



ACCT 430 – Sections 71, 72 Accounting for Management Decision Making

Instructor Information

Professor Craig Chapman
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Class Times and Location:

Section 71	Monday	18.00 – 21.00	Wieboldt	TBD
Section 72	Tuesday	18.00 – 21.00	Wieboldt	TBD

Office Hours:

Monday 17.00 – 18.00
Tuesday 17.00 – 18.00
or by appointment

Teaching Assistants: Three doctoral students will be assisting with this course. Jingjing Zhang (jingjing-zhang@kellogg.northwestern.edu), Liang Tan (liang-tan@kellogg.northwestern.edu) and Ivan Marinovic (i-marinovic@kellogg.northwestern.edu).

I. Course Objectives

This course provides an introduction to the financial reporting environment, incentives of managers issuing financial statements, and analysis and interpretation by users of such disclosures. The course begins by viewing the financial accounting system as a language, and familiarizes students with the structure, usage, conventions, and the grammar of accounting as a business language. We examine how financial statements such as the Income Statement, the Balance Sheet, and the Statement of Cash Flows are inter-related. The course adopts an external user's perspective in analyzing these financial statements.

Understanding and analyzing actual annual reports, periodic public filing of financial statements by firms with the Securities Exchange Commission (SEC) in forms such as 10-K (annual statements) and 10-Q (quarterly statements), other corporate disclosures, and analysts' reports constitute an integral part of this course. We will analyze (excerpts from) actual corporate financial statements almost every class.

II. Course Materials

Text: “Introduction to Financial Accounting” by Horngren, Sundem, Elliott, and Philbrick (HSEP), **ninth edition**, published by Prentice Hall. There is a solutions manual which accompanies the text (*if purchased at the bookstore*) which students may also find useful.

Course Packet: Contains only the required case assignment materials.

Additional handouts in-class: Copies of class overheads; Excerpts from actual corporate annual reports and further readings from popular business press.

Course Web Site: <http://courses.northwestern.edu/>

III. Review sessions and other additional sources of help

Questions regarding course content should generally be addressed to Professor Chapman. However, questions regarding the homework assignments or optional assignment questions may also be addressed to any of the three teaching assistants. However, please copy Professor Chapman on any correspondence to ensure a prompt response.

IV. Preparation for the class

I expect you to come prepared for each class by having studied the readings and working to solve the problems suggested for that class. The only assignments that are required to be turned in are detailed below. In addition to the assigned problems, I strongly recommend that you do other similar problems from the textbook to increase the level of comfort with this material. The solutions manual contains answers to all problems in the textbook.

V. Evaluation of Students' Performance in the Course

1. Grading: Grading will be based on the following formula:

12% for the individual homework assignments + 6% for **one** group case assignment (Kota Fibres) + 12% for the other three group case assignments combined (Biovail, Mondavi and Moog) + 10% for individual class participation + $\text{Max}\{25\% * \text{Midterm Exam} + 35\% * \text{Final Exam}, 10\% * \text{Midterm exam} + 50\% * \text{Final exam}\}$

In line with current Kellogg guidance, it is expected that A Grades will be awarded to no more than 40% of students with approximately 10% of students receiving a C grade or below.

- The individual homework assignments will be posted on Blackboard and consist of multiple choice questions that should be completed online. The first 5 assignments consist of 10 questions each and the final assignment has only 5 questions. These may be completed at any time prior to class during weeks 2, 3, 4, 7, 8 & 9. The difficulty of the questions varies across the assignments. Please ensure you leave sufficient time to complete them. You may consult your book, notes, etc., but not other individuals when completing these homework assignments.
- The Biovail case assignment is due at the beginning of the week 3 class.
- The Kota Fibres case assignment is due at the beginning of the week 5 class.
- The Mondavi and Moog case assignments are due at the beginning of the week 10 class.
- Individual class participation shall be evaluated based upon the quality of contribution made in class.
- The midterm examination is noted on the syllabus. It will cover material through the end of the week 5 class.
- The final examination is noted on the syllabus. You should plan to take the exam at that time. The final exam may cover material from the entire course.
- The composition of groups for the case assignments will be posted on Blackboard. All group members are responsible for the content of work submitted. You will be expected to provide confidential peer evaluations for group assignments. These evaluations will affect your individual grade on the group assignments and may, in extreme cases, also affect individual class participation grades.

2. Policies regarding exam rescheduling

No make-up or rescheduling of exams is possible unless warranted by extenuating circumstances. Job interviews, treks, weddings, ski trips, travel, and other similar potentially conflicting events are not considered extenuating. Only physically debilitating illnesses or family emergencies (claims about which are substantiated by appropriate documentation to Kellogg Student Affairs Office) may be viewed as extenuating circumstances.

3. Policies regarding exam regrading requests

I make every effort to ensure that grading of your exams and assignments is fair and equitable. Requests for reconsideration of grading must be submitted in writing within 10 working days of when the material is returned.¹ In line with the Kellogg regrading policy, any regrading would apply to the entire exam or assignment and not just to a given part of the exam or the assignment.

Your regrading request should clearly specify (in writing) why you consider that the answers you provided are indeed correct or why the grading was erroneous or overlooked certain aspects of your answer. I will respond in writing to your request within twenty working days. If you remain dissatisfied with the response, you have up to five working days to submit the work a second time for regrading. I will respond to such a second request within five working days of receiving it, and that response will be the final one.

4. Policies regarding providing ex post opportunities for extra credit

Given the need to maintain fairness and equity among all students in the class, all students are bound by the same evaluation scheme as laid out above and there will be no additional opportunities to improve your grade through extra credit work.

VI. Classroom Etiquette

The Kellogg Code of Classroom Etiquette can be found at http://www.kellogg.northwestern.edu/stu_aff/policies/etiquette.htm. This etiquette policy was developed by students to foster an atmosphere that is conducive to collective learning in the classroom. While attendance for any given class session is not compulsory (though encouraged), students' compliance with the Kellogg classroom etiquette policy will be strictly enforced. In particular, you may **not**:

1. Engage in any:
 - a. cross-talking,
 - b. late-coming,
 - c. leaving the class for a coffee or snack break, picking up mail, etc.,
 - d. use of a cell phone in class, or
 - e. other similar activities that have the potential of distracting other students and disrupting the progress of the class,
2. Use your notebook (laptop) in class, or
3. Indulge in any other behavior that may be deemed by other students or the instructor to be inappropriate or inconsistent with Kellogg Code of Classroom Etiquette.

¹ The deadline for submitting a regrading request for your final examination is two weeks from the date of the beginning of the next term. These deadlines for regrading requests are not negotiable regardless of your travel schedule and other activities.

VII. Kellogg Honor Code

All students will adhere strictly to the Kellogg Honor Code, the statement of which is available on the Kellogg website at http://www.kellogg.northwestern.edu/stu_aff/policies/honorcode.htm .

VIII. Dynamic nature of this syllabus

The following course outline represents my plan for the quarter, but is subject to change as the course progresses if, in my opinion, a change will help promote the best collective learning experience and interests of all students in my sections. Any such changes will be communicated to you via the course web site.

Week	Assignment
1	Week Beginning June 22 Introduction, Balance Sheets and Income Statements Review Chapters 1 and 2 Prepare 1-26, 1-29, 1-38, 1-42, 2-32, 2-45, 2-50, 2-52
2	Week Beginning June 29 Bookkeeping, the accounting cycle, accrual principles and their application Review Chapters 3 and 4 Prepare 3-38, 3-44, 3-45, 4-22, 4-24, 4-31, 4-37, 4-39, 4-42
3	Week Beginning July 6 Revenue recognition, accounts receivable and performance ratios Review Chapters 6 and 12 Prepare 6-34, 6-35, 6-48, 6-56, 6-67, 6-70, 12-35, 12-36, 12-51, 12-52 Biovail Case group assignment to be handed in at beginning of class
4	Week Beginning July 13 Introduction to Ratios and the Statement of Cash Flows Review Chapter 5 and 8 (pp. 351-354) Prepare 5-40, 5-45, 5-52, 5-58, 5-61, 8-51, 8-52.
5	Week Beginning July 20 Financial analysis exercises Prepare Ratios Tell A Story, Sage Company – Reverse Engineering Kota Fibres Case – group assignment to be handed in at beginning of class

- 6 Week Beginning July 27
 - Mid Term Exam**
 - Investments – trading, AFS and equity
 - Review Chapter 11 (to page 503)

- 7 Week Beginning Aug 3
 - Investments
 - Review Chapter 11
 - Prepare 11-27, 11-28, 11-29, 11-31, 11-43, 11-44, 11-46, 11-48, 11-53

- 8 Week Beginning Aug 10
 - Inventory, margins and long-lived assets
 - Review Chapters 7 (Incl. Appendix 7) and 8.
 - Prepare 7-63, 7-78, 7-80, 7-85, 8-33, 8-39, 8-42, 8-48, 8-53, 8-58

- 9 Week Beginning Aug 17
 - Time value of money, leases and deferred taxes
 - Review Chapter 9 (Incl. Appendix 9)
 - Prepare 9-40, 9-42, 9-44, 9-65, 9-37, 9-67, 9-71, 9-72

- 10 Week Beginning Aug 24
 - Shareholders' equity
 - Review Ch. 10
 - Prepare 10-56, 10-57, 10-67, 10-72
 - Moog Case – group assignment to be handed in at beginning of class
 - Mondavi Case – group assignment to be handed in at beginning of class

- 11 Week Beginning Aug 31
 - Final Examination**