Evening MBA Accounting 500
Financial Reporting & Analysis
Autumn 2019

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Office: PCAR 553       Email: smcvay@uw.edu
Office Hours: By appointment
Web Page: https://canvas.uw.edu

Course Description
Over the next ten weeks we will discuss the basics of preparing financial statements, employ a variety of tools to break apart financial reports into meaningful units for analysis, and utilize real world financial statement data to understand more about the economics of a company. Our Financial Reporting and Analysis course is for individuals who have a desire to learn about accounting (the “language of business”) and its role in society. The practice of accounting goes back thousands of years and affects individuals, not-for-profit organizations, large for-profit corporations, government entities, non-professional and professional sports teams, and many other entities. Understanding how to create and use accounting information is therefore critical to your future success as a strategic thinker and leader in any organization.

Course Objective
The objective of this course is to provide you with the knowledge and skills necessary to analyze, interpret, understand, and use financial information to make informed decisions. While financial statement users face a wide variety of decisions, they are often interested in understanding the implications of financial statement information for the future cash flows and earnings potential of a firm. We will focus on understanding the mapping between underlying economic events and financial statements, and on understanding how this mapping affects inferences about future profitability. Because annual reports are somewhat formidable, we will spend time familiarizing ourselves with how firms present the information for various accounts in financial statements, including the footnotes. We also will discuss the role of the various institutions involved in the reporting process. By understanding the environment in which financial reporting takes place, you will be in a
better position to critically evaluate the disclosures made by firms in published financial statements.

**Course Format**

Class time will be allocated to a combination of lectures and discussions of the assigned cases. I use cases extensively in ACCTG 500 because:

- Cases present information in a format encountered in the “real” world (i.e., they provide lots of information—some relevant, some not. It is up to you to decide what information to use).
- We don’t all learn in the same way—cases allow for flexibility in how material is learned.
- Cases link classroom materials with daily business events (as described in newspapers, television news programs, and business magazines).
- Cases provide the opportunity for students to study management’s strategic thinking in the featured companies.
- Case discussions provide an arena for the development of interpersonal communication and leadership skills.

I will provide case focus questions to guide you in reading most cases. Please note that active participation facilitates learning; passive listening does not. I design each session to be an active learning experience. Keep in mind that this approach only works if you come to class prepared and willing to participate.

**Required Materials**

2. Although most cases are written by UW faculty, there are two excellent Harvard cases that I will ask you to buy during the quarter. I will provide the details when the cases are coming up.

There are a lot of introductory accounting textbooks on the market. I have chosen the Libby, Libby, Hodge textbook because it clearly and concisely focuses on the topics we will discuss and provides good real-world examples. Please note that the content of the custom edition is identical to the content of the 10th edition. You can also purchase this online or use a used 9th edition version, but these may not come with a Connect code, which is a very helpful online homework tool. If desired, you can purchase the Connect code directly from the McGraw Hill website.

I will post all Non-Harvard cases to Canvas at least a week prior to when we will discuss them.
### Point Distribution

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<tr>
<td>Exam I (Individual)</td>
<td>30%</td>
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<td>Exam II (Individual)</td>
<td>30%</td>
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<tr>
<td>Pre-class quizzes (Individual)</td>
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<tr>
<td>Creating Financial Statements Project (Team)</td>
<td>15%</td>
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<tr>
<td>Financial Statement Analysis Project (Team)</td>
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- The purpose of the two exams is to test your knowledge of accounting concepts and practices and to test your ability to apply your knowledge to specific transactions. For Exam I, which is in-class, you are may use one sheet (front and back) of notes. Exam II will be a take-home exam which is open-note, open-book, closed-people. Any assigned or covered material is fair game for the exams (including case discussions).

- The purpose of the Creating Financial Statements Project is to test your knowledge of recording transactions and using those transactions to create financial statements. This project is a take-home group project that you will complete with your teammates.

- The purpose of the Analyzing Financial Statements Project is to have you apply what you’ve learned by analyzing the financial statements of two companies – this could be your own (or a study group member’s) versus a competitor. The project is meant to apply your newly acquired knowledge in a meaningful setting.

- The purpose of the pre-class quizzes is to give you an indication of whether you understand the material, and if not, to formulate specific questions that we can discuss.

- Our textbook comes with an online homework and study guide manager called Connect. This is completely optional buy I strongly recommend it, especially for those of you new to accounting. To begin using Connect, follow these steps:

  1. Go to http://connect.mheducation.com/class/mcvay2019
  2. Select “Register Now” and enter your email address.
  3. Submit the Connect code that came with your textbook.
  4. Follow the remaining on-screen instructions.

If you have any problems using Connect, visit https://mhedu.force.com/CXG/s/ContactUs or call 1-800-331-5094. The online support for Connect is pretty good; they are likely to solve any problems you have more quickly than I can.
Note: I view grades as a noisy, short-term measure of success in a particular class during a particular time period. I encourage you to de-emphasize grades and instead focus on John Wooden’s definition of success:

“Success is peace of mind which is a direct result of self-satisfaction in knowing you made the effort to become the best of which you are capable... when you give your total effort—everything you have—the score can never make you a loser. And when you do less, it can’t somehow magically turn you into a winner.”

With the above in mind, it is important to remember that the accounting backgrounds of your colleagues vary widely. Although I will not attempt to factor in these differences when grading, I highly encourage you to do so in interpreting your success in the course.

**What if accounting does not come “naturally” to me and I need additional help?**

First, recognize that accounting (or any other discipline) does not come “naturally” to most people; you are not alone. Second, recognize that, if you are willing to put in the time and deliberate practice, you can learn the material. To facilitate your efforts, I will hold office hours on Mondays and Wednesdays. I also have a PhD student (Jennifer Lu) who will run help sessions throughout the quarter. Below is Jennifer’s contact information and our schedule for the quarter. Jennifer is great and knows a lot about accounting. I recommend getting to know her.

Jennifer Lu  
Email: ylu063@uw.edu

**Code of Conduct**

By being a student in this class, you acknowledge that you are a member of a learning community in the Foster School of Business that is committed to the highest academic standards. As a member of this community, you agree to refrain from cheating, attempting to cheat, plagiarism, lying, and stealing in relation to academic work.

In addition, I ask that you stay offline during class sessions and only use your laptop for class-related activities. Research shows that being online (surfing the Web, checking email, texting, etc.) inhibits your ability to learn and distracts those around you (including me). Thanks for supporting this policy.

Washington state law requires that UW develop a policy for accommodation of student absences or significant hardship due to reasons of faith or conscience, or for organized religious activities. The UW’s policy, including more information about how to request an accommodation, is available at Religious Accommodations Policy:

https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/
Accommodations must be requested within the first two weeks of this course using the Religious Accommodations Request form

https://registrar.washington.edu/students/religious-accommodations-request
# Course Outline

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<th>DATE</th>
<th>TOPICS</th>
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<td><strong>September 25</strong></td>
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| Session 1 | ▪ Accounting: The Language of Business                                        | Read Chapters 1 and 5  
                                                        Attempt Case 1: Starbucks Case  
                                                        Take pre-class quiz by 6pm |
| **September 30**  |                                                                                     |                                                                                |
| Session 2 | ▪ Preparing Financial Statements                                             | Read Chapters 2 & 3  
                                                        Attempt DawgCare Case  
                                                        Take pre-class quiz by 6pm |
| **October 2**    |                                                                                     |                                                                                |
| Session 3 | ▪ Adjusting Financial Statements and Measurement Issues                     | Read Chapter 4  
                                                        Attempt DawgCare Month Two Case  
                                                        Take pre-class quiz by 6pm |
| **October 7**    |                                                                                     |                                                                                |
| Session 4 | ▪ Recognizing Revenue and Accounting Receivable                              | Read Chapter 6  
                                                        Take pre-class quiz by 6pm |
| **October 9**    |                                                                                     |                                                                                |
| Session 5 | ▪ Inventory and Long-Term Assets                                              | Read Chapters 7 and 8  
                                                        Take pre-class quiz by 6pm |
| **October 14**   |                                                                                     |                                                                                |
| Session 6 | ▪ Preparing the Statement of Cash Flows                                      | Read Chapter 12  
                                                        Take pre-class quiz by 6pm |
| **October 16**   |                                                                                     |                                                                                |
| Session 7 | ▪ Statement of Cash Flows Continued  
                                                        *Now have all background needed for Creating Financial Statements Project* | Attempt Groupon Case  
                                                        Take pre-class quiz by 6pm |
| **October 21**   |                                                                                     |                                                                                |
| Session 8 | ▪ Alternative Performance Measures                                           | Take pre-class quiz by 6pm |
| **October 23**   |                                                                                     |                                                                                |
| Session 9 | ▪ Analyzing Financial Statements; Comparing Financial Ratios                | Attempt Starbucks versus McDonalds Case  
                                                        Take pre-class quiz by 6pm |
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| October 28 | Review: Bringing Classes 1-9 Together            | Have reviewed practice exams
The “Creating Financial Statements Project” due: October 27 (Sunday), at midnight |
| October 30 | In-Class Midterm Exam                            | Study… no homework                                                             |
|            |                                                  |                                                                                |
| November 4 | Liabilities: Current liabilities/Deferred Taxes  | Read Chapter 9 (except leases)
Take pre-class quiz by 6pm |
| November 6 | Complexities in Revenue and Expense Recognition  | Attempt Complexities Case
Take pre-class quiz by 6pm |
| November 13| Liabilities: Bonds                              | Read Chapter 10
Attempt Disney Case
Take pre-class quiz by 6pm |
| November 18| Liabilities: Leases                             | Read Chapter 9 (leases) and skim
Appendix A (investments) |
| November 20| Shareholders’ Equity                            | Read Chapter 11
Take pre-class quiz by 6pm |
| November 25| Reporting Incentives                            | Attempt Kansas City Case
Take pre-class quiz by 6pm |
| December 2 | Forecasting Financial Statements; Valuing the Firm| Attempt Starbucks Case
Take pre-class quiz by 6pm |
| December 4 | Financial Statement Quality; Wrap-Up and Review   | Attempt Harnischfeger Case
Take pre-class quiz by 6pm
“Analyzing Financial Statements Project” due: December 5 (Thursday), by midnight |
| December 4-7| Take-home Final Exam                            | Due: December 7 (Saturday), by midnight |

Evening MBA Accounting 500 Course Syllabus