

**University of San Diego
School of Business Administration
MBA Program**

**GSBA 510
Financial Accounting**

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Office hours: Walk in: Thurs. 2-4 p.m.
Appt/walk-in Thurs 4-5 p.m.
Appt/walk-in Mon 4-5 p.m.
Appt/walk-in Wed 4-5 p.m.

Course Description:

Students learn how to analyze corporations and other business entities using the financial statements and other available information. Within this broad goal, students also learn how financial statements are constructed by accountants and the regulatory environment that governs preparation of these statements. Students learn to find and use the vast array of financial information available for publicly traded entities. Students will apply these skills by analyzing a publicly traded corporation of their choice as a capstone project.

Course Objectives:

Students who successfully complete this course will:

- . Learn to locate information about the activities and financial results of publicly traded business entities
- . Understand the basic process for creating financial statements
- . Develop the ability to interpret financial information reported to the SEC by publicly traded business entities
- . Understand the financial reporting process from the underlying business transactions (the inputs) to the financial statements (end product)
- . Understand the importance of ethics in financial reporting
- . Learn how to disaggregate return on equity and identify sources of profitability
- . Learn how to analyze liquidity and solvency
- . Learn how to make an initial assessment regarding the quality of reported numbers and the integrity of the reporting entity's management
- . Improve the ability to communicate spoken and written ideas effectively

Course Materials:

Text (required): *Financial Accounting for MBAs – latest Ed.*, Easton, Wild, and Halsey. Cambridge Business Publishers.

Notes and Projects (required): Available in the bookstore, this is a collection of PowerPoint slide handouts, in-class projects, and financial documents used for illustrative purposes.

Course Requirements and Student Evaluations:

Final grades are calculated from three data points:

1. *Quality of participation in class:* Quality participation means that you attend class and learn. It does not necessarily mean that you have a lot to say in class (although your class participation has some bearing on your grade). Participation is primarily measured by short quizzes at the beginning

of each class. The quizzes ask questions regarding the current reading assignment as well as issues discussed in previous classes. The quizzes measure whether you have read and understood the assigned chapters, and whether you are mentally participating in the classroom discussion and exercises. Generally, there will be one quiz at the beginning of each class. I will automatically drop your lowest quiz score (even if it is zero because you did not attend class that day). **There are no make-up quizzes.** If you miss a quiz, that's the quiz that is dropped.

2. *Quality of hand-in assignments:* There will be hand-in assignments as needed through the semester to help you in developing your financial statement report. These assignments are primarily graded for effort rather than accuracy. You will receive full-credit if you make a good-faith attempt to complete these assignments and turn them in on time. I'll correct each assignment and hand it back to you with comments.
3. *Quality of your financial statement report:* Each student will write a report analyzing a publicly traded business. The report is due on the last day of class. A separate hand-out will describe the report. This report is graded on accuracy, presentation, and analysis. Points are deducted for late reports.

Grade calculation:

Quizzes and class participation	55%
Hand-in assignments	5%
Financial statement report	40%

Final grade schedule:

93.0 or higher	A
90.0 and below 93.0	A-
87.0 and below 90.0	B+
83.0 and below 87.0	B
80.0 and below 83.0	B-
77.0 and below 80.0	C+
73.0 and below 77.0	C
70.0 and below 73.0	C-
60.0 and below 70.0	D
Below 60.0	F

Statement on Academic Integrity: The University of San Diego policy on the Integrity of Scholarship contained in the *Graduate Bulletin* is a part of this course. Please read this policy. Violations of academic integrity include the following: (1) unauthorized assistance on a quiz; (2) falsification or invention of data; (3) unauthorized collaboration on an academic exercise; (4) plagiarism; (5) misappropriation of research materials; and (6) any unauthorized access of an instructor's files or computer account.

As applied to this class, this means you can only use a pencil, a pen – and the calculator supplied to you for a quiz. You cannot look at another person's paper during a quiz for any reason. **You may bring one 8 ½ by 11 inch paper – handwritten only – to each quiz as notes.**

You are authorized and encouraged to collaborate with other students in regard to your financial statement analysis project. You can share ideas and approaches. However, you must independently do all writing, ratio and other calculations on your own. **It is a violation to simply plagiarize ratios calculated by another person. You must write your own analysis. It is a violation to simply plagiarize analysis written by another person (including analysis presented on investment websites, SEC documents, company prepared financial statements, or other sources not written and owned by you). Do not cut and paste text from a Form 10K or other SEC document – re-write the text in your own words.**

School of Business Administration Mission Statement:

School of Business Administration Mission--"Committed to developing socially responsible leaders and improving global business practice through innovative, personalized education and applied research."

Class schedule:

Time frame (approx.)	Module	Objectives	Assignment
1 class MBAs: Aug 25, 2008 IMBAs: Aug 26, 2008	1	Learn about the various available financial reports and where they are found. Learn the purpose of analyzing financial reports. Ethical examples: High profile cases of fraud	Read Module 1
1 class	2 & 3	Learn how the four financial statements are created and their basic purpose. Learn how a basic accounting system works. Learn how to locate relevant data for analysis. Learn to begin analyzing financial statements for earnings quality, quality of disclosures. Learn the importance of honesty and forthrightness in financial statement presentation. Ethical examples: Worldcom	Read Modules 2&3 Identify two companies for the financial report project. Write the companies on a sheet of paper with your name and hand it in by the end of class.
3 to 4 classes	4	Learn the basics of financial analysis, including the DuPont formula. Learn the basics of analyzing liquidity, solvency, and profitability. Learn how to use these techniques to make judgments regarding the future profitability of the company.	Read Module 4
1 to 2 classes	5	Learn techniques for specifically analyzing operating income (as opposed to transitory components of income). Learn common ways companies can misrepresent profitability and how to correct these distortions. Learn the effects of misrepresentation and dishonesty in financial statement presentation. Ethical examples: Sunbeam, Golden Bear Golf, Stock option backdating	Read Module 5
1 to 2 classes	6	Learn techniques for specifically analyzing operating assets such as accounts receivable, inventory, and fixed assets. Learn common ways companies can misrepresent assets and how to correct these distortions.	Read Module 6
1 to 2 classes	8	Learn techniques for specifically analyzing liabilities – both cash and non-cash. Learn common ways companies can misrepresent a company's liabilities and how to correct these distortions. Ethical examples: Enron, RIMM	Read Module 8
1 to 2 classes	9	Learn techniques for analyzing owner capital within a company. Learn how to evaluate the relative strength of a company with regard to capital funding.	Read Module 9
1 class if time permits	(not in the text)	Learn common techniques for evaluating a company's internal controls and how effective internal controls contribute to the integrity of financial statement presentation. Ethical examples: Non-for-profit embezzlement cases	
1 class		Brief presentation (5 minutes each) to the class on your company analysis	Final financial statement report is due on the last day of class