

**EMBA 5340:
Financial Accounting for Business Executives**

Course Description, Learning Outcomes and Objectives:

Financial accounting is a skill with its own language. This course provides a conceptual understanding of the elements underlying financial statements with a focus on the analysis and interpretation of profitability and risk measures. It will provide a basic understanding of the mechanics and ethics behind the construction of financial statements, the role of internal controls and an appreciation of the underlying global institutional environment.

This course addresses the following **highlighted** program learning outcomes:

1. **Students will demonstrate strategic decision-making capability.**
2. **Students are capable of rigorous analysis of data and stakeholder concerns.**
3. Students will demonstrate the ability to articulate a vision that will have significant and positive leadership impact (i.e., leading change).
4. **In business and in personal lives, students will act to preserve or enhance the well being of the commons (global, health, and social justice).**
5. Demonstrate wisdom through judgment/decision-making that integrates the needs of multiple stakeholders and adapts personal behavior appropriately.

This course has the following specific course objectives:

1. a working knowledge of the mechanics and concepts underlying financial accounting and the financial accounting environment
2. an ability to read, analyze and interpret financial statements
3. an ability to use financial statements to make basic forecasts of financial statements

Class Schedule & Assignments

Date & Time	Pre- Class Reading/Lecture	Discussion topics	Deliverable(s)
Thursday April 5, 2018 10:30 a.m. to 12 p.m.	Listen to Module 1,2 & 3 e-Lectures and read Modules 1,2, and 3 We will use excel in this session	(Modules 1,2 and 3) Introduction to Financial Statements & Concepts; Transaction Analysis & Constructing Financial Statements; Financial Accounting Environment ; Reading an Annual Report	Individual Take Home Assignment 1 (including CUCTC) Due on: April 22nd Weight: 30%
Saturday April 21, 2018 8:15 am to 9:45 am	Listen to Module 6 e-lecture; Read Module 6.	(Module 6) Accounts Receivable; Inventory & PPE; Investments; <i>Peyton Enterprises</i> (It will need to be completed as part of your take home assignment)	Individual Take Home Assignment 2 Due on: May 13th Weight: 30%
Saturday May 12, 2018 8:15 am to 12:15 pm	Listen to Module 4 e-lecture; Skim Annual Report of assigned Company. This session will involve the use of Excel in class.	(Module 4 & Appendix 4B) Ratio Analysis & Interpretation; Introduction to Bonds	Group Case: Financial Statement Analysis Project Due on: June 12th by 9 pm Weight: 30% (to my SU email account & Canvas)
Friday June 8, 2018 11:00 am – 12	e-lecture or my online lecture on Bonds (Module 7)	(Module 7) Accounting for Bonds	Individual Take Home Assignment 3 Due on: June 11th (to my SU email account & Canvas) Weight: 5%

Saturday, June 9 8:15 am- 12:00 pm	e-lecture or my online lecture on cash flows Read Chang Dental Clinics	(Appendix B & Parts of Module 11) Statement of Cash Flows; Forecasting, pro-forma financials Work on Chang Dental Clinics in class	Group Take Home Assignment 4: Finish Chang Dental Clinics Due on: June 14th (to my SU email account & Canvas) Weight: 5%
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I will be in my office on Thursday afternoons throughout the quarter. Please let me know ahead of time if you are planning to meet me. I can also meet on any other mutually convenient day by appointment at the SU main campus or we can talk over phone. Finally, I always switch on a discussion forum on Canvas so that we can talk about any issue that needs to be addressed.

Course Requirements:

1. Individual Take Home Assignments 1 to 3 and Group Assignment 4 (70%)

Take-Home Assignments will test your knowledge and understanding of the material covered in class. These assignments may consist of multiple choice questions, short problems, short essays or cases requiring you to interpret and read financial statement data. Both quantitative and conceptual knowledge will be tested. These are open book assignments. The assignments will be posted on my Canvas website along with a drop box where you can upload the completed exam by the assigned date. I will post these assignments on completion of the topic(s). I will post the solutions and provide feedback either in-class or via my discussion forum after the submission date expires. Please work on your own for these assignments. Do not sit with the tutors to complete these assignments. You are welcome to meet with me or e-mail me if you have any questions.

2. Group Case on a Financial Statement Analysis Project (30 %)

A detailed description of the financial statement analysis project is provided in the Appendix. This group assignment is worth 30% of your overall grade. The project will be graded for content (85%), and for writing and presentation skills (15%). Please use Excel for your data-work. Please be prepared to discuss the progress of your Group Case in class.

Required Readings:

Financial accounting is a skill with its own language. We will use the assigned textbook as a reference to better understand the concepts involved and also to solve problems in order to get a better grasp of the skills involved. I will also assign readings and cases that will challenge you to apply what you have learned in my classroom. I will post my recorded "pre-lectures" for you to listen to before our class sessions. This way we will be able to use class time for working on cases, solving problems and conceptual understanding rather than just working on the mechanics of financial accounting.

Textbook:

- Financial & Managerial Accounting for MBAs – 5th Edition
Cambridge Business Publishers.

Cases:

- Chang Dental Clinic, Harvard Case # 908N12-PDF-ENG
- Peyton Enterprises
- Colorado and Utah Canyons Tour Company (CUCTC)

Pre-recorded Lectures:

I plan to post a series of pre-recorded lectures as we go along. I will send you an e-mail and notify you when I post them on Canvas. The idea is to try and get the basic mechanical stuff out of the way before we meet in class.

Short Articles:

I will post additional reading material on my Canvas website as we go along. I will notify you via e-mail as and when I do the same.

Grades:

Your final grade is a weighted composite of the scores you obtain in the various assignments/case projects listed in the **course requirements** section. The final grade will be assigned according to the following scale:

GRADE	A	A-	B+	B	B-	C+	C	C-	D	F
PERCENT	95-100	94-90	89-87	86-84	83-80	79-77	76-74	73-70	69-60	< 60

Appendix

FINANCIAL STATEMENT ANALYSIS GROUP PROJECT

Assignment: The class will analyze and compare the performance of two profitable companies in the same industry using the ratios learnt in Module 4 (& Module Appendix 4B). I will do the analysis for one company in class and your group will be responsible for the second company. For the analysis, the class will use the latest available annual reports and try and explain any trend (if feasible) with reference to the company's strategy, macroeconomic conditions, etc. Your group will have to complete the ratios and then determine which company's stock is a better addition to a portfolio from a "buy and hold" investment perspective.

Deliverable = A Report (a Word document with an Excel spreadsheet attached) that identifies which company is a better to buy and hold from a long-term investment perspective. To do this you need to:

Complete the analysis of the ratios and interpret the profitability, liquidity and solvency ratio trends for both companies. The project is due **on June 12th by 9 pm**. I will create a Canvas drop box for the same.

Written Report

The financial statement analysis paper consists of a maximum of 5 written pages. For the written portion of the paper, anything beyond 5 pages will not be read or graded. Exhibits do not count as part of the 5 pages. You may place your Exhibits on the spreadsheet.

The paper should be double spaced, typed with appropriate margins and normal type size (10 point minimum). Please attach your spreadsheet with the details of ratio computations with your paper (see format at end). I should be able to read and understand what you have done on the spreadsheet.

The paper should include the following sections appropriately labeled.

Executive Summary (½ page): The report will begin with a brief summary of your scope of work. This should be approximately ½ a page and should include your scope of work, your findings and the conclusions of the analysis.

Financial Review (3½ pages): This section is the most important part of the paper and where most of your attention and effort should be focused. Under the following three headings, evaluate and analyze the financial performance of the companies over the latest two year period: (1) profitability, (2) liquidity, and (3) solvency.

In the profitability section, please disaggregate the RNOA using the framework provided in Module 4. (I will try and cover some of Appendix 4A and so the same is optional). To better understand the company's NOPM trend, base your observations on a Vertical and Horizontal Analysis (see Appendix 4B) of the Income Statement and the Balance Sheet. Use Appendix 4B for liquidity and solvency analysis.

Analyze each ratio we have done in class and interpret it. Relate the company's performance to its strategy. Is it working? Is its performance improving? What about the solvency and liquidity? Which company is doing better, in your opinion? Do NOT do Appendix 4C material. Do NOT waste space explaining to me how you calculated your ratios.

Stock Performance (½ page): Examine the stock price trends of the company. Do these trends seem consistent with your assessments in the financial review section? Please place any stock chart either in the Exhibits attached to your paper or on the spreadsheet attached.

Conclusions (½ page): Based on your analysis of the firms, make a recommendation. Your recommendation should consider the *current* financial status including any current announcements made by the companies. Use the current quarterly (or 10-Q reports), 8-K reports, and analysts' forecasts and recommendations to update your assessments of the companies since the last annual report date.

The Exhibits (REMEMBER NOT INCLUDED IN 5 page limit. You may include these Exhibits in your spreadsheet that you attach with the report.)

The exhibits must include the following:

- Vertical and horizontal income statement and balance sheet for the period;
- Ratio analysis : Sample format for detailed exhibit on page 8
- Stock price charts

Your Exhibits may include the following:

- a basic valuation analysis
- Other material that is relevant
- Industry comparisons (use S & P Industry Survey, CNBC etc. for example)

Project Assessment

I will take the following factors into account to evaluate the reports:

(a) Quality of write-up and presentation: Grammar, presentation, clarity, flow, etc. Remember this is 15% of this assignment's grade.

(b) Quality of ratio analysis: Computational accuracy, correct interpretation and justification of same, correct judgment about which company is doing better, linking ratios with corporate strategy of company, and recognition of some underlying patterns in the ratios.

(c) Logic behind your conclusions: Do your conclusions flow from your ratio analysis section?

(d) Have you done all that I have asked you to do?

Suggested Format for Ratio Analysis Exhibit

This makes it easy for me to understand where you get your numbers from. We may not do all the ratios listed here ...so modify as needed.

Ratio name	Company 1, Year 2	Company 1, Year 1	Company 2, Year 2	Company 2, Year 1	Comments (if any)	Comments (if any)
Net Income						
SE						
ROE						
Gross Operating Assets						
Gross Operating Liabilities						
NOA						
NOPBT						
Statutory tax rate						
NOPAT						
RNOA						
NOR						
Sales						
COGS						
NOPM						
NOAT						
Accounts Receivable						
ART						
Inventory						
INVT						
Accounts Payable						
APT						
Current Assets						
Current Liabilities						
CR						
QR						
Liab-to-						

Equity						
EBIT						
Interest Expense						
TIE						
NNE						
Nonop Liabs						
Nonop Assets						
NNO						
NNEP						
Spread						
FLEV						

University Resources and Policies

Academic Resources

- Library and Learning Commons (<http://www.seattleu.edu/learningcommons/>)
(This includes: Learning Assistance Programs, Research [Library] Services, Writing Center, Math Lab)
Note: The Learning Commons does not offer tutoring for EXLR/EMBA/HEMBA-level students.
- Academic Integrity Tutorial *(found on Angel and SU Online)*

Academic Policies on Registrar website

(<https://www.seattleu.edu/registrar/academics/performance/>)

- Academic Integrity Policy
- Academic Grading Grievance Policy
- Professional Conduct Policy *(only for those professional programs to which it applies)*

Notice for students concerning Disabilities

If you have, or think you may have, a disability (including an ‘invisible disability’ such as a learning disability, a chronic health problem, or a mental health condition) that interferes with your performance as a student in this class, you are encouraged to arrange support services and/or accommodations through Disabilities Services staff located in Loyola 100, (206) 296-5740. Disability-based adjustments to course expectations can be arranged only through this process.

Title IX:

Title IX of the Education Amendments of 1972 (Title IX) prohibits discrimination based on sex in educational programs or activities that receive Federal financial assistance. This prohibition includes sexual misconduct, which encompasses sexual harassment and sexual violence. Seattle U remains committed to providing a safe and equitable learning, living, and working environment. Seattle U offers emergency, medical, and other support resources, as well as assistance with safety and support measures, to community members who have experienced or been impacted by sexual misconduct. Seattle U requires all faculty and staff to notify the University’s Title IX Coordinator if they become aware of any incident of sexual misconduct experienced by a student.

For more information, please visit <https://www.seattleu.edu/equity/>. If you have any questions or concerns, you may also directly contact the Title IX Coordinator in the Office of Institutional Equity (email: oiie@seattleu.edu; phone: 206.296.2824)