

Course Syllabus

Course Information

<i>Course Number/Section:</i>	ACCT 6201 MBP
<i>Course Title:</i>	Financial Accounting
<i>Term:</i>	Fall 2016
<i>Days, Times & Dates:</i>	Mon. & Wed. 5:00PM to 7:00PM; 8/22 to 10/05, 2016

Instructor Contact Information

<i>Instructor</i>	Suresh Radhakrishnan
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<i>Office Hours</i>	Wednesdays 3:00PM to 4:00PM OR by appointment

Course Description

Financial statements are an important channel through which firms communicate with providers of capital. In addition, these statements are used as a basis for contracts with various stakeholders. This course is designed to provide an understanding of what the financial statements contain, what assumptions and concepts are used to prepare them, and why the assumptions and concepts are used. The course will provide a disciplined way of thinking about information that helps users evaluate firms' financial status and performance. It will also provide some institutional knowledge and highlight some of the controversial accounting issues.

Simple examples will be used to introduce the topics. While a degree of mastery of the mechanics is essential, discussions will relate the mechanics to real-world settings. Emphasis will be placed on U.S. Corporations' reporting and U.S. institutions.

Student Learning Objectives/Outcomes

1. Be able to summarize the information provided in the balance sheet, income statement and statement of cash flows and interpret individual items contained in these statements (assets, liabilities, equities, revenues and expenses, cash flows from operating, investing and financing activities).
 2. Be able to compute financial ratios and use financial ratios and other information to compare companies in an industry in terms of profitability and liquidity (short and long term).
 3. Be able to recognize ethical issues in reporting financial results and assess the impact of those issues on providers of capital.
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Required Textbooks and Materials

Required Texts

Required Text: *Financial Accounting for Executives and MBAs*, Paul J. Simko, Kenneth R. Ferris and James S. Wallace, 3rd edition, Cambridge Publishers

Required Materials

Lecture notes and lecture note supplements with practice problems and solutions will be posted on eLearning.

GE Financials for 2010 will be posted on eLearning.

Other Suggested Materials

Read the business section from any leading newspaper regularly.

Assignments & Academic Calendar

Topics, Reading Assignments, Due Dates, Exam Dates

SEE “ATTACHMENT A” FOR TENTATIVE COURSE OUTLINE AND DUE DATES

Grading Policy

There are three parts to the evaluation.

1. Two Quizzes (Individual): The Quizzes are designed to test your understanding of the basic accounting concepts. All quizzes are cumulative. Each quiz will contain about 60% of the questions taken directly from the textbook, lecture notes, lecture note supplement and class discussions. The rest will be problems/questions that are based upon the materials that we cover. The first quiz will be **closed book and closed notes**. For the second quiz you can bring **ONE “cheat sheet”** one 8.5 by 11 inches filled up with formulas (or whatever) on both sides. The cheat sheet should to have your name written-out prominently on both sides. **No make-up quizzes will be given.** Quiz II will be weighted 40% and the Quiz I will be weighted 30% [see table below].
2. Annual report project (Group): Each group will select one company of their choice/interest and obtain three or four **recent annual reports**. You will need to perform a ratio analysis and provide a brief prognosis of the company. I strongly recommend that you choose and obtain the annual reports of the firms for the project in by September 7, 2015. You do not need to let me know which company you have chosen. Each group will turn in one copy of the report on or before the due date. **[SEE “ATTACHMENT B” FOR PROJECT GUIDELINES & REQUIREMENTS]**
3. Group peer evaluation: Each group member will evaluate the other group members. A peer evaluation form is provided at the end of this handout. You are expected to work in your assigned group. **[SEE “ATTACHMENT C” FOR DIMENSIONS OF EVALUATION]**

The grades will be based on relative performance. The weights for evaluation are:

Quiz [Best of Quizzes I 30%, Quiz II 40%]	70%
Annual report project (group)	15%
Peer evaluation - Individual contribution to the group	15%

The grade distribution based on past performance is as follows:

A	60%
B	20%
C	20%

There is no guarantee that the above grade distribution will be achieved for this class. The letter grades will be assigned based on the relative points at the end of the course. No letter grades will be assigned to each component: quizzes, project or peer evaluations. Weighted averages work in strange ways, and thus do not try to convert points into letter grades and guess your letter grades during the semester.

Course Policies

Make-up exams

No make-up exams will be given. I will consider each student's request for a make-up made before the exam date in writing to me, and will decide on the merit of giving a make-up purely at my discretion. As such, there is bound to be considerable subjective judgement on my part. I strongly suggest that you assume that your request for make-up will not be granted so as to decrease ex post disappointment.

Extra Credit

No extra credit will be awarded. The nature of grades being assigned on a relative basis implies that some of you will just make or just miss cut-offs. Please do not expect to do extra work to get pushed into the next level.

Late Work

A grade of zero will be given for late submission of project or project evaluations.

Special Assignments

The annual report project guidelines are included in ATTACHMENT B.

Class Attendance

No grades are awarded for class attendance.

Classroom Citizenship

Accounting is the language of business. As with learning any new language, you should adopt a two-pronged approach. First, you will need to practice the basic grammar, i.e., the mechanics and concepts of accounting. Second, you will need to practice drawing inferences.

To help you with the first level, we will go over concepts and mechanics in-class with simple examples. We will also go over a few problems, so that you become comfortable with the mechanics of accounting. From time to time, depending on the need, I may convert some of the class session into tutorials where a teaching assistant will go over some of the practice problems.

You are urged to form yourselves into study groups and study collaboratively.

To help you with the second level, we will discuss the outcome of applying the accounting mechanics from a user's perspective. The class discussions will emphasize the user perspective.

You will be responsible for going over the relevant chapters and doing the practice problems. We will not go over all the problems in the lecture notes or the lecture note supplement. I strongly urge you to go over the materials before class. This will help you grasp the important aspects and internalize them when we go over them in class. It will be your responsibility to let me know if you are having difficulties with the materials. I will attempt to help each and every one of you.

I will use a mix of lecture and discussion. You are strongly urged to participate in the class discussions. I strongly urge you to read the business section of the New York Times and/or the Wall Street Journal. Please share any report or article that you come across in the popular press about accounting and we will discuss it in class (if I deem it to be relevant).

Overall, let us try to help each other make it a nice experience.

Comet Creed

This creed was voted on by the UT Dallas student body in 2014. It is a standard that Comets choose to live by and encourage others to do the same:

“As a Comet, I pledge honesty, integrity, and service in all that I do.”

UT Dallas Syllabus Policies and Procedures

The information contained in the following link constitutes the University's policies and procedures segment of the course syllabus. Please go to <http://go.utdallas.edu/syllabus-policies> for these policies.

IMPORTANT NOTE: The descriptions and timelines are subject to change at the discretion of the Instructor

ATTACHMENT A: Cohort Tentative Course Outline

s#	Date (2015)	Time	Topic	Relevant ELearning Files
1, 2, 3	8/22, 8/24 8/29	10:30AM to 12:30PM	➤ Introduction, Basic concepts, Mechanics of Accounting (Chapter 1 & 2)	<ul style="list-style-type: none"> • LN1_Ch_1_2 • LN1_Supplement_Ch_1_2
4	8/31	10:30AM to 12:30PM	➤ Statement of Cash Flows (Chapter 3)	<ul style="list-style-type: none"> • LN2_Ch_3 • LN2_Supplement_Ch_3
	9/05		➤ NO CLASS, LABOR DAY	
5, 6	9/07, 9/12	10:30AM to 12:30PM	➤ Ratio Analysis (Chapter 4)	<ul style="list-style-type: none"> • LN3_Ch_4 • LN3_Supplement_Ch_4
7	9/14	10:30AM to 12:30PM	➤ QUIZ I [CHAPTERS 1 TO 4]	
8	9/19	10:30AM to 12:30PM	➤ Revenue Recognition (Chapter 5)	<ul style="list-style-type: none"> • LN4_Ch_5 • LN4_Supplement_Ch_5
9	9/21	10:30AM to 12:30PM	➤ Inventory (Chapter 6)	<ul style="list-style-type: none"> • LN5_Ch_6 • LN5_Supplement_Ch_6
10, 11	9/26, 9/28	10:30AM to 12:30PM	➤ Long-lived Assets (Chapter 6, Chapter 7 only the overview, see lecture note pages 52 and 53)	<ul style="list-style-type: none"> • LN5_Ch_7_8 • LN5_Supplement_Ch_7_8
12, 13	10/03, 10/05	10:30AM to 12:30PM	➤ Liabilities (Chapter 9, Chapter 10 Page 334 to 344)	<ul style="list-style-type: none"> • LN7_Ch_9_10 • LN7_Supplement_Ch_9_10
14	10/05	10:30AM to 12:30PM	<ul style="list-style-type: none"> ➤ Equity capital (Chapter 11) ➤ Earnings Management 	<ul style="list-style-type: none"> • LN8_Ch_11 • LN8_Supplement_Ch_11 • LN9_Earnings_Management
15	10/10	10:30AM to 12:30PM	➤ QUIZ II	
	9/30	12 NOON	➤ FINAL PROJECT & PEER EVALS DUE [CLEARLY INDICATE GROUP NUMBER AND EVENING-COHORT]	

All files names that include “Supplement” have 2 parts: one that contains text book problems and the other that contains additional problems. These problems are clearly referenced in the lecture note after the particular concept is discussed.

ATTACHMENT B: Final Project Guidelines & Requirements (Group)
Ratio Analysis Project

Objective: The objective is to apply the ratio analysis framework to U. S. companies, so as to give you a hands-on experience in using and interpreting accounting information/data.

Suggested Approach:

- Choose a U.S. firm that is traded in the stock market.
- Obtain 3 of the most recent annual reports for the firm. That is, have at least 4 years of income statement data and four years of balance sheet data for the firm. If you only have quarterly reports, get 8 of the most recent quarterly reports [this is possible if the company you choose had a recent IPO; please choose a company that has had an IPO at least 2 years back].
- Collect information from press releases, news reports and the MD&A.
- Understand the business model, the economic environment and strategy of the company.
- Frame a question that would be interesting for you to answer. Examples: Does the company use a low cost or differentiation strategy? OR Will the company survive? OR What is the primary driver of the company's strategy? OR Are the analysts optimistic about the outlook of the company?
- After framing the question, have a "prediction" for the answer; this is your hypothesis.
- Use the ratio analysis tool [not all of the ratios indiscriminately] to answer your question and prove or disprove your hypothesis.
- Overall, think through and provide logical inferences [Hint: Do not compute all ratios and interpret them in groups or independent of each other or independent of the business model.]

Source:

- Annual reports: You can get annual reports from the SEC's database of company filings useful [the internet site is <http://www.sec.gov>. Use 10-Ks (the annual reports) for a company. You can also find copies of the annual report on the company's home page. Please do not use databases such as the COMPUSTAT, Mergent etc. to get the income statement and balance sheet data.
- Press releases can be obtained from the company's homepage or Lexis-Nexis at the UTD library or Bloomberg.

Note that the above is a list of suggested sources. You will need to show some enterprise in obtaining data. Please document the source and provide a web-link OR a copy of the annual report (the relevant sections and footnotes) in the appendix of the final report if the document is not available through the web.

Write-up:

The report should **not be more than 15 pages** not including the appendix [typewritten, 1.5 or double-spaced, 11 or 12 font]. Your report **must include** an **executive summary** detailing the objective of the study and key takeaways. The details of computations and the data can be relegated to the appendix, and will not count towards the 15 page limit. Include the summary of the detailed computations in the form of tables and graphs in the main body of the report. Refrain from making obvious statements, such as ROE is increasing because net income is increasing. You do not need to provide the annual reports and the support documents, but you need to provide a complete reference so that I can access the relevant documents via the web or UTD library data source. All reports should be submitted in paper form (not thru email).

Do not send me excel spread sheets by email as part of the report.

Do not ask me to take a look at your report and provide an opinion of how good it is (!); or whether the analysis done is “sufficient” (!) before the due date.

If you have questions regarding the project, ask them in the form of questions: please refrain from asking general and leading questions such as, “This is what we have done, is this enough?” OR ‘Can I stop by and show you what we have done so far, you can tell us if this is enough?’ I am more than willing to help you understand the annual reports, interpret footnotes or analyst reports or press releases. But I do not want to do the thinking or decision-making for you.

If you need to set up a meeting with me regarding your project, I want all the group members to be present. This is to ensure that a few of you in the group (or typically one person in the group) does not hijack the group discussions by attributing whatever his opinions are in terms of things that I had “blessed.”

Clarity of final report will be rewarded. The page limit of 15 is an upper bound, if you can convey your question and takeaways much more briefly, that is part of clarity. Do not fill up pages, just because you feel compelled to give me 15 pages.

DUE DATE: The report is due **ON OR BEFORE** 9/30 AT 12:00 NOON. You can drop-off hard copies in my mailbox (Room # 4.217), OR my office (Room # 4.426). **IF YOUR PROJECT IS NOT SUBMITTED BY THIS TIME, YOUR GROUP WILL GET A GRADE OF ZERO.**

ATTACHMENT C: Evaluation of Individual Contribution to Group

NAME OF EVALUATOR: _____

[I will not consider the scores, if you do not have your name]

Dimensions of evaluation

- A. Distribution of work
- B. Helpful in explaining difficult topics
- C. Helpful with ideas, questions and discussion
- D. Quality and timeliness of work performance
- E. Leadership and overall collegiality

NAME OF GROUP MEMBER	A (0-3)	B (0-3)	C (0-3)	D (0-3)	E (0-3)	Total (0-15)

Each dimension is to be evaluated on a scale of 0-3 with 0 being the minimum and 3 being the maximum.

NOTES

Please do not evaluate yourself ! If I do not get your evaluation or there is no name, you will get a zero, even if the others have evaluated you.

DUE DATE: The evaluation is due on or before 9/30 AT 12:00 NOON. Only hard copies, no email submissions. You can drop-off hard copies in my mailbox (Room # 4.217), OR my office (Room # 4.426). IF I DO NOT GET YOUR EVALUATION OF YOUR TEAMMATES BY THIS TIME, YOU WILL GET A GRADE OF ZERO, IRRESPECTIVE OF WHAT YOUR PEERS HAVE ASSIGNED TO YOU.