ACCT 430: Accounting for Management Decision Making

Spring Quarter 2020

February 10, 2020

Professor Linda Vincent
Email: l-vincent@kellogg.northwestern.edu; (847) 491-2659
Section 61, Wieboldt Room 250
Monday, 6:00 pm – 9:00 pm

This syllabus provides an overview of the objectives, approach, and topics covered by Accounting 430, Kellogg’s core accounting course.

I. Course Objectives

The main objectives of financial accounting are to measure and communicate economic activity in an organized manner for use by those external to the enterprise. External users may include equity investors, debt investors, customers, suppliers, employees, etc. This range of users distinguishes financial accounting from managerial accounting because the latter is used solely by those internal to the enterprise. Because of the potentially wide variety of users of financial accounting reports, rules exist to make financial accounting reports comparable through time and across enterprises. We will focus on the financial reports of publicly traded corporations but we will also examine and discuss the financial reports of private enterprises and not for profit enterprises. It is likely that at some time during your career you will have to produce personal financial statements.

The objective of this course is not to train you to become an accountant but rather to help you develop into an informed user of financial statement information. To this end, the course adopts an external user's perspective to analyzing the main financial statements (balance sheet, income statement, and statement cash flows) of any enterprise. The course begins by introducing the financial accounting system as a language and score-keeping function, and by familiarizing students with the structure, usage, conventions, and grammar of accounting as the “language of business.”

We will analyze (excerpts from) actual U.S. corporate financial statements, supplemented with examples from non-U.S. corporations and nonprofit organizations to highlight the similarities and differences in practices across these entities. We emphasize the concepts underlying the financial statements rather than the specific rules governing the production of the reports, although it is impossible to avoid all discussion of the rules.
II. Pre-course Requirement – *Accounting Essentials Tutorial*

All students must complete *Accounting Essentials* – an online tutorial that covers the basic construction of balance sheets and income statements, accrual accounting, and the accounting cycle – prior to the start of ACCT 430. Access to *Accounting Essentials* is through the Canvas learning management system. The instructor relies on students’ learning of this material before class. The tutorial includes a practice exam and a final exam. *This final exam counts for 5% of your grade in ACCT 430* as an inducement to take this assignment seriously.

III. Course Materials


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. (2) An e-book version of the text is available for a six-month rental from myBusinessCourse.com. Under this 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.

IV. Preparation for the class

The assignments for each class are posted on Canvas. Generally there are readings from the textbook and some suggested problems from the textbook. Because the solutions manual is posted on Canvas, we will generally 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.

In addition, please review the slides for class, which are posted on Canvas before each class. You should be prepared to ask questions about the concepts covered in the class slides. If you wish to have a hard copy of the slides for class, please print your own copy.

Some of the slides will be partially blank, as we will work through some of the solutions to assigned problems and cases during class.
V. Tablets and Laptops

We will use laptops or tablets during some of the classes. Sometimes we will use them to download actual financial statements to be analyzed during class. You may also use the tablets or laptops to view the slides and to take notes.

PLEASE NOTE: Tablets and laptops are NOT to be used for any purposes unrelated to class. I consider them an important tool for practicing the material we discuss in class and consistent with how financial information is generally accessed. However, student complaints about the distracting behavior of their fellow students on laptops resulted in Kellogg’s policy against use of laptops in class so please do not engage in disrespectful, distracting, or otherwise inappropriate behavior with laptops or tablets.

VI. Additional Assistance

I will be in my office on the second floor or Wieboldt each day before class from 4:45 pm – 5:45 pm. I am happy to make appointments outside of those hours if you contact me via email.

VII. Evaluation of Students' Performance in the Course

1) Grading:

Grading will be based on the following formula: 5% for the final exam in *Accounting Essentials* + 15% for the six homework assignments + 25% for the midterm exam + 40% for the final exam + 10% for individual class participation. The midterm exam is not optional but it cannot hurt your grade; that is, if you score a higher relative percentage on the final exam than on the midterm, the final exam grade will constitute 65% of the final course grade. In other words, the grading scheme is as follows:

If midterm exam score is higher than the final exam score:

5% grade on final exam in *Accounting Essentials*, the online preterm course
15% homework assignments (best 5 out of 6)
10% class participation
25% midterm exam
45% final exam

If midterm exam score is lower than the final exam score:

5% grade on final exam in *Accounting Essentials*, the online preterm course
10% homework assignments (best 5 out of 6)
15% class participation
0% midterm exam
70% final exam
Consistent with current Kellogg guidance, “A” grades will be awarded to no more than 40% of students, with approximately 10% of students earning a grade of “C” or lower.

(a) Accounting Essentials – Required online tutorial
All students must complete Accounting Essentials – an online tutorial that covers the basic construction of balance sheets and income statements and the accounting cycle – prior to the start of ACCT 430. The tutorial includes a practice exam and a final exam. This final exam counts for 5% of your grade in ACCT 430. The final exam must be completed by midnight, March 29, the day before spring quarter classes begin.

(b) Homework Assignments
The individual homework assignments will be made available on Canvas. They are open-book and open-notes. You may discuss the problems with class-mates, but each student must submit his/her own responses online. The main purpose of the homework assignments is to provide regular, weekly feedback as to your understanding of the material. 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 class schedule at the end of this syllabus. For grading purposes, we will count the best 5 of the 6 homework assignments. The homework assignments constitute 15% of your final grade; this is an inducement for you to take the assignments seriously.

After the due date of each assignment, the answers will be available on Canvas for each of the questions, together with a description of manner in which the answer is derived.

(c) Class Participation
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 below). 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 the assignments. Class participation constitutes 10% of your final grade.

(d) Exams
The midterm exam will be a timed, at-home, two hour exam and is open book and open notes. The midterm will be available for several days to provide you with flexibility in taking it. The midterm is not optional but it cannot hurt your final grade. The midterm will constitute 25% of the final grade UNLESS you score higher on the final exam than on the midterm in which case the midterm will constitute 0% of your final grade. The final exam will constitute 40% of your final grade UNLESS you score higher on the final exam than on the midterm in which case the final exam will constitute 65% of the final grade.

Please note that the at-home midterm exam will substitute for the Memorial Day make-up class otherwise scheduled for Friday evening, May 29.

The in-class final exam will take place during regular class time on Monday, June 8.
2) Policies regarding additional accommodations

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.

VIII. Dynamic Nature of the Syllabus

The homework and exam dates will not change but the syllabus represents the plan for the quarter and may be adjusted as the quarter progresses if such adjustments will promote the best collective learning experience for all students. Any such changes will be communicated via Canvas.

IX. 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 is assumed at all times.
In addition, and consistent with the Code of Classroom Etiquette, please observe the following requirements:

- Please arrive and be prepared to start class promptly at 6 pm.
- Please display your name plate at all times.
- Please do not leave and re-enter the classroom except at the break midway through the class. This is distracting to other students.
- Please silence your cell phone and do not use it during the class.
- Please use your laptops or tablets only for purposes directly related to class such as note-taking, following the slides, or reading the group assignments. Please do not engage in non-related activities such as surfing the web, responding to emails, etc. Such activities are potentially distracting to other students.
- Please participate actively and thoughtfully. The quality of the contribution is much more important than the quantity.
- Please see the above bullet: allow others to participate and be careful not to dominate the conversation.
- Please refrain from sidebar conversations. If you have a question, please ask it of the instructor/class. Generally, you will not be the only one with the question.
- If you must eat during the class, please be sensitive to the noise that you are generating.
- In sum, exercise common courtesy and demonstrate respect for other students and the instructor at all times.

X. Kellogg Honor Code

All students discuss are expected to adhere strictly to the Kellogg Honor Code, the statement of which is available at: http://www.kellogg.northwestern.edu/stu_aff/policies/honorcode.htm.
XI. Class Schedule

This section provides an overview of the class schedule for the quarter, including the due date for each homework assignment and the two exams. Detailed assignments are posted on Canvas.

<table>
<thead>
<tr>
<th>Class #</th>
<th>Date</th>
<th>Topic</th>
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<tbody>
<tr>
<td>Preterm</td>
<td></td>
<td>Accounting Essentials</td>
</tr>
<tr>
<td>March 29</td>
<td>Sunday</td>
<td>Final Exam for Accounting Essentials due by midnight</td>
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<tr>
<td>1A</td>
<td>March 30</td>
<td>Introduction to Financial Accounting and Reporting</td>
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<tr>
<td>1B</td>
<td>March 30</td>
<td>The Accounting Cycle and Accrual Principles</td>
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<tr>
<td>2A</td>
<td>April 6</td>
<td>Income Statement - Revenues</td>
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<tr>
<td>2B</td>
<td>April 6</td>
<td>Income Statement - Expenses</td>
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<tr>
<td></td>
<td>April 12</td>
<td><strong>Homework #1 due by midnight</strong></td>
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<tr>
<td>3A</td>
<td>April 13</td>
<td>Balance Sheet – Current Assets</td>
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<tr>
<td>3B</td>
<td>April 13</td>
<td>Balance Sheet – Non-Current Assets</td>
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<tr>
<td></td>
<td>April 19</td>
<td><strong>Homework #2 due by midnight</strong></td>
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<tr>
<td>4A</td>
<td>April 20</td>
<td>Balance Sheet – Liabilities</td>
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<tr>
<td>4B</td>
<td>April 20</td>
<td>Balance Sheet – Shareholders’ Equity</td>
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<td>April 26</td>
<td><strong>Homework #3 due by midnight</strong></td>
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<tr>
<td>5A</td>
<td>April 27</td>
<td>Statement of Cash Flows</td>
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<tr>
<td>5B</td>
<td>April 27</td>
<td>Statement of Cash Flows (Cont.)</td>
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<td></td>
<td>April 28 –</td>
<td><strong>Two hour timed, at-home, midterm exam</strong></td>
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<td>May 2</td>
<td>Tues. – Sat.</td>
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<td>6A</td>
<td>May 4</td>
<td>Time Value of Money</td>
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<td>6B</td>
<td>May 4</td>
<td>Noncurrent liabilities</td>
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<td>May 10</td>
<td><strong>Homework #4 due by midnight</strong></td>
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<td>7A</td>
<td>May 11</td>
<td>Taxes and deferred taxes</td>
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<tr>
<td>7B</td>
<td>May 11</td>
<td>Shareholders’ Equity</td>
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<td>May 17</td>
<td><strong>Homework #5 due by midnight</strong></td>
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<td>8A</td>
<td>May 18</td>
<td>Investments</td>
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<td>8B</td>
<td>May 18</td>
<td>Not for profit enterprises</td>
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<td>May 24</td>
<td><strong>Homework #6 due by midnight</strong></td>
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<tr>
<td>9A</td>
<td>June 1</td>
<td>Financial Statement Analysis</td>
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<tr>
<td>9B</td>
<td>June 1</td>
<td>Financial Statement Analysis</td>
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<td></td>
<td>June 8</td>
<td><strong>Final Examination (in class)</strong></td>
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<td>Monday</td>
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