ACCT 430: Accounting for Management Decision Making

Course Web Site:  http://canvas.northwestern.edu/

Course Modality:  Zoom only

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847-467-6223  
Office Hours: Tuesday 12:00pm-1:00pm or by appointment

I. Course Objectives

This course provides an introduction to the financial reporting environment, the incentives of managers issuing financial statements, and the analysis and interpretation by users of these statements. The course begins by viewing the financial accounting system as a language, and familiarizes students with the structure, usage, conventions, and the grammar of accounting as a business language. We examine how financial statements such as the Income Statement, the Balance Sheet, and the Statement of Cash Flows are inter-related. The course adopts an external user's perspective in analyzing these financial statements.

Understanding and analyzing actual annual reports, periodic public filing of financial statements by firms with the Securities Exchange Commission (SEC) in forms such as 10-K (annual statements) and 10-Q (quarterly statements), other corporate disclosures, and analysts’ reports constitute an integral part of this course. The course highlights the links between accounting information and management planning, decision-making and control, and also examines ethical issues such as earnings management and fraudulent reporting.

II. Course Materials

Accounting Essentials:  An online tutorial that covers the basic construction of balance sheets and income statements and the accounting cycle. The tutorial includes a practice exam and a final exam and is optional.


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.

**Course Packet:** Available through Study.Net (contains cases).

### III. Preparation for the class

Before class, please read through questions outlined in the break-out exercises first and then review the class slides with those questions in mind. These slides and break-out exercises are posted on Canvas. You should be prepared to answer questions about the concepts covered in the problems on the class slides.

### IV. Evaluation of Students' Performance in the Course

1. **Grading:**

   Grading will be based on the following formula: 10% for Homework Assignments + 5% for Case Assignment + 15% for individual class participation+ 70% for exams (Max (15% for the mid-term exam+55% for the final exam, 30% for the mid-term exam + 40% for the final exam)). In line with current Kellogg guidance, it is expected that 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) 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 their own responses. The due date for each of the homework assignments is noted on the class schedule in section VIII. For grading purposes, we will count the best 4 of the 6 homework assignments.

   **(b) Case Assignments**

   The case assignments will be completed as a group. The composition of groups for each case assignment will be posted on Canvas. All group members are responsible for the content of work submitted. In addition, you will be expected to provide confidential peer evaluations for group assignments. These evaluations will affect your individual grade on the group assignments and may, in extreme cases, also affect individual class participation grades. Written case assignments and peer evaluations should be submitted via Canvas before the deadline noted on the class schedule in section VIII.
(c) Class Participation
Individual class participation is a critical component of the learning experience at Kellogg. It shall be evaluated based upon 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 VI). 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.

(d) Exams
The midterm exam will be a timed, at-home, one-and-half hour exam and is open book and open notes. The midterm exam will be available for several days, Oct 25 – 27, to provide you with flexibility in taking it. The final exam will be a timed, at-home, two-hour exam and is open book and open notes. The final exam will be available during the final exam week Dec 4 – 8 to provide you with flexibility in taking it. Students are required to take both exams independently and should not discuss any exam questions or answers with others.

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 your receiving a grade on a given exam or assignment to submit a written request for re-grading, along 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 are indeed correct or why the grading was erroneous or overlooked certain aspects of your answer. I will respond in writing to your request within twenty 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. I 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.

V. 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.

3. Please also observe the following requests:
   a. Please be signed in to zoom and ready to start class promptly at 6 pm.
   b. Please keep your video cameras on at all times during the class.
   c. Please close email and other screens and put your phones away.
   d. Please give me feedback at any time if I am going too fast, too slow, you have tech issues, or you need a break.

VI. 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.

Students can find useful resources for safety and security, academic support, and mental and physical health and well-being on the NU help website and app.
VII. Class Schedule

This section provides an overview of the class schedule for the quarter, including the due date for each homework and case assignment.

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
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<tbody>
<tr>
<td>21-Sept</td>
<td>S1. Introduction to Financial Accounting</td>
</tr>
<tr>
<td>28-Sept</td>
<td>S2. The Construction of the Financial Statements</td>
</tr>
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<td>5-Oct</td>
<td>Homework #1 due at noon</td>
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<td>S3. The Cash Flow Statements</td>
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<td>12-Oct</td>
<td>Homework #2 due at noon</td>
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<td>S4. Revenue Recognition and Accounts Receivable</td>
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<td>19-Oct</td>
<td>Homework #3 due at noon</td>
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<td>S5. Accounts Receivable and Inventory</td>
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<td>Mid-Term Review</td>
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<tr>
<td>25-Oct to 27-Oct</td>
<td>Mid-Term Exam</td>
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<td>31-Oct</td>
<td>Case Due Midnight</td>
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<td>2-Nov</td>
<td>S7. Noncurrent Operating Asset and Case Discussion</td>
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<td>9-Nov</td>
<td>Homework #4 due at noon</td>
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<td>S8. Investment and Consolidation</td>
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<td>16-Nov</td>
<td>Homework #5 due at noon</td>
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<td>S9. Shareholder’s Equity and Taxes</td>
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<td>30-Nov</td>
<td>Homework #6 due at noon</td>
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<td>S10. Financial Information and Decision Making</td>
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<td>4-Dec to 8-Dec</td>
<td>Final Review</td>
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<td>Final examination</td>
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