ACCT 430: Accounting for Management Decision Making

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Course Objectives

This course provides an introduction to 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.

Course Materials

Tablets and Laptops

All slides will be posted online before class but print outs will not be distributed. You may bring your tablets or laptops for class slides and take notes. 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 such disrespectful and inappropriate behavior.

Office Hours

Office hours are by appointment only. Please email me to schedule an office hour.

Additional Assistance

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

Evaluation of Students' Performance in the Course

1. Grading:

Grading will be based on the following formula:

If midterm exam score is higher than the final exam score:
- 5% Accounting Essentials
- 15% homework assignments (your 5 best)
- 10% class participation
- 30% midterm exam
- 40% final exam

If midterm exam score is lower than the final exam score:
- 5% Accounting Essentials
- 15% homework assignments (your 5 best)
- 10% class participation
- 5% midterm exam
- 65% final exam

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) 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 (see Course Overview on Canvas). Access to Accounting Essentials is through the Canvas learning management system. The instructors rely on students’ learning of this material before class. The tutorial includes a practice exam and a final exam. **You must take the exam on the Sunday before the first class. This final exam counts for 5% of your grade in ACCT 430.**

(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 classmates, but each student must submit his/her own responses online. The main purpose of the homework assignments is to provide regular feedback as to your understanding of the material on a weekly basis. Due dates for the homework assignments are noted on the class schedule of this syllabus.

(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 in section VIII). 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 class slides. Strong participation will help students who are in the border line of two grades.

(d) **Exams**

The midterm and final exams are closed-book and closed-notes. The midterm will take place during the regular class time. The final exam will take place according the schedule developed by Student Affairs. You may not use “cheat sheets,” computers, phones, or any electronic devices other than simple calculators for the exams. If English is not your first language, you are allowed a dictionary. No questions will be entertained during the course of the exams to avoid disturbing other students.

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 seven 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 seven days. If you remain dissatisfied with the response, you have up to five days to submit the work a second time for re-grading. The instructor will respond to such a second request within five 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.

**Classroom Etiquette**

Available online at: [http://www.kellogg.northwestern.edu/stu_aff/policies/etiquette.htm](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.

**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](http://www.kellogg.northwestern.edu/stu_aff/policies/honorcode.htm).
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<thead>
<tr>
<th>Day #</th>
<th>Topic &amp; HW</th>
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| #1 Jan 9 | Introduction to Financial Accounting  
The Accounting Cycle and Accrual Accounting |
| #2 Jan 16 | A Closer Look at the Financial Statements  
Earnings Components and Revenue Recognition |
| #3 Jan 23 | Current Assets – Cash and Receivables  
HW 1 Due  
Current Assets - Inventory |
| #4 Jan 30 | Noncurrent Assets  
HW 2 Due |
| #5 Feb 6 | Stockholders’ Equity  
Statement of Cash Flows  
HW3 Due  
Review Session |
| #6 Feb 13 | Midterm Exam (Closed book, Closed notes)  
Optional: HW4 Due |
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<th>Date</th>
<th>Topic</th>
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<td>#7</td>
<td>Feb 20</td>
<td>Statement of Cash Flows</td>
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<td>Investments</td>
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<td>HW4 Due</td>
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<td>#8</td>
<td>Feb 27</td>
<td>Consolidations</td>
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<td>Bonds</td>
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<td>HW 6 Due</td>
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<td>Mar 12</td>
<td>Financial Analysis and Valuation</td>
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<td>Review Session</td>
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<td>Mar 19</td>
<td><strong>Final Exam (Closed book, Closed notes)</strong></td>
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