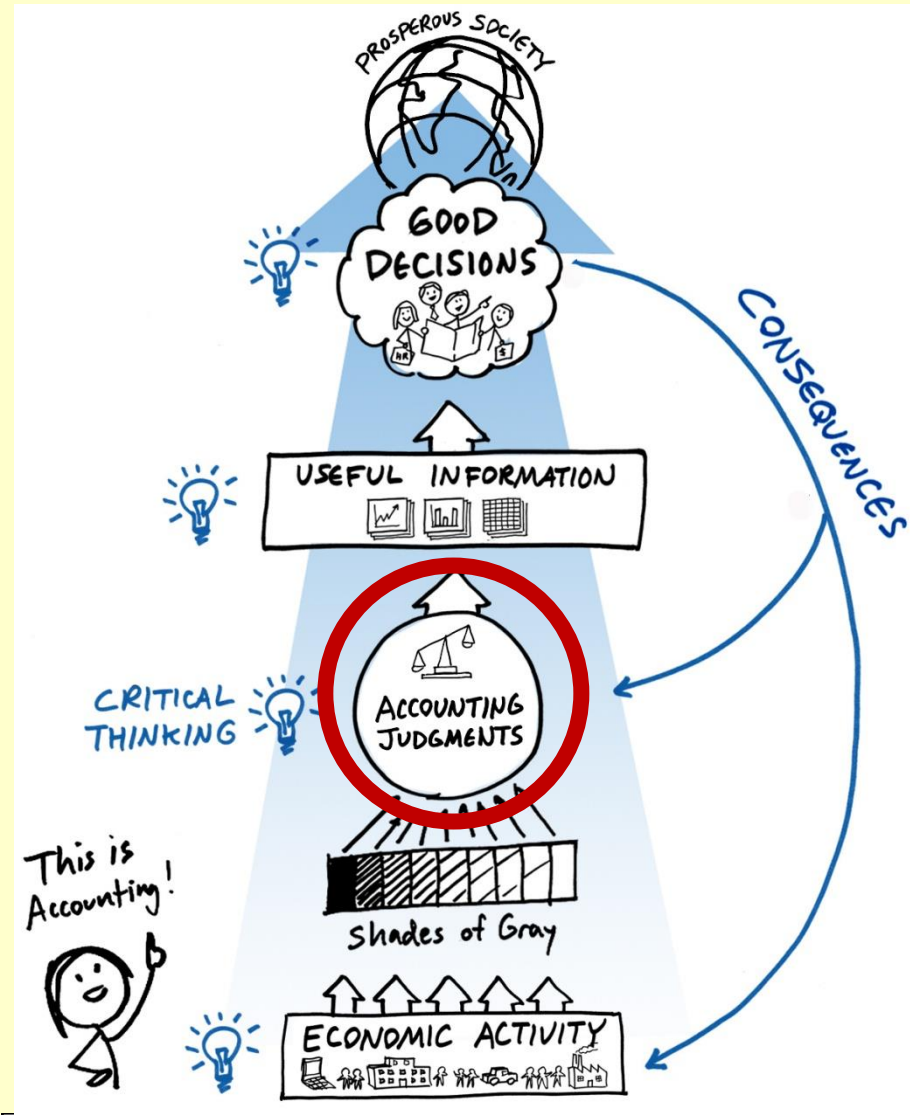
# Unified Framework Reality of Accounting

Prosperous  
Society



# Unified Framework Reality of Accounting

## Accounting Judgments

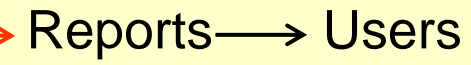
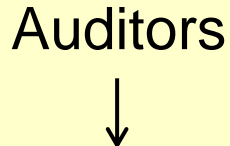
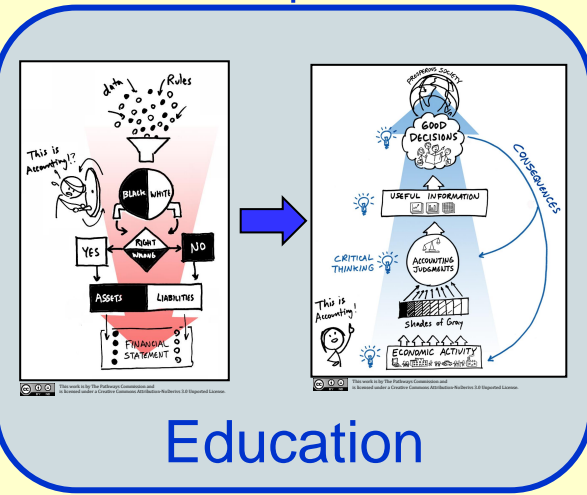
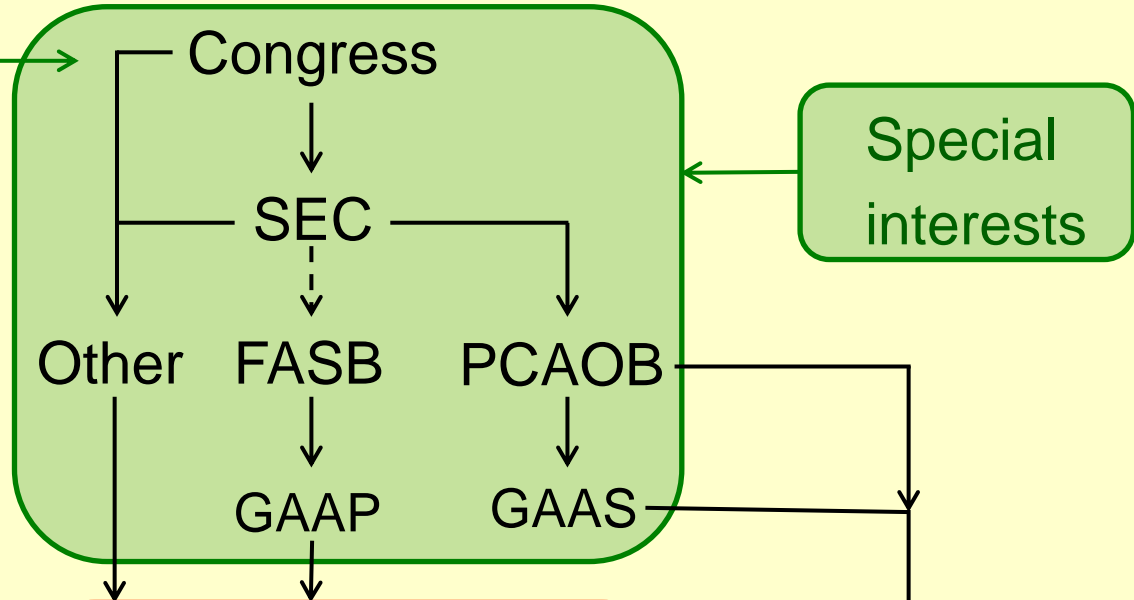
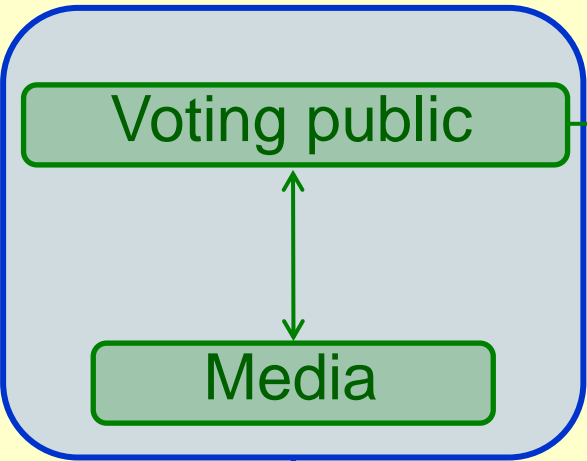


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# Unified Framework

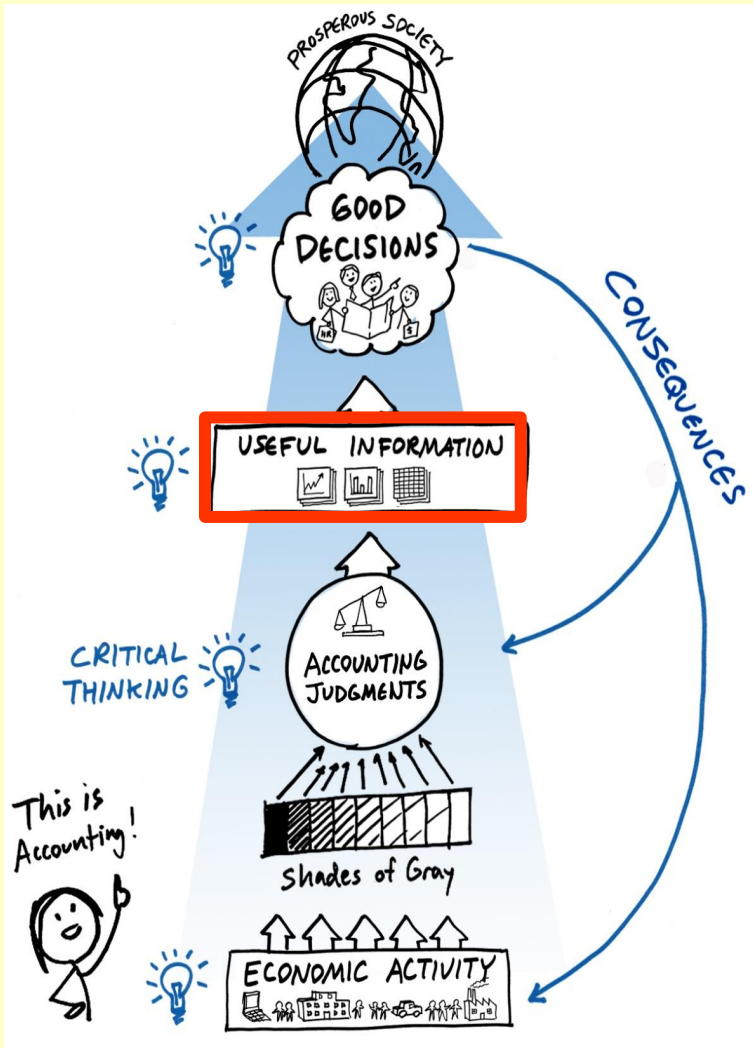
## Decision Making Hierarchy

### Outside companies



# Digging Deeper into Financial Accounting

## Connecting User Decisions to Economic Activity

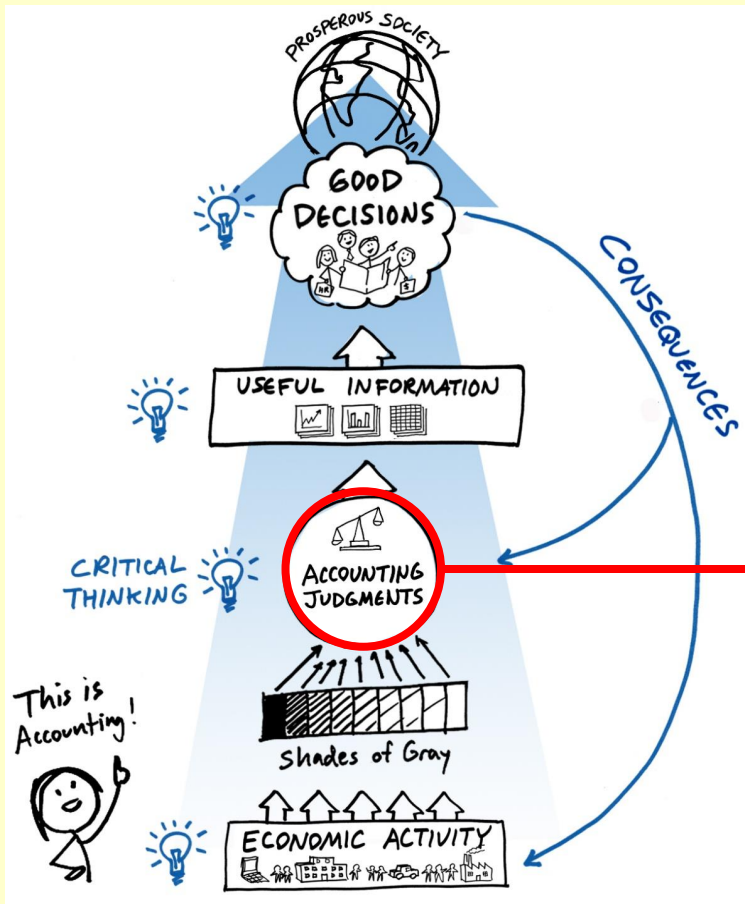


- Analysis
- Ratio effects
- Financial-statement effects
- Entries
- Computations
- Accounting judgments
- Analyze economic activity
  - Events
  - Risks & incentives

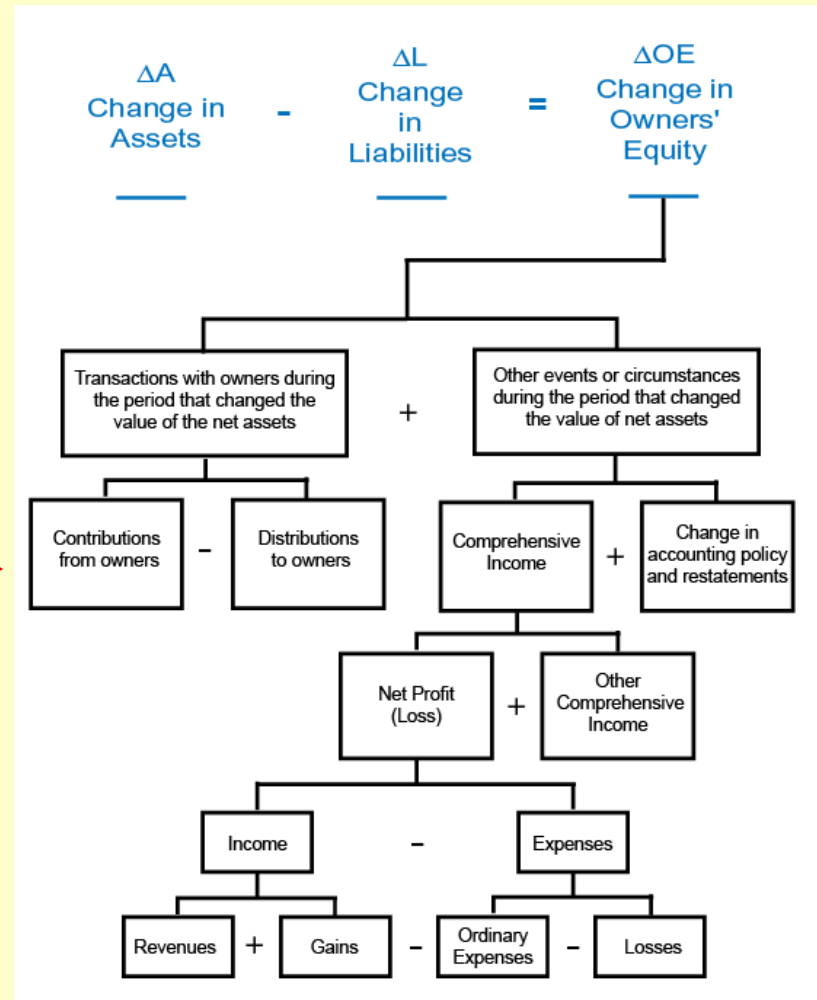
# Digging Deeper into Financial Accounting

## Connecting User Decisions to Economic Activity

### Owners' Equity Change Map



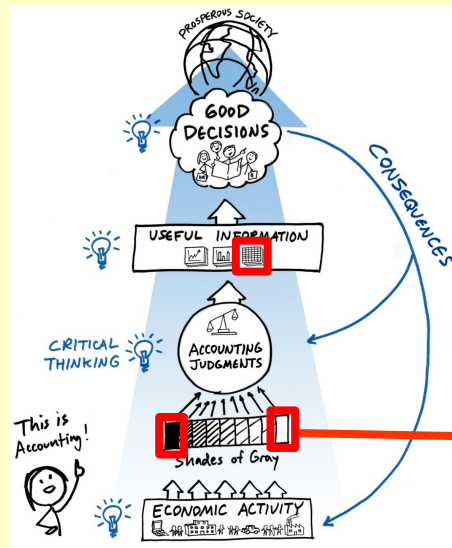
### Conceptual primacy of assets and liabilities



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# Digging Deeper into Financial Accounting

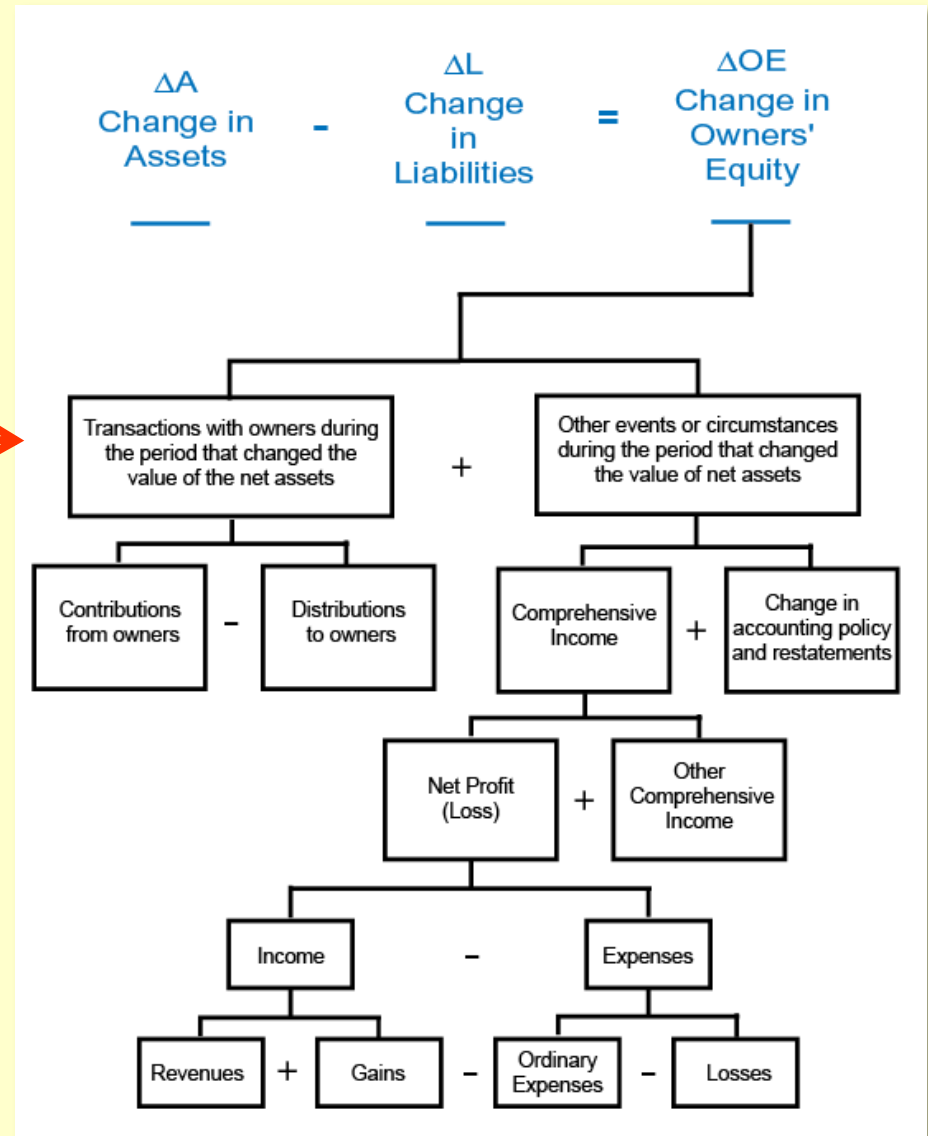
## Connecting User Decisions to Economic Activity



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### Process to Record Any Entry

- Determine if net assets was affected by an event:
  - Should an asset be recognized?
  - Should an asset be de-recognized?
  - Should a liability be recognized?
  - Should a liability be de-recognized?
- If net assets, and thus owners' equity, changed, use this map to identify what's affected.

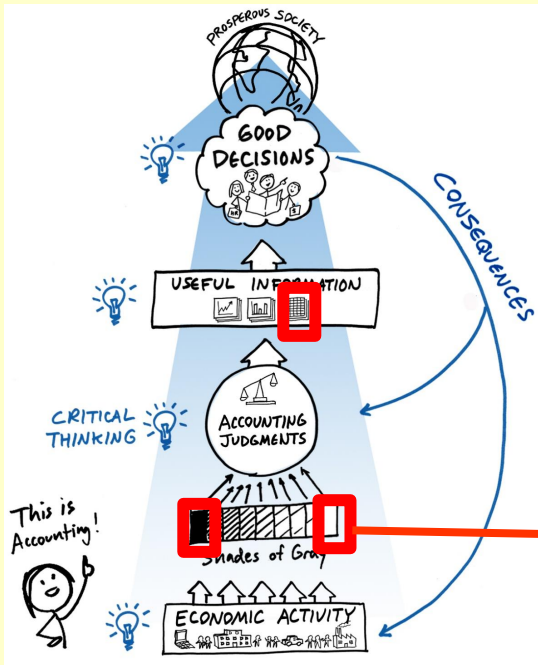




# Digging Deeper into Financial Accounting

## Connecting User Decisions to Economic Activity

### Record Keeping and Reporting Map



	Assets						Liabilities						Owners' Equity					
	Current	Non-current	PP&E	Intangible	Other	Other	Current	Non-current	Payable	Equity	Retained Earnings	Other	Common Stock	Other	Other	Other		
December 31, 2013	1,488	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	

**BISCHOFF GLOBAL SPORTSWEAR STATEMENT OF CASH FLOWS (Direct format)**

For years ended December 31, 2012 and 2013

	2013	2012
Cash flows from operating activities		
Collected accounts receivable	\$380	\$293
Paid accounts payable	(225)	(201)
Paid accrued expenses not invoiced	(10)	(9)
Paid expenses recognized when paid	(30)	(27)
Paid prepaid expenses	(20)	(18)
Other operating cash flows	1	(13)
Net cash provided by (used in) operations	\$96	\$25
Cash flows from investing activities		
Payments for property, plant, and equipment	(20)	(17)
Other investing cash flows	(85)	(23)
Net cash provided by (used in) investing activities	(105)	(40)
Cash flows from financing activities		
Proceeds from issue of share capital	10	7
Proceeds from borrowings	10	9
Other financing cash flows	(13)	(14)
Net cash provided by (used in) financing activities	5	2
Net increase (decrease) in cash during year	16	(13)
Other	2	2
Cash and Cash equivalents at start of year	13	24
Cash and Cash equivalents at end of year	\$31	\$13

**BISCHOFF GLOBAL SPORTSWEAR STATEMENTS OF FINANCIAL POSITION**

December 31, 2013 and December 31, 2012

	2013	2012
Assets		
Current		
Cash and cash equivalents	\$31	\$13
Accounts receivable, net	64	66
Inventories	156	109
Prepaid expenses	10	20
Other current assets	219	158
Total current assets	502	366
Non-current		
Property, plant, and equipment	264	220
Historical cost of PP&E	(70)	(45)
Less accumulated depreciation	194	175
Net	233	199
Other non-current assets	427	374
Total non-current assets	\$660	\$573
Total assets	\$929	\$746
Liabilities and Stockholders' Equity		
Liabilities		
Current		
Accounts payable	25	35
Accrued liabilities	14	20
Dividends payable	12	7
Other current liabilities	58	81
Total current liabilities	109	123
Non-current		
Long-term borrowings	105	60
Other non-current liabilities	102	71
Total non-current liabilities	207	131
Total liabilities	316	254
Stockholders' equity		
Share capital	253	214
Retained earnings	310	239
Reserves	50	33
Total stockholders' equity	613	486
Total liabilities and stockholders' equity	\$929	\$746

**BISCHOFF GLOBAL SPORTSWEAR STATEMENT OF COMPREHENSIVE INCOME**

For years ended December 31, 2012 and 2013

	2013	2012
Net revenues	\$505	\$440
Cost of goods sold	(253)	(220)
Gross profit	252	220
Selling, general, and administrative expenses:		
Depreciation	(7)	(9)
Other selling, general, and administrative	(117)	(105)
Total	(124)	(111)
Other operating income and (expense):		
Gain (loss) on sale of building	3	3
Other	(3)	(3)
Total	0	0
Operating profit	128	109
Other income and (expenses)	1	1
Profit before taxes	129	110
Income tax expense	(40)	(34)
Net profit (loss)	89	76
Other comprehensive income	24	(24)
Comprehensive income (loss)	\$113	\$100

**BISCHOFF GLOBAL SPORTSWEAR STATEMENT OF CASH FLOWS**

For years ended December 31, 2012 and 2013

	2013	2012
Cash flows from operating activities		
Net profit	\$89	\$76
Adjustments		
(Gain) loss on sale of PP&E	(3)	(9)
Depreciation	32	26
Accounts receivable	0	(38)
Inventories	(32)	(36)
Prepaid expenses	15	13
Accounts payable	(22)	(21)
Accrued liabilities	(13)	(10)
Other	26	15
Net cash provided by (used in) operations	96	25

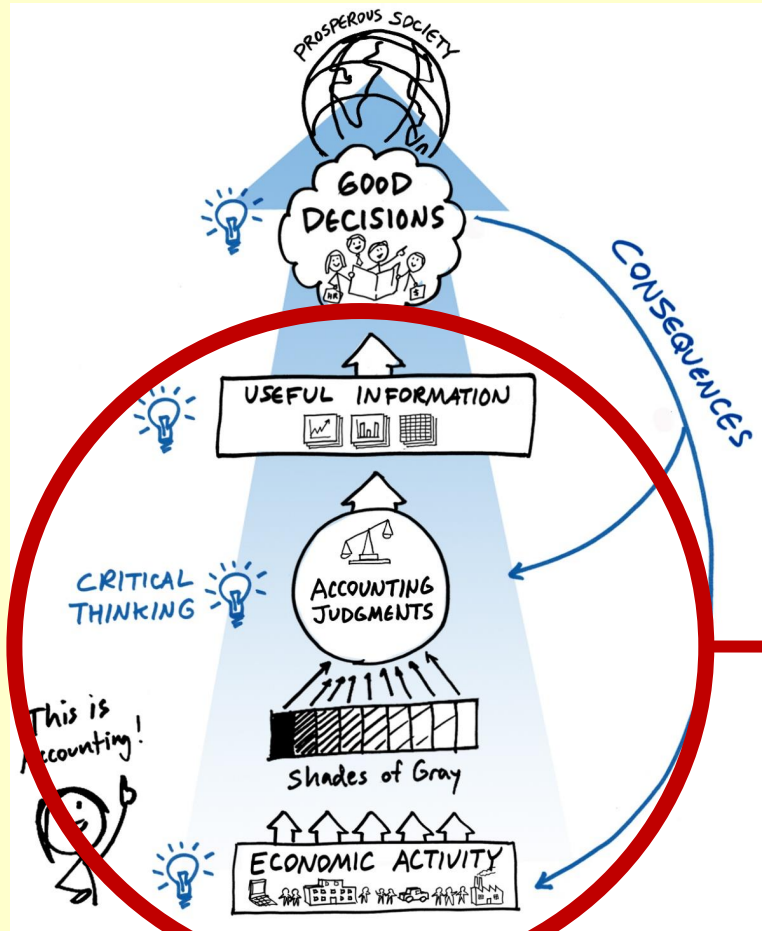
**BISCHOFF GLOBAL SPORTSWEAR STATEMENT OF CHANGES IN EQUITY**

For years ended December 31, 2012 and 2013

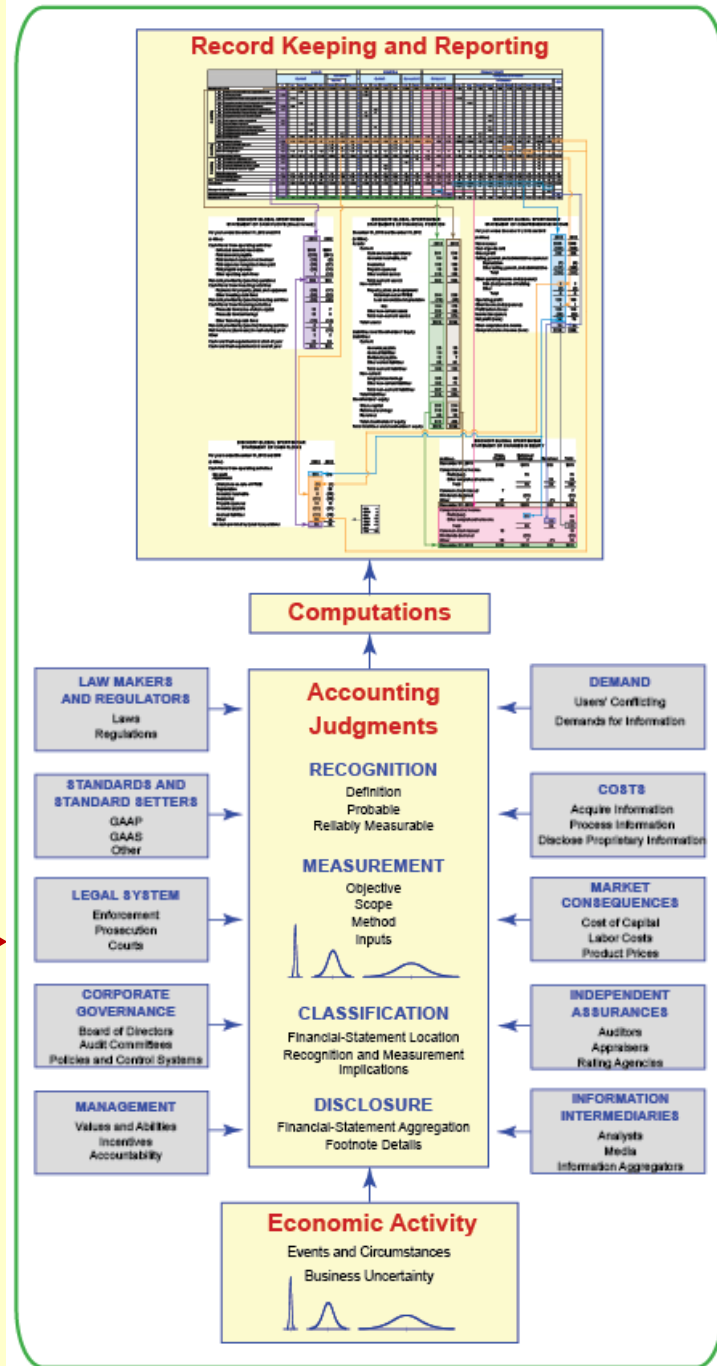
	Share Capital	Retained Earnings	Reserves	Total
December 31, 2011	\$160	\$179	\$16	\$355
Comprehensive income				
Profit (loss)		76		76
Other comprehensive income			24	24
Total		76	24	100
Common stock issued	7			7
Dividends declared		(25)		(25)
Other	27	7	(7)	34
December 31, 2012	\$214	\$239	\$33	\$486
Comprehensive income				
Profit (loss)		89		89
Other comprehensive income			24	24
Total		89	24	113
Common stock issued	10			10
Dividends declared		(25)		(25)
Other	29	7	(7)	29
December 31, 2013	\$253	\$310	\$50	\$613

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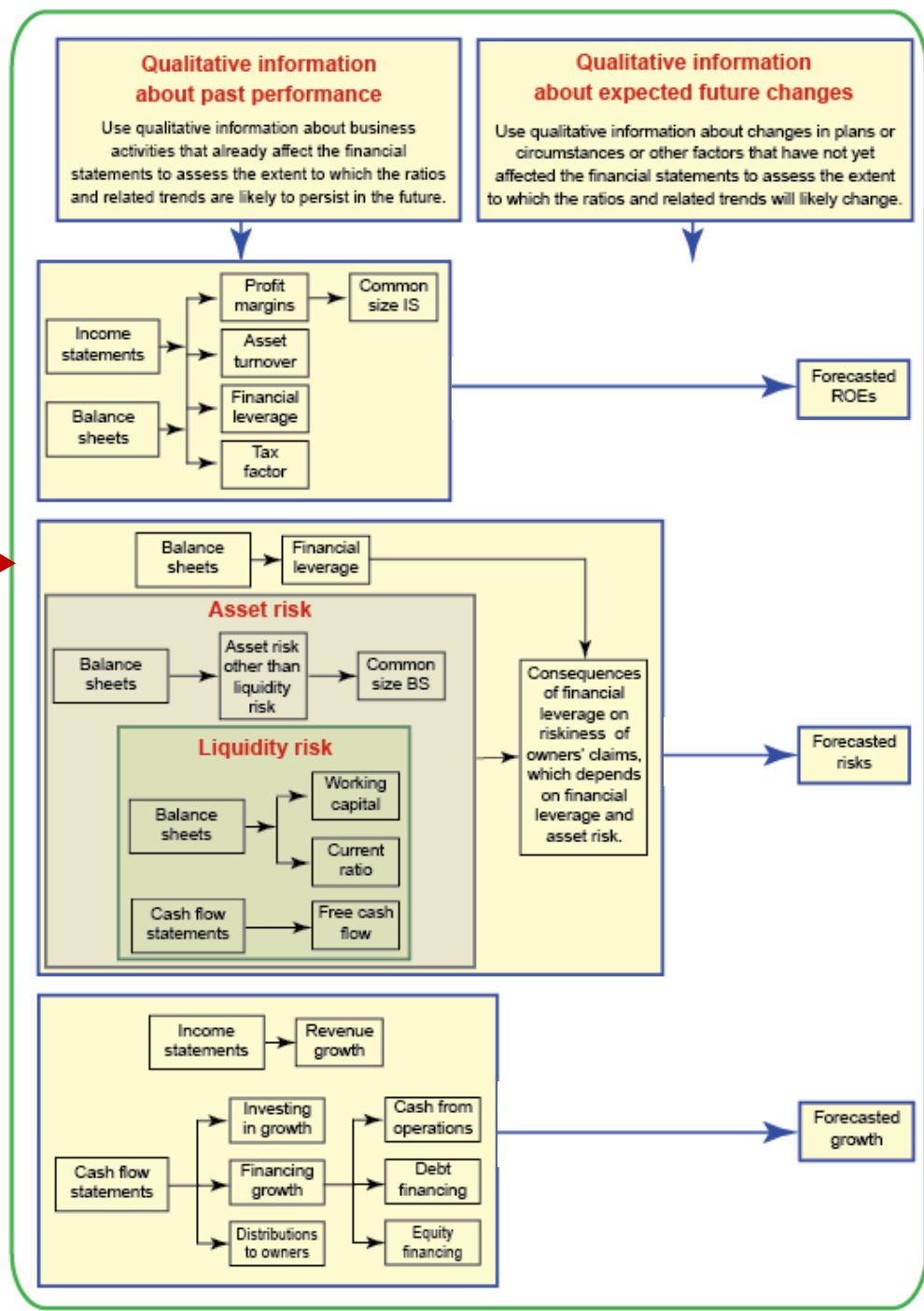
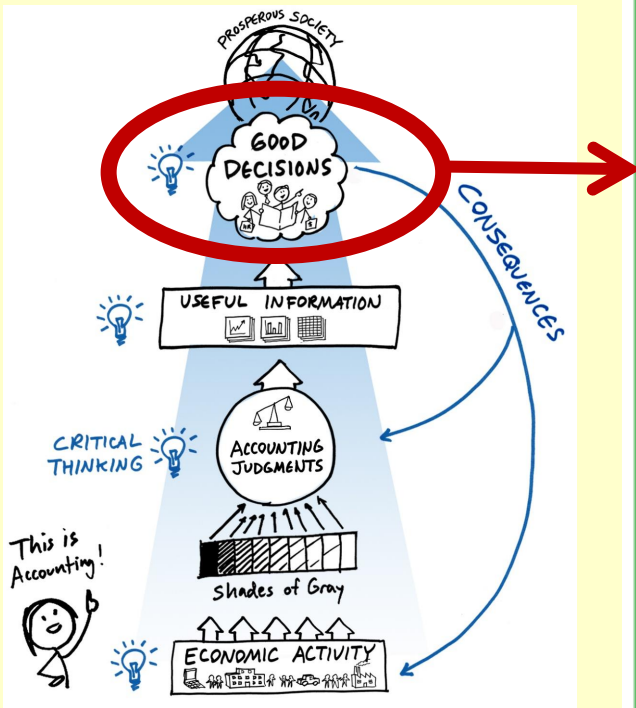
# Accounting Decisions Map



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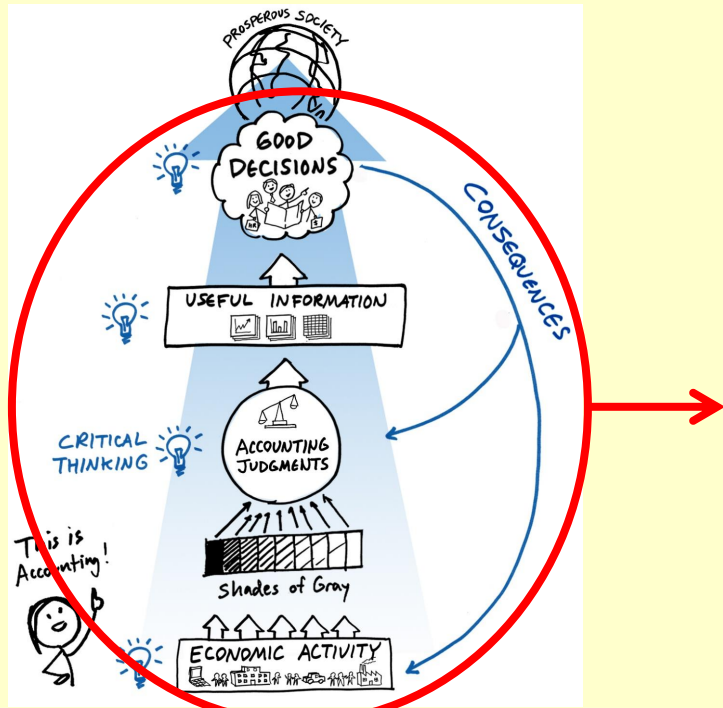


## Analysis Consideration Map



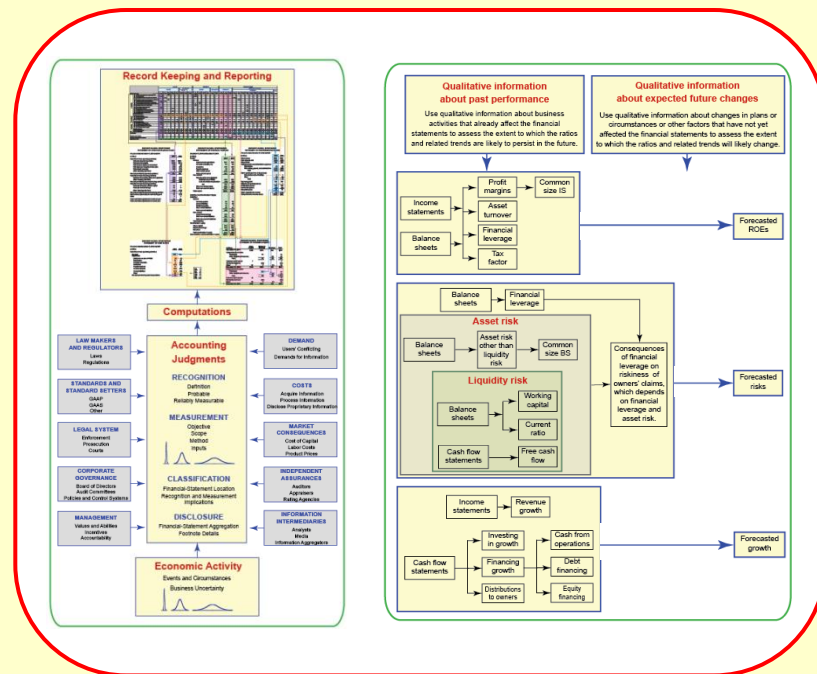
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# The Big Accounting Picture



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## Toulmin Model of Argumentation



### Part I: Your qualified claim and opening remarks

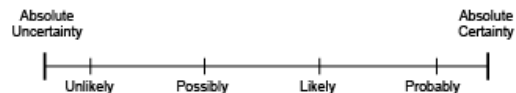
#### Claim:

Fill in the blank with either Starwood Hotels or Marriott International:

\_\_\_\_\_ appears to have had a stronger financial health and recovery during 2011-2012.  
(Starwood Hotels or Marriott International)

#### Qualifiers:

Put an X at the spot on the scale below that indicates the likelihood your claim is correct, given the available information and concepts covered thus far.



The Toulmin Method of Argumentation: The Second Trial, Keith Green  
[http://www.youtube.com/watch?v=gRaC\\_vZiD8](http://www.youtube.com/watch?v=gRaC_vZiD8)

### Part II: Your arguments

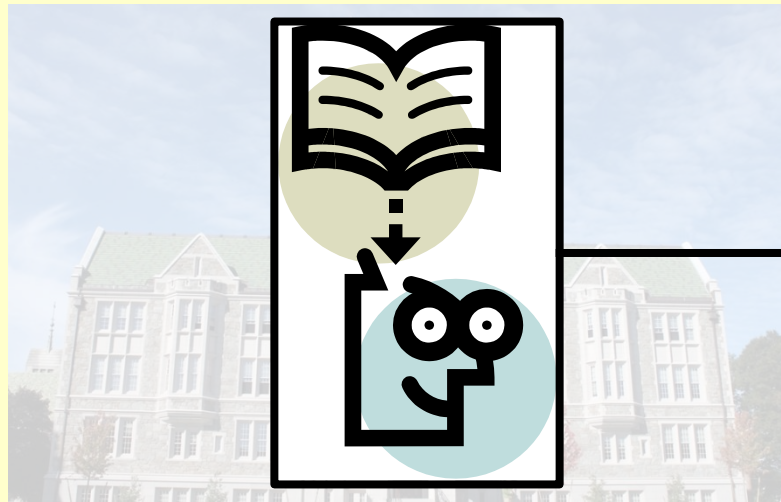
Provide no more than three arguments in support of your claim in the space provided below, numbered and arranged according to your assessment of their strength (from strongest to weakest).

### Part III: Your counterarguments and rebuttals

Provide no more than three counterarguments to your claim, numbered and arranged according to your assessment of their challenge to the claim (from strongest to weakest). If possible provide rebuttals immediately below each counterargument.

# Framing Accounting Learnings

## Succeeding in a Knowledge Economy



**KNOWLEDGE ECONOMY**

"The world is a university and everyone in it is a teacher. Make sure when you wake up in the morning you go to school."

- Bishop T.D. Jakes