



MBA Core
—Financial Accounting—
Autumn 2013

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Why is this course important?

The practice of accounting goes back thousands of years and affects individuals, not-for profit organizations, large for-profit corporations, government entities, non-professional and professional sports teams, and many other entities. Understanding how to create and use accounting information is therefore critical to your future success as a strategic thinker and leader in any organization.

What can I expect to get out of this course?

The objective of the course is to help those of you who know little about accounting, but who are willful and active participants in your education, gain a basic understanding of accounting (the “language of business”), its role in society, and how accounting information can be used to make informed decisions. Please note that many of you will find the material we will cover challenging. Thus, being a “willful and active participant” may require significant out-of-class prep time.

What are the required materials?

Two items are required: a custom text and a course pack of Harvard cases. You can purchase the custom text from the UW Bookstore and the Harvard course pack from the link below:

CUSTOM TEXT: *Foster MBA: Financial Accounting* by Libby, Libby & Short.

HARVARD COURSE PACK: <https://cb.hbsp.harvard.edu/cbmp/access/21857699>

There are a lot of introductory accounting textbooks on the market. I have chosen the Libby, Libby, Short textbook for two primary reasons. First, it clearly and concisely focuses on the topics we will discuss and provides good real-world examples. Second, I will become an author on this text over the next two years. Please note that the content of the custom edition is identical to the content of the 8th edition...for \$100 less. If you choose to purchase the 8th edition rather than the custom edition, you will also need to purchase an access code for the online homework system (called Connect) for \$60. A Connect access code comes with the custom edition.

I will post on Canvas all Non-Harvard cases listed in the course outline at least a week prior to when we will discuss them.

How will the course be taught?

I have designed our course and every individual class based on the following principles:

- ◆ **Relevance.** I will demonstrate the relevance of the topics we will cover by associating them with current events and real firms. Doing so demonstrates the extent to which accounting permeates society.
- ◆ **Interaction.** Active participation facilitates learning; passive listening does not. I design each session to be an active learning experience. You should note that this approach only works if you come to class prepared and willing to participate.
- ◆ **Organization.** Well-organized content, both at the course and individual class session levels, facilitates your ability to link new information with your existing knowledge. I have put considerable thought into organizing the course and class sessions to make them relevant, interesting, and informative. Periodically I will step back to show you how the topics we have covered, and will cover, are related to each other.

How will the course be graded?

Your grade will be determined by your performance on two exams and several assignments.

	Weight
Creating Financial Statements Project	30%
Exam I	25%
Exam II	25%
Homework	20%
Total	100%

I view grades as a noisy, short-term measure of success in a particular class during a particular time period. I encourage you to de-emphasize grades and instead focus on John Wooden's definition of success:

*"Success is peace of mind which is a direct result of self-satisfaction in knowing you made the effort to become the best of which you are capable...when you give your total effort—everything you have—the score can never make you a loser. And when you do less, it can't somehow magically turn you into a winner."*¹

With the above in mind, it is important to remember that the accounting backgrounds of your colleagues vary widely. While I will not attempt to factor in these differences when grading, I highly encourage you to do so in interpreting your success in the course.

What is the purpose of the exams and homework?

- ◆ The purpose of the Creating Financial Statements Project is to test your knowledge of recording transactions and using those transactions to create financial statements. This project is a take-home project that you will complete on your own.
- ◆ The purpose of the two in-class exams is to test your knowledge of accounting concepts and practices and to test your ability to apply your knowledge to specific transactions. You are allowed to use one sheet (front and back) of notes during the exams.
- ◆ The purpose of the homework assignments is not to force you to prepare for class. I sincerely hope that your presence in the MBA program reflects your commitment to come to class prepared to discuss the assigned material. The purpose of the homework assignments is to give you an indication of whether or not you understand the material, and if not, to formulate specific questions that we can discuss. Though everyone must individually submit answers to the homework assignments, I encourage you to discuss the questions (as well as all of the material and cases we will cover) with your colleagues.

¹ From *Wooden on Leadership* by John Wooden (2005).

- ◆ Our textbook comes with an online homework and study guide manager called *Connect*. You will submit all of your homework assignments via *Connect*. To begin using *Connect*, follow these steps:
 1. Go to <http://connect.mcgraw-hill.com/class/coachhodge>
 2. Select “Register Now” and enter your email address.
 3. Submit the *Connect* code that came with your textbook.
 4. Follow the remaining on-screen instructions.

If you have any problems using *Connect*, visit www.mcgrawhillconnect.com/support or call 1-800-331-5094.

What if accounting does not come “naturally” to me and I need additional help?

First, recognize that accounting (or any other discipline) does not come “naturally” to most people; you are not alone. Second, recognize that if you are willing to put in the time and deliberate practice you can learn the material. To facilitate your efforts, I have an accounting doctoral student (Darren) who will run review/help sessions throughout the quarter as well as hold office hours. Below is Darren’s contact information and schedule for the quarter. Darren is a great guy and knows a lot about accounting. I recommend getting to know him.

Darren Bernard

Office: Paccar 437

Email: bern0314@uw.edu

Mondays	Frank	Office hours	2:30 – 4:30	Paccar 540
Tuesdays	Darren	Office hours	12:20 – 1:20	Paccar 437
Wednesdays	Frank	Office hours	2:30 – 4:30	Paccar 540
Thursdays	Darren	Office hours	12:20 – 1:20	Paccar 437
Fridays	Darren	Review sessions	10:00 – 11:20	Paccar 390

Code of Conduct

By being a student in this class you acknowledge that you are a member of a learning community in the Foster School of Business that is committed to the highest academic standards. As a member of this community, you agree to refrain from cheating, attempting to cheat, plagiarism, lying, and stealing in relation to academic work.

In addition, I ask that you stay offline during class sessions and only use your laptop for class-related activities. Research shows that being online (surfing the Web, checking email, texting, etc.) inhibits your ability to learn and distracts those around you (including me). Thanks for supporting this policy.

COURSE OUTLINE

DATE	TOPICS	PRIOR TO CLASS
September 26		
Class 1 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> ▪ Accounting: The Language of Business 	Read chapter 1 (1 – 25) Read chapter 5 (224 – 244) Read Personal Financial Statement Case Connect homework: E1-2, E1-9, E1-11, P1-1 Homework due: Oct 1, 1:00pm
October 1		
Class 2 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> ▪ Preparing Financial Statements (1) 	Read chapter 2 (40 – 75) Read chapters 3 (98 – 131) Read and attempt Haystack Bookstore Case Connect homework: E2-4, E2-5, P2-2, E3-3, E3-4 Homework due: Oct 1, 1:00pm
October 3		
Class 3 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> ▪ Preparing Financial Statements (2) 	Read and attempt Lookout Inn Case Connect homework: E2-12, E3-6, P3-2 Homework due: Oct 3, 1:00pm
October 8		
Class 4 8:30 – 10:20 10:30 – 12:20	<ul style="list-style-type: none"> ▪ Adjusting Financial Statements and Measurement Issues 	Read Chapter 4 (160 – 191) Read Land Securities Case Connect homework: E4-7, E4-9, P4-3, P4-5 Homework due: Oct 8, 1:00pm
October 15		
Class 5 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> ▪ Preparing Financial Statements (3) 	Read and attempt Chemalite (A) Case Connect homework: Case question Homework due: Oct 15, 1:00pm
October 17		
Class 6 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> ▪ Preparing the Statement of Cash Flows 	Read chapter 12 (588 – 620) Read and attempt Chemalite (B) Case Connect homework: E12-2, E12-4 Homework due: Oct 17, 1:00pm
October 22		
Class 7 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> ▪ Introduction to Financial Statement Analysis 	Read Chapter 13 (642 – 670) Read Chapter 5 (244 – 252) Analyze Amazon and Ebay data No Connect homework
October 24		
Class 8 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> ▪ Alternative Performance Metrics 	Read Chapter 11 (544 – 569) Read Groupon Case Connect homework: E11-3, E11-5 Homework due: Oct 24, 1:00pm
October 29		
Class 9 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> ▪ Incentives and Financial Reporting 	Kansas City Zephyr Case Connect homework: Case question Homework due: Oct 29, 1:00pm
October 31		
Class 10 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> ▪ Review: Bringing classes 1 – 9 together 	No prep required and no homework

DATE	TOPICS	PRIOR TO CLASS
November 1		
Class 11 8:30 – 10:20 10:30 – 12:20	<ul style="list-style-type: none"> In-class Midterm Exam 	Study...no homework
November 5		
Class 12 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> Revenue Recognition Assets: Intangibles 	Read chapter 6 (276 – 303) Read chapter 8 (380 – 418) Read Microsoft Case Connect homework: E6-7, E6-8, E8-3, E8-7 Homework due: Nov 5, 1:00pm
November 7		
Class 13 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> Assets: Inventory 	Read chapter 7 (326 – 357) Read Exxon Mobile Case Connect homework: E7-5, E7-9 Homework due: Nov 7, 1:00pm
November 12		
Class 14 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> Liabilities: Bonds Present Value Concept 	Read chapter 9 (450 – 479) Read chapter 10 (498 – 527) Read Disney Case Connect homework: P9-1, P9-12, E10-4 Homework due: Nov 12, 1:00pm
November 14		
Class 15 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> Liabilities: Leases 	Read Hodge Supplement (5 – 14) Read Starbucks Lease Case Connect homework: Case questions Homework due: Nov 14, 1:00pm
November 19		
Class 16 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> Forecasting financial statements 	Read Starbucks Forecasting Case Connect homework: Case questions Homework due: Nov 19, 1:00pm
November 21		
Class 17 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> Liabilities: Off balance sheet 	Read Boston Chicken Case Connect homework: Case questions Homework due: Nov 21, 1:00pm
November 26		
Class 18 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> Balance Sheet Quality 	Read Lehman Brothers Case Connect homework: Case questions Homework due: Nov 26, 1:00pm
December 3		
Class 19 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> Earnings Quality 	Read Hodge Supplement (21 – 24) Read Harnischfeger Case Connect homework: Case questions Homework due: Dec 3, 1:00pm
December 5		
Class 20 1:30 – 3:20 3:30 – 5:20	<ul style="list-style-type: none"> Review: Bringing classes 1 – 19 together 	No prep required and no homework
December 10		
Class 21 9:00am	<ul style="list-style-type: none"> In-class Final Exam 	Study