



**Evening MBA Accounting 500
Financial Reporting & Analysis
Autumn 2019**

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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

1. CUSTOM TEXT: *Foster MBA: Financial Accounting* by Libby, Libby & Hodge (10th Edition).
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

	Percentage
Exam I (Individual)	30%
Exam II(Individual)	30%
Pre-class quizzes (Individual)	15%
Creating Financial Statements Project (Team)	15%
Financial Statement Analysis Project (Team)	10%
Total	100%

- 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 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 but 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

DATE	TOPICS	PRIOR TO CLASS
September 25 Session 1	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ Preparing Financial Statements 	Read Chapters 2 & 3 Attempt DawgCare Case Take pre-class quiz by 6pm
October 2 Session 3	<ul style="list-style-type: none"> ▪ Adjusting Financial Statements and Measurement Issues 	Read Chapter 4 Attempt DawgCare Month Two Case Take pre-class quiz by 6pm
October 7 Session 4	<ul style="list-style-type: none"> ▪ Recognizing Revenue and Accounting Receivable 	Read Chapter 6 Take pre-class quiz by 6pm
October 9 Session 5	<ul style="list-style-type: none"> ▪ Inventory and Long-Term Assets 	Read Chapters 7 and 8 Take pre-class quiz by 6pm
October 14 Session 6	<ul style="list-style-type: none"> ▪ Preparing the Statement of Cash Flows 	Read Chapter 12 Take pre-class quiz by 6pm
October 16 Session 7	<ul style="list-style-type: none"> ▪ Statement of Cash Flows Continued <i>Now have all background needed for Creating Financial Statements Project</i> 	Attempt Groupon Case Take pre-class quiz by 6pm
October 21 Session 8	<ul style="list-style-type: none"> ▪ Alternative Performance Measures 	Take pre-class quiz by 6pm
October 23 Session 9	<ul style="list-style-type: none"> ▪ Analyzing Financial Statements; Comparing Financial Ratios 	Attempt Starbucks versus McDonalds Case Take pre-class quiz by 6pm

Course Outline

DATE	TOPICS	PRIOR TO CLASS
October 28 Session 10	<ul style="list-style-type: none"> ▪ Review: Bringing Classes 1-9 Together 	Have reviewed practice exams <i>The “Creating Financial Statements Project” due: <u>October 27 (Sunday), at midnight</u></i>
October 30 Session 11	<ul style="list-style-type: none"> ▪ In-Class Midterm Exam 	Study... no homework
November 4 Session 12	<ul style="list-style-type: none"> ▪ Liabilities: Current liabilities/Deferred Taxes 	Read Chapter 9 (except leases) Take pre-class quiz by 6pm
November 6 Session 13	<ul style="list-style-type: none"> ▪ Complexities in Revenue and Expense Recognition 	Attempt Complexities Case Take pre-class quiz by 6pm
November 13 Session 14	<ul style="list-style-type: none"> ▪ Liabilities: Bonds ▪ Present Value Concepts 	Read Chapter 10 Attempt Disney Case Take pre-class quiz by 6pm
November 18 Session 15	<ul style="list-style-type: none"> ▪ Liabilities: Leases ▪ Assets: Investments 	Read Chapter 9 (leases) and skim Appendix A (investments)
November 20 Session 16	<ul style="list-style-type: none"> ▪ Shareholders’ Equity 	Read Chapter 11 Take pre-class quiz by 6pm
November 25 Session 17	<ul style="list-style-type: none"> ▪ Reporting Incentives 	Attempt Kansas City Case Take pre-class quiz by 6pm
December 2 Session 18	<ul style="list-style-type: none"> ▪ Forecasting Financial Statements; Valuing the Firm 	Attempt Starbucks Case Take pre-class quiz by 6pm
December 4 Session 19	<ul style="list-style-type: none"> ▪ Financial Statement Quality; Wrap-Up and Review 	Attempt Harnischfeger Case Take pre-class quiz by 6pm <i>“Analyzing Financial Statements Project” due: <u>December 5 (Thursday), by midnight.</u></i>
December 4-7	Take-home Final Exam	<i>Due: <u>December 7 (Saturday), by midnight.</u></i>