

Finance and Accounting for Lawyers

Law 7604 (3 credit hours)

Prof. Steven J. Willis

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Office Hours: M 11-1:00; T: 3:00-4:30; W 11:00-3:00

Monday: 1:45 – 3:10

Tuesday: 1:45-3:10

Room 285B

Finance Objectives and Outcomes:

By the end of the course, you should be able to:

- Comfortably use a Financial Calculator.
- Amortize a loan for a house or car -- or student loans.
- Calculate a Sinking Fund Plan for Retirement or College Savings.
- Compute the Present Value of an Annuity to settle (or litigate) a tort claim for lost wages, or to value a stream of income for family-law or probate.
- Be comfortable with Financial Terminology used by experts in family law, corporate, and tort litigation.
- Explain the flaws inherent in Consumer Protection statutes affecting usury and federally-required APR disclosures.
- Properly state an interest rate using proper Financial Terminology.
- Compute the present discounted value of a future sum, the future value of a present sum, and the future value of an annuity.
- Understand discount loans such that you are prepared for tax, consumer protection, or corporate finance courses.

Accounting Objectives and Outcomes:

By the end of the course, you should:

- Be able to Prepare a simple set of books, as well as financial statements, including a Balance Sheet and an Income Statement.
- Understand the role of a CPA.
- Understand how to maintain privilege/confidentiality for accounting expert witnesses.
- Understand how to read more complex financial statements using financial ratios.
- Understand the degree to which accounting involves estimates, *if not guesswork*, and fundamentally lacks precision.
- Understand how to read an Auditor's Opinion Letter.
- Understand how to depreciate or amortize property and to comprehend the inherent lack of precision involved.

- Understand the basics of Inventory Accounting.
 - Understand, at a basic level, how Financial Accounting and Tax Accounting differ.
 - Understand the basic differences between U.S. GAAP (generally accepted accounting principles) and IFRS (international financial reporting standards).
 - Be generally conversant with the language of business.
 - Understand the basics of cost accounting.
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Course Description:

- This course covers financial and accounting issues commonly faced by practicing lawyers. It will teach you the basics of finance, including the present value of annuities, sinking funds, and amortization, as well as interest rates. It will also cover accounting issues commonly faced by practicing lawyers, including the basics of accounting under Generally Accepted Accounting Principles (and International Financial Reporting Standards), how to read financial statements (income statement, balance sheet, and statement of cash flows), and unaudited financial statements. Practical exercises cover the use of such statements in family law, torts (for lost income or corporate valuation), corporate law, trust law, or simply running a law practice or small business. You will also learn how to use a financial calculator, as well as how to deal with forensic accountants and expert witnesses on accounting matters.

Preparation:

- ABA Standard 310 requires that students devote 120 minutes to out-of-class preparation for every “classroom hour” of in-class instruction. Each bi-weekly class is approximately 1.5 hours in length, requiring at least 3 hours of preparation outside of class including [reading the assigned materials, working problems and quizzes, and listening to lectures.

Exam and Evaluation:

- The examination is open book, which includes anything written (printed or electronic). You may not work with another person, however.
- Your grade will be based 90% on the final exam and 10% on class participation and quizzes on Canvas. I expect most students will receive most points for participation and quizzes based on reasonable participation and attempts. Exceptional participation helps.

Participation and Attendance:

- I enjoy questions and try to answer all. Canvas has easy-to-use ways to communicate with me: *please use them*.
- Students requesting classroom accommodation must first register with the Office of Disability Resources. The UF Office of Disability Resources will provide documentation to the student who must then provide this documentation to the Law School Office of Student Affairs when requesting accommodation.
- If you miss more than six classes, your semester grade may be adversely affected. If you have a legitimate reason for missing class, you should contact me so that your absence may be excused. The law school’s policy on attendance can be found [here](#).

UF College of Law Standard Syllabus Policies:

- Other information about UF Levin College of Law policies, including compliance with the UF Honor Code, Grading, Accommodations, Class Recordings, and Course Evaluations can be found at this [link](#).

Recordings Of Class:

- All classes will be recorded via Mediasite in case students must miss class for health reasons. The Office of Student Affairs will work with faculty to determine when students may have access to these recordings, and the recordings will be password protected. It is the student's responsibility to contact the Office of Student Affairs as soon as possible after an absence.

Academic Honesty and Integrity:

- Academic honesty and integrity are fundamental values of the University community. Students should understand the UF Student Honor Code at <http://www.dso.ufl.edu/students.php>
 - You may not work with other persons on the exam, quizzes (other than for installation of materials) or assignments to be submitted unless clearly authorized otherwise. You may work with other students on assigned Problems.
 - Students may not share course materials, lectures, calculators or other posted items with anyone. Students may not share their password for password-protected files with anyone.
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Required:

Texts:

- Steven J. Willis, FINANCE FOR LAWYERS (West Academic Publishing 2021).
- Steven J. Willis, ACCOUNTING FOR LAWYERS (West Academic Publishing, *forthcoming* February 2024).

Calculator:

- HP 10Bii+ **or** comparable cell-phone app (available for about \$7).
- COURSE CALCULATORS (included with Text).

Course Materials:

- Class Slides for all classes (available on Canvas).
- Audio Slides for all classes (available with Text).

Software:

- PowerPoint (Windows or MAC).
- Adobe Acrobat Reader DC (**free** download).

Course Content:

We begin with Module 1 and proceed through the course. The Finance portion will take about one-half and the Accounting portion about one-half. The **Modules** (and *Assignments therein*) provide more detailed information. Times are for the audio slides.

- **Class One:**
 - **Click on the Home Tab in Canvas to begin.**
 - LESSON ONE: *Why Lawyers Need to Understand Finance*. (34 minutes).
 - LESSON TWO: *Types of Calculators*. (9 minutes).
 - Work the Problems and Quiz.
 - You should have the required software (PowerPoint and Adobe Reader) and you should have tested or be ready to test the course materials to ensure they work for you.
- **Class Two:**
 - LESSON THREE: *Types of Calculations*. (56 minutes).
 - LESSON FOUR-A: *Calculator Terminology*. (19 minutes).
 - Work the Problems and Quiz. Be prepared for the Questions.
- **Class Three:**
 - LESSON FOUR-B: *Common Calculator Mistakes*. (25 minutes).
 - Work the Problems and Quiz. Be prepared for the Questions.
 - LESSON FIVE A1: *Types of Calculations*. (36 minutes).
 - Work the Problems and Quiz. Be prepared for the Questions.
 - This begins the **real substance of the course**. Prior classes were Introductory. The LESSON FIVE series is most important. SIX and SEVEN are also essential. **LESSONS NINE through FOURTEEN are significantly review.**
 - LESSON FIVE-B: *Interest Rate Conversion*. (25 minutes). (we may not get to this in Class Three, but I'm hopeful).
 - Work the Problems and Quiz. Be prepared for the Questions.
- **Class Four:**
 - LESSON FIVE A2: *Simple Interest, Discount Loans, and Usury*. (52 minutes).
 - Work the Problems and Quiz. Be prepared for the Questions.
 - I added this new LESSON last year (2022). It is **difficult** -- undoubtedly the **most difficult we cover**. I'm eager to see how (*whether?*) it works. This is a good Lesson to *be sure*

you listen to the Audio Slides. Some of it is straight-forward; however, usury law in many states is so messed up, unraveling it is not simple. That most states refer to "simple interest" is ironic because it is anything but. If you begin to understand how odd Florida Usury Law is, in particular, I will have done my job. If you understand it, that would be great!

- Do not be concerned with all the great detail unless you want to learn about usury and consumer protection. Much of this is beyond what I would test.
- **Class Five:**
 - LESSON FIVE-C: *Annual Percentage Rate.* (52 minutes).
 - This is a *very important* lesson and **always tested**.
 - Work the Problems and Quiz. Be prepared for the Questions.
- **Class Six:**
 - LESSON FIVE-E: *Yield.* (48 minutes).
 - This is important but not particularly difficult. The prior three classes had hefty assignments; thus **we may be catching up at this point**.
 - Work the Problems and Quiz. Be prepared for the Questions.
- **Class Seven:**
 - LESSON SIX-A: *Why People Charge Interest.* (32 minutes plus 40 minutes of Examples).
 - This is important but not particularly difficult. The Examples are important, especially the family law and tort examples.
 - Work the Problems and Quiz. Be prepared for the Questions.
 - LESSON SIX-B: *Means, Slopes, and Life Expectancies.* (45 minutes).
 - This is perhaps **the most interesting Lesson in the course**. You could listen to it at any point in the semester. It fits here as well as anywhere.
 - Work the Problems.
- **Class Eight:**
 - LESSON SEVEN: *Choice of an Interest Rate.* (32 minutes plus 13 minutes of Optional Discussion).
 - This is important but not particularly difficult.
 - Work the Problems.
 - LESSON EIGHT: *After-tax Interest Rate.* (15 minutes).
 - This is not difficult.
 - Work the Problems.
 - We should be caught up by this point.
- **Class Nine:**

- LESSON NINE: *Future Value of a Sum*. (18 minutes).
 - This is mostly a review.
 - Work the Problems and Quiz.
 - LESSON TEN: *Present Value of a Sum*. (13 minutes).
 - This is mostly a review.
 - Work the Problems and Quiz.
- **Class Ten:**
 - LESSON ELEVEN: *Present Value of an Annuity*. (21 minutes).
 - This is **partially** a review.
 - Work the Problems and Quiz. **The problems contain some important material.**
 - LESSON TWELVE: *Future Value of an Annuity*. (31 minutes).
 - This is **partially** a review.
 - Work the Problems and Quiz.
- **Class Eleven:**
 - LESSON THIRTEEN: *Amortization*. (18 minutes).
 - This is **partially** a review.
 - Work the Problems and Quiz.
 - LESSON FOURTEEN: *Sinking Fund*. (18 minutes).
 - This is **partially** a review.
 - Work the Problems and Quiz.
- **Class Twelve:**
 - **Review of Finance or catch-up if needed.**
- **Class Thirteen:**
 - LESSON ONE: *Why Lawyers Need to Understand Accounting*. (27 minutes).
 - **This Begins the Accounting Portion of the Course.**
 - LESSON TWO-A: *Accounting is Not a Science*. (50 minutes plus Examples).
- **Class Fourteen:**
 - LESSON TWO-B: *Accounting is Not a Science*. (50 minutes plus Examples).
 - LESSON TWO-C: *Accounting Principles and Assumptions*. (minutes).
- **Class Fifteen:**
 - LESSON TWO-D: *Introductory Problem*. (22 minutes).
 - LESSON THREE-A: *Can we Trust the Numbers*. (39 minutes).
 - LESSON THREE-B: *What is a CPA?* (20 minutes).
- **Class Sixteen:**
 - LESSON THREE-C: *The Audit and the Audit Opinions?* (70 minutes).
 - **This is a very important lesson.**
- **Class Seventeen:**
 - LESSON FOUR-A: *Introduction to Bookkeeping*, (21 minutes).
 - LESSON FOUR-B: *Accounting Formation of an Entity* (32 minutes).
 - LESSON FOUR-C: *A Different View of a Balance Sheet* (40 minutes)(may just start)

- **Class Eighteen:**
 - LESSON FIVE-A: *Introduction to Depreciation.*
 - LESSON FIVE-B: *Basis and Salvage Conventions (20 minutes).*
- **Class Nineteen:**
 - LESSON FIVE-C: *Depreciation Methods.*
 - LESSON FIVE-D: *Reconciliation and Recapture.*
- **Class Twenty:**
 - **Catch-up if needed.**
 - LESSON SIX-A: *Accrual Essentials.*
 - **Critical.**
 - LESSON SIX-B: *Joe's Bar and Grille December Accruals.*
 - LESSON SIX-C: *Joe's Bar and Grille Closing Entries.*
- **Class Twenty-one:**
 - LESSON SIX-D: *Joe's Bar and Grille Financial Statements.*
 - LESSON SEVEN-A: *Introduction to Inventory.*
 - LESSON SEVEN-B: *Inventory Systems.*
 - LESSON SEVEN-C: *Inventory Valuation.*
- **Class Twenty-two:**
 - LESSON SEVEN-D: *Cost Accounting.*
- **Class Twenty-three:**
 - LESSON EIGHT: *Goodwill and Intangibles.*
- **Class Twenty-four:**
 - LESSON NINE: *Types of Entities.*
 - **I will try to get to the last two lessons, but the combined course may make that difficult. I will know more by mid-course.**
- **Class Twenty-five:**
 - LESSON TEN: *Ratios and Financial Statement Analysis.*
- **Class Twenty-six:**
 - **Review.**