I. Course Objectives

This course introduces the financial reporting environment, the incentives of managers issuing financial statements, and the analysis and interpretation of these statements by users. The course begins by introducing the financial accounting system as a language, and familiarizes students with the structure, usage, conventions, and the grammar of accounting as the “language of business.” The course adopts an external user's perspective to analyzing the main financial statements (balance sheet, income statement, and statement cash flows) of any business enterprise.

Analyzing and gaining an understanding of actual annual reports, the periodic public filings of financial statements by firms, together with other corporate disclosures, constitute an integral part of this course. We will analyze (excerpts from) actual corporate financial statements, with several examples from nonprofit organizations and non-U.S. corporations to highlight the similarities in practices across these entities. The focus is on the concepts underlying the financial statements and not on the specific rules governing the production of the reports. The course highlights the links between accounting information and management planning, decision-making and control. Time permitting, we also examine ethical issues such as earnings management and fraudulent reporting.
II. Suggested Text


The text is available in two formats: (1) a physical copy of the text can be purchased (or rented) from the Northwestern University bookstore or from any other source you choose or (2) an e-book version of the text is available for a six-month rental from myBusinessCourse.com. Under the rental alternative, you need to be online to access the text. There are additional study resources that supplement the textbook available on myBusinessCourse.com. These resources include e-lectures, guided problem solutions, and additional practice on problems marked with a red check in the text. If you purchase a new physical text or the e-book, you also receive complementary access to this material for six months. If you purchase a used copy of the text, then you may purchase six-months access to these materials through myBusinessCourse.com. Access to myBusinessCourse.com is not necessary or required for the course.

III. Preparation for Class

The Course Outline (Section IX of this syllabus) provides the due dates for the homework assignments. The assignments are posted on Canvas. The Course Outline also provides suggested readings and problems from the textbook. Because the solutions manual is posted on Canvas, we will not discuss these problems in class. The problems are chosen for their relevance to the concepts we discuss in class and provide good practice and reinforcement for those concepts.

The slides for each class are posted on Canvas. If you wish to have a hard copy of the slides for class, please print your own copy.

IV. Tablets and Laptops

We will use laptops or tablets during class during virtually every class session. Further, you will need your computers in class join the zoom session and be part of discussions with “remote students”. You may also use the tablets or laptops to access class materials such as slides and take notes.

PLEASE NOTE: Tablets and laptops are NOT to be used for any purposes unrelated to class. Any use of computers during class for purposes not related to the progress of class constitutes serious violation of Kellogg Class Etiquette. Moreover, such unauthorized use of computers causes distraction to fellow students. So, please do not engage in such disrespectful and inappropriate behavior.
V. Additional Assistance

Student Affairs provides a list of second year Kellogg students willing to tutor students who seek such assistance.

VI. Evaluation of Students' Performance in the Course

1. Grading:

Grading will be based on the following formula: 10% for **two individual** online homework assignments + 30% for class participation, **four group** case assignments and presentations + 25% for the midterm exam + 35% for the final exam.

Both the midterm and final exams are open-book and open-notes. Given that some of us will be taking the course entirely on remote basis, we will circulate additional details including the time, the structure, etc., of the midterm and final exams in due course after consultation with the Student Affairs.

Consistent with current Kellogg guidance, A grades will be awarded to no more than 40% of students, with approximately 10% of students receiving a grade of C or lower.

(a) Cases and Class Participation

We will form groups whose members are pre-assigned on a random basis. All groups are required to turn in answers to a set of questions for four of the six cases, as specified in the Course Outline below. We will analyze six cases in class. You will be provided with a template (e.g., excel worksheet or PowerPoint slides) to follow, which will facilitate classroom discussion. In addition to the written assignment, groups will be called on to answer and discuss case questions in class or online. You will be evaluated based on the quality of your written answers as well as case discussions.

Individual class participation is a critical component of the learning experience at Kellogg. It is evaluated by the quality of contribution made in class – not to be equated to the “quantity” of contribution – and on adherence to the Kellogg Code of Classroom Etiquette (described more fully in Section VII of this syllabus). If you are absent (including tardy), then you cannot receive credit for participation. Students should expect to be cold-called to answer questions related to the material covered in class.

(b) Homework Assignments

Two individual homework assignments will be made available on Canvas. They are open-book and open-notes. You may discuss the problems with classmates, but each student must submit her/his own responses online. The main purpose of the homework assignments is to provide regular feedback as to your understanding of the material prior to midterm and final exams. The best way to master the material in ACCT 430 is to stay current; the material does not lend itself to last minute cramming. The due dates for the homework
assignments are noted on the Course Outline (Section IX of this syllabus). You may attempt the homework as many times as you like, and the last grade will be the one recorded. The two online individual homework assignments constitute 10% of your final grade.

2. **Policies Regarding Exam Rescheduling and Additional Accommodations**

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.

Northwestern University and the Office of Services for Students with Disabilities (SSD) are committed to providing a supportive and challenging environment for all undergraduate, graduate, and professional school students with disabilities who attend the University. Additionally, the University and SSD work to provide students with disabilities a learning and community environment that affords them full participation, equal access, and reasonable accommodation of their disabilities. Appropriate services and accommodations are determined by SSD on a case-by-case basis. Students with questions about eligibility for services are encouraged to email SSD directly at ssd@northwestern.edu.

3. **Re-Grading Policy**

You have a deadline of ten working days from the time of receipt of a grade on a given exam or assignment to submit a written request for re-grading, together with the item to be reassessed. In line with the Kellogg re-grading policy, any re-grading would apply to the entire exam or the assignment and not just the item requested to be reassessed.

Any re-grading request should clearly specify (in writing) why you consider that the answers you provided to be correct or why the grading was erroneous or overlooked certain aspects of your answer. The instructor will respond in writing to your request within ten working days. If you remain dissatisfied with the response, you have up to five working days to submit the work a second time for re-grading. The instructor 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.
VII. Classroom Etiquette

Available online at: http://www.kellogg.northwestern.edu/stu_aff/policies/etiquette.htm. The Kellogg Code of Classroom Etiquette policy was developed by students to foster an atmosphere that is conducive to collective learning in the classroom. 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 or smart phone in class, or
   e. other similar activities that have the potential of distracting other students and disrupting the progress of the class.

2. 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.

   Please keep your microphone muted when online till you want to talk. This enhances the audio quality for everyone.

VIII. Kellogg Honor Code

All students discuss are expected to adhere strictly to the Kellogg Honor Code, the statement of which is available at:

IX. Tutoring Offered through Academic Experience

Academic Experience provides tutoring support for ACCT-430, as it does for all core courses. Tutoring for ACCT-430 for the Summer Quarter is scheduled for Mondays (except the week of 7/20, which is Thursday), from 9 am to 10 am, and on Saturdays, 10:30 to 11:30 am, and 8 pm to 9 pm. Registration is strongly advised and opens on Wednesday of the prior week at 12 pm. Registration and the most updated schedule is available through the https://kellogg.campusgroups.com/student_community?club_id=12844 (Full Time Core Course Tutoring Group in Campus Groups.)
X. Tentative Course Outline

“Suggested problems” listed below are suggested for your practice; you are not required to submit them. The only deliverables listed below are the two individual online homework assignments and four group case assignments.

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<thead>
<tr>
<th>Week</th>
<th>Topics, Suggested Problems and Homework</th>
<th>Group Case Assignments</th>
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<tr>
<td>1</td>
<td>Course Intro. Constructing Financial Statements Ch. 1-3 E1-29, P1-39, Shrek 2 – Mini Case (Canvas)</td>
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<td>2</td>
<td>A Closer Look at Financial Statements Ch. 1-3 E2-35, E2-37, P2-67, P2-68, E3-34, P3-54</td>
<td>BreatheScreen (required to be submitted)</td>
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<td>3</td>
<td>Earnings Components and Revenue Recognition Ch. 6 (pages 270-283, 296-298, Appendix 6B) E6-41, P6-47</td>
<td>Spartan Race Inc. (not required to be submitted)</td>
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<td><strong>Individual Homework # 1</strong></td>
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<td>4</td>
<td>Accounts Receivable and Inventory Ch. 6 (pages 283-291, 294-296) E6-34, P6-45</td>
<td>University of Phoenix (required to be submitted)</td>
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<td>5</td>
<td>Statement of Cash Flows Ch. 4. M4-22, M4-29, E4-35, E4-37, P4-50</td>
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<td>6</td>
<td>Investments: Trading securities and Equity Methods Ch. 12 (pages 580-600), Appendix 12A E12-25, E12-31, E12-38 Ch. 12 (pages 600-612), Appendix 12B M12-18, E12-34, E12-40 Shareholders’ Equity (contd.) Ch. 11; E11-52, P11-56</td>
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<td>7</td>
<td>Shareholders’ Equity (contd.) Ch. 11; E11-52, P11-56</td>
<td>Berkshire Hathaway’s Investments (required to be submitted)</td>
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<td>Taxes Ch. 10 (pages 486-497) M10-23, E10-31, P10-41, P10-43</td>
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<td>8</td>
<td>Taxes (contd.)</td>
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<td>8</td>
<td>Liquidity Analysis: Contracting, Valuation and Financial Distress Predictions Ch. 5; E5-26, E5-31, P5-38, P5-39</td>
<td>Shareholders’ Equity at PepsiCo <em>(not required to be submitted)</em></td>
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<td>9</td>
<td>Financial Statement Analysis and Valuation (contd.) <em>Individual Homework # 2</em></td>
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<td>10</td>
<td>Leases Appendix A, Ch. 9 (412-426), Ch. 10 (462-476) EA-5, EA-19, P9-51, P9-58, M10-13 (a,b,d), E10-24,</td>
<td>Nelson Nurseries: Managing Growth <em>(required to be submitted)</em></td>
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