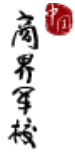




PHBS

北京大学汇丰商学院



MGT 570
Financial Accounting
2020-2021

Course Information

Instructor: Fiona Yanling GUAN

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Classes: Tuesdays and Fridays, 15:30-17:20

Course Website: All course materials will be posted on the CMS platform. For a greener campus, hard copy of the course materials will not be distributed in the class.

1. Course Description

1.1 Context

Course overview: The purpose of this course is to teach students the skills to apply accounting knowledge to solve real business problems and make solid decisions.

1.2 Reference Book

Financial Accounting: Tools for Business Decision Making, 9th edition, Kimmel, Weygandt and Kieso, ISBN: 978-0470534779.

2. Learning Outcomes

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	YES
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	YES
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	YES
	2.2. Students will be able to apply leadership theories and related skills.	YES
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyse business problems and identify the ethical aspects, provide a solution and defend it.	YES
	3.2. Our students will practice ethics in the duration of the program.	YES
4. Our graduates will have	4.1. Students will have an international exposure.	YES

a global perspective.		
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	YES
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	YES
	5.3. Our students will demonstrate competency in critical thinking.	YES

2.2 Course specific objectives

Upon successful completion of financial accounting, students will be able to: translate activities related to essential business processes into accounting information reflected in the accounting information system; prepare financial statements for external users; and comprehend the usefulness of accounting information to stakeholders in making business decisions.

2.3 Assessment/Grading Details

The assessment is based on class attendance & participation, project presentation, mid-term test, and final exam. The weights of the various components in determining the final grade are:

Class Attendance & Participation	5%
Project Presentation	15%
Mid-term Test	35%
<u>Final Exam</u>	<u>45%</u>
Total	100%

Class Attendance & Participation (5%): Class attendance shows students' basic commitment to this course. Students are strongly encouraged to participate in in-class exercises and discussions. Each student will be evaluated on the quality and quantity of his/her participation by the instructor individually.

Project Presentation (15%): Each student will be assigned into groups of approximately equal size to work on a project (voluntary formation of the groups is encouraged). See Appendix A for more details and guidelines for the project.

- Each group gives a (*maximum*) 12-minutes presentation;
- All group members are required to participate in the presentation;
- Presentation is evaluated on a group basis by the instructor;
- The rubrics for assessing presentations are provided in Appendix B.
- Each group will also be evaluated for *the question-handling during the Q&A session*.

*Note: In case that the course is taught online, due to technical challenges, the presentation will be replaced by a written report (still on a group basis).

Mid-term Test (35%): The mid-term test is closed-book. More details of the mid-term test, such as the exact date, duration, and format of questions, will be provided by the instructor in due course.

Final Exam (45%): The final exam is closed-book. No make-up exam will be given except for medical or other emergency reasons supported by proper documents. The program office will arrange the time and venue for the final exam. More details of the final exam will be provided by the instructor in due course.

2.4 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honours, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

3. Teaching Schedule

	Coverage	Suggested Assignments
Topic #1	Overview of Financial Reporting	-
Topic #2	Accounting Information System	E3-2; E3-12; P3-5B; P4-5A; P4-3B
Topic #3	Income Statement and Balance Sheet	E2-6; P2-2B; E5-7; P5-5A
Topic #4	Receivables	E8-3; E8-5; P8-2A
Topic #5	Inventory	E6-9; P6-6A; P6-9A
Topic #6	Long-lived Assets	E9-2; E9-6; P9-4A
Topic #7	Liabilities	E10-10; E10-13; P10-1A
Topic #8	Equities	E11-4; P11-2A; P11-5A
Topic #9	Cash Flow Statements	E12-2; E12-5; E12-8

Note: Refer to the e-copy of the 6th edition of the reference book for the suggested assignments.

Appendix A: Group Project

- A) **Bad debt allowance for receivables:** Identify a case where a firm uses its discretion in providing bad debt allowance for earnings management purpose. You can identify a case with large swings in the bad debt allowance over time or a significant deviation from industry peers in terms of bad debt allowance. Is the trick easy to detect from an auditor/outsider's perspective?
- B) **Sale of receivables:** Identify a firm that sold receivables with recourse but removed receivables from the balance sheet. In what sense it is a sale of receivables with recourse? What is the impact on the financial statements? Is the related disclosure adequate? From an auditor/outsider's perspective how to tell whether it's a sale of receivable with or without recourse?
- C) **Aggressive R&D capitalization:** Identify a firm that has aggressively capitalized R&D costs. In what sense it is aggressive? What is the impact on the (current and future) financial statements?
- D) **Large goodwill:** Identify an acquisition case that results in a large amount of positive goodwill. What is the reason behind the expensive purchase? What happens to the goodwill in the subsequent periods? How to interpret goodwill from an analyst perspective?
- E) **Inventory valuation method:** Identify a firm that switches from one inventory valuation method to another (e.g., FIFO to LIFO). How did the firm justify the change? Explain the main incentive behind this. What are the analytical implications for investors?
- F) **Inventory write-down:** Identify a case where a firm abuses the lower-of-cost-or-market principle for earnings management purpose. You can identify a case with large swings in the write-down of inventory over time or a significant deviation in inventory write-down from industry peers. Is the trick easy to detect from an auditor/outsider's perspective?
- G) **Depreciation method:** Identify a firm that switched from one depreciation method to another for earnings management purpose. How does the firm justify for the switch and do you agree? What is the impact of the switch on the financial statements?
- H) **Asset impairment:** Identify a case where the firm either aggressively wrote down the assets or insufficiently wrote down the assets due to the impairment test. In what sense the impairment write-down was aggressive or insufficient? What was the incentive behind this?
- I) **Hybrid securities:** Identify a firm which has complicated hybrid securities. Explain how the hybrid securities are accounted for and what is the impact on the financial statements? Also explain how the hybrid securities affect ratio analysis on capital structures?
- J) **Stock repurchase:** Identify a case where a firm engaged in large-scale stock repurchase. Explain the main reason behind this. How does the market react to the stock repurchase? Where is the money from for the stock repurchase?
- K) **Contingency:** Identify a case where contingency has a substantial or deadly effect on the firm's financial position. How was the contingency treated in the first place? What is the analytical implication of contingencies for the users of financial statements?

Guidelines for preparing your presentation:

1. Each group will be randomly assigned to work on **TWO** of the above mini-cases.
2. No case materials will be provided. It is a self-learning process.

3. Provide a brief introduction of the company involved in the case;
4. Explain how the accounting tricks work to improve performance metrics;
5. Feel free to share any other unique facts of the identified cases;
6. Organize your presentation in a story-telling manner;
7. Enrich your presentation using data, graphs, tables, etc.

Appendix B: Rubrics for Assessing Presentation

Date _____ Presenting Group _____

Total Presentation Time: _____ Minutes

Content (3)	Qualitatively comprehensive: Mastering of knowledge; Evidence provided for arguments; Avoids simplistic description or summary of information; Ideas flow logically; Free of reasoning fallacies; Creates appropriate college level, academic tone.	
	Quantitatively correct: Correctly answer assignment questions; Raise feasible business solutions.	
Delivery (4)	Vocal delivery: <ul style="list-style-type: none"> ■ Dynamic and active tone and appropriate pitch? ■ Enunciation? ■ “I think” vs. “Our analysis shows”? ■ Meaningless utterance, e.g., “Uhs”, “you know”? ■ Appropriate speed? Build connections: <ul style="list-style-type: none"> ■ Natural gestures? ■ Appropriate eye contact? Appropriate use of visual aids.	
Organization (3)	Structure: Overall organization; Introduction/attention-getter; Central idea; The use of internal summery, forecast, or signpost; Conclusion.	
	Integration: Rigorously organized and logically integrated as a final product of teamwork; No evidence that team members simply put together the different pieces of individual work.	
Handling Questions (5)	Are questions well handled?	

Any other comments:
