15.501/15.516 Financial Accounting
MIT Sloan School of Management
Fall 2017

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Class Website
Class notes, homework, and other materials are posted at http://stellar.mit.edu/

Course Materials

and Glen Pfeiffer. (you may also use 4th edition – see Stellar for readings)
(Hereafter referred to as TEXT).

Course Pack: Includes supplemental readings, handouts for the entire semester and cases.
(We strongly encourage you to buy the PAPER coursepack.)
(Hereafter referred to as CP).

Exam Schedule
There will be a midterm exam on 10/19. The final exam date is TBD.

Teaching Assistants
The Teaching Assistants (T.A.s) are important members of the teaching team and are committed
to helping you reach the course objective. They are responsible for the recitations and for grading
most of the written assignments and exams. The T.A. sessions will focus on helping you with the
assigned homework. The T.A.s will also be available on a limited basis for individual and small-
group tutoring.

Office Visits
If you have been attending class and help sessions but are still falling behind you are encouraged
to visit us. These meetings will be much more productive if you come well prepared. Whenever
possible try to write out your questions and, if possible, be familiar with the definitions and
notation related to a topic even if you are having conceptual difficulties. Most importantly, don't
tell us that you understand something when you are still perplexed.
**Grading**

<table>
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<tr>
<th>Activity</th>
<th>Percent</th>
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<tbody>
<tr>
<td>Contributions to Class Discussion</td>
<td>10</td>
</tr>
<tr>
<td>Problem sets (4 graded assignments)</td>
<td>20</td>
</tr>
<tr>
<td>Mid-term Examination</td>
<td>25</td>
</tr>
<tr>
<td>Final Examination</td>
<td>45</td>
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*Note:* No grade information (for problem sets, exams, or for the course) will be provided by email or phone.

**Problem sets**

There will be 6 problem sets distributed throughout the semester. The homework sets are designed to help you determine your grasp of the material covered during a particular section of the class. As such, we encourage you to submit all 6 sets to be graded. Your 4 highest scores will count to determine your homework grade. If you choose to skip a problem set, or submit a problem set late, the grade will be a zero. You must do 2 out of the first 3 sets and 2 out of the second 3 sets. You cannot do the first 4 sets and skip the last 2.

Problem sets are to be done individually. By individual, we mean the work you turn in must be your own, as opposed to copied from another. This does not mean you have to do the assignment in isolation – we expect that you will need to consult each other in order to understand, or better understand, the material, and may need assistance, especially from your group members. Seeking and giving such assistance is encouraged. *According to the teamwork guidelines distributed by Sloan this is a Type 1 collaboration.*

If you are unsure whether some particular form of interaction is proper under these rules please consult one of the professors and/or T.A. for clarification.

**Regrade Policy**

If you believe an error has been made in grading your homework or exam, you may request a regrade by doing the following: Write a brief note to your T.A. explaining why you think there is an error and submit both the note and the entire assignment or exam to which it pertains. All regrade requests (other than the final exam) must occur within one week of the day graded material is returned to the class. We reserve the right to regrade the entire contents of any submitted assignment or exam.

**Classroom Values**

Professional conduct is built upon the idea of mutual respect. Such conduct entails (but is not necessarily limited to) the following expectations for students and faculty:

*Class times.* Students are expected to arrive promptly on time and to stay for the entire class. Faculty are expected to begin and end class on time.
Attending the class. Core classes are required for a reason, and each class benefits from the attendance and contributions of all students. You should display a legible name card at all times.

Minimizing disruptions. Cell phones and PDAs are not to be used or permitted to ring in the classroom. You should avoid engaging in side conversations after class has begun.

Focusing on the class. Laptops and e-readers are not be open in the classroom except with explicit permission of the faculty (e.g., when used as part of the instructional program or when required by students because of physical or other challenges). Activities such as net surfing, day trading, and answering email are disruptive both to neighbors and the class.

Being prepared for class. You should be ready to discuss any assigned readings and to answer any assigned questions for each day's class, including being ready to open a case assigned for that day.

Respect. Class participants should act respectfully toward one another.

Please see below summary of Values@MIT Sloan, and if questions, please see fuller discussion on MySloan.
Cross-Registration for Harvard Students

1. Harvard students can cross register online. See instructions on http://web.mit.edu/registrar/reg/xreg/HarvardtoMIT.html

2. Once you submit your online petition, please wait 3 business days. I usually approve petitions on the same day. If your form is not approved within this window, that means I never received it and you need to contact the Harvard admissions office to resolve any remaining issues. If there is a waitlist for the class (and as a result I cannot approve your petition), I will send you an email letting you know about the situation.

3. Once you are notified that your petition is approved, you may obtain an MIT ID Card from the MIT Card Office in the basement of the Stratton Student Center, W20-021. You will need to present a valid passport or US Government issued picture ID, such as a driver's license.

4. To gain access to MIT online services such as Stellar and WebSIS, you must first register an MIT email (Athena) account and install MIT web certificates on your browser. Both steps require entry of your MIT ID number, which can be found on your MIT ID card.

5. To obtain an MIT email account and web certificate:
   - Go to Athena Account Registration and follow the on-screen instructions.
   - Install MIT web certificates using your Kerberos username and password and your MIT ID number.
   - Once you have your certificates installed, please go to WebSIS and provide your emergency contact information.

6. All the steps above are outlined at: http://web.mit.edu/registrar/reg/xreg/HarvardtoMIT.html

7. If you need help with setting up Kerberos and Athena, please contact promptly Laura Brentrup and the TAs with your questions.

8. Cross registered students are expected to attend at least 3 of the first 4 sessions. In case there is a waitlist for this class, cross registered students that fail to attend will be dropped from the course and students in the waitlist will take over their spot.

9. Note:
   a. There are a limited number of cross-registration seats available. Preference is given to students taking the class for a letter grade and on a first-come first-serve basis.
   b. You must formally register for courses at both your home institution and here at MIT in order to be eligible for cross-registration.
   c. If you drop a cross-registered class, you must formally drop the class at both institutions as well.
   d. Please keep in mind that MIT's academic calendar may not match up with your home institution's academic calendar. Plan your travel accordingly.

Cross-Registration for Wellesley Students

1. See instructions on http://web.mit.edu/registrar/reg/xreg/WellesleytoMIT.html
2. Bring your cross-registration form to class and make sure to indicate which section you prefer to attend (Section A or Section B or no preference).

3. Once signed by me, take the registration form to the Student Services Center in Building 11-120 to complete the cross-registration process. You will not be formally registered for the class until you do so.

4. After you are registered, you are eligible for an Athena account. An Athena account will provide you with a username and password that you can use to access the Stellar website (please follow the same steps that Harvard students will need to follow to receive an Athena account).

5. For your home school-specific instructions, visit the MIT Registrar's website (http://web.mit.edu/registrar/reg/xreg/index.html).

6. If you need help with setting up Kerberos and Athena, please contact promptly Laura Brentrup and the TAs with your questions.

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The MIT Sloan Mission

The mission of the MIT Sloan School of Management is to develop principled, innovative leaders who improve the world and to generate ideas that advance management practice.

Values@MIT Sloan

The MIT Sloan Mission statement (above) provides the context for core values that express who we are at our best. These core values include integrity, respect, collaboration, innovation, and positive impact. We invite all members of our community – students, staff, faculty, alumni – to practice these values in all the ways we work together, both inside and outside of the classroom.

Core Values in Practice

We invite all members of our community – students, staff, faculty, alumni – to practice these values in all the ways we work together, both inside and outside of the classroom. The following examples of core values in practice are illustrative but not exhaustive.

Integrity: Upholding the highest personal, professional, and intellectual standards

- Academic integrity: Presenting original work of the highest caliber; recognizing and citing others’ work appropriately
- Professional integrity: exercising judgment in applying professional expertise; adhering to ethical standards of one’s discipline as well as regulating oneself according to those standards
- Personal integrity: being truthful; winning the respect and trust of others; building personal credibility

Respect: Valuing differences and respecting each other’s ideas and abilities as individuals and groups

- Using etiquette that demonstrates respect: Arriving on time and remaining for the duration of a class or meeting; refraining from distracting others, including via use of wireless devices or sidebar conversations.
- Valuing individual differences: Seeking out divergent views about important issues; taking care to include others in professional or classroom conversations; considering a variety of needs and preferences in community events
- Valuing diversity: Being sensitive to the potential impact of comments and behavior on all members of the community; being open to perspectives of others who come from different personal or professional backgrounds than one’s own.

Collaboration: Building community, expanding intellectual and professional horizons

- Building effective relationships: within teams, cohorts, and programs; spanning across programs, departments, professional groupings, class years
• Leveraging diversity of perspective and experience to generate positive results

**Innovation**: Applying creativity, fresh perspectives, and rigor to generate value

• Achieving results in new ways: creating new structures, thinking in new ways, inventing more efficient processes, developing new ways of working together

**Positive Impact**: On individuals, the community, society-at-large

• Supporting others’ success: helping others develop skills; generating a positive effect on people’s motivation; making a meaningful impact on how people work together to achieve goals
• Engaging in service to individuals and the larger society, in one’s personal and professional pursuits
# 15.501/516 Financial Accounting (updated 8/30/17)

## Deliverables
- **Final** 45%  
- **Midterm** 25%  
- **4 out of 6 Problem sets** 20%  
- **Contributions to Class Discussion** 10%

## Readings
- TEXT – Dyckman, Hanlon, Magee and Pfeiffer  
- 5th Ed  
- Cases = Coursepack

## Schedule:

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<thead>
<tr>
<th>Class</th>
<th>Date</th>
<th>Topic</th>
<th>Reading</th>
<th>Recitation/Problem set</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>9/7</td>
<td><strong>Case: Return of the Ogre</strong></td>
<td><strong>Case: Return of the Ogre</strong></td>
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<td>Overview/Intro</td>
<td>TEXT Chapter 1 (3-15)</td>
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<tr>
<td>2</td>
<td>9/12</td>
<td>Introduction to Financial Statements</td>
<td>TEXT Chapter 1 (11-15)</td>
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<td>TEXT Chapter 2 (41-58)</td>
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<td>TEXT Chapter 3 (96-121)</td>
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<td>3</td>
<td>9/14</td>
<td><strong>Case: Spartan Race Inc.</strong></td>
<td><strong>Case: Spartan Race Inc.</strong></td>
<td>HW SET1 Due 9/19 before class</td>
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<td>Revenue Recognition</td>
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<td>4</td>
<td>9/19</td>
<td><strong>Case: Apollo Corp</strong></td>
<td><strong>Case: Apollo Corp</strong></td>
<td>HW SET2 DUE 9/26 before class</td>
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<td></td>
<td>Revenue Recognition II/Allowance Accounting</td>
<td>TEXT Chapter 1 (51-54)</td>
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<td>TEXT Chapter 6 (267-284)</td>
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<td>5</td>
<td>9/21</td>
<td>Inventory/COGS</td>
<td>TEXT Chapter 7 (317-332)</td>
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<td>6</td>
<td>9/26</td>
<td><strong>Case: Depreciation at Hertz</strong></td>
<td><strong>Case: Depreciation at Hertz</strong></td>
<td>HW SET3 DUE 10/3 before class</td>
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<td>Depreciation</td>
<td>TEXT Chapter 8 (365-376)</td>
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<td>7</td>
<td>9/28</td>
<td><strong>Case: Aquantiv/Microsoft</strong></td>
<td><strong>Case: Aquantiv/Microsoft</strong></td>
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<td>Acquisitions and Intercorporate Ownership</td>
<td>TEXT Chapter 12 (568-582)</td>
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<td>8</td>
<td>10/3</td>
<td>Marketable Securities</td>
<td>TEXT Chapter 12 (555-567)</td>
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<td>9</td>
<td>10/5</td>
<td><strong>Case: Microsoft’s Financial Reporting Strategy</strong></td>
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<td>Intangible Assets</td>
<td>TEXT Chapter 8 (380-386)</td>
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<td>10/10</td>
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<td>Columbus Day holiday</td>
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<td>10/12</td>
<td>Open</td>
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<td>11</td>
<td>10/17</td>
<td>Review</td>
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<td>12</td>
<td>10/19</td>
<td>Midterm</td>
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<td>10/23-10/27</td>
<td>Sloan SIP WEEK – No class</td>
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<td>13</td>
<td>10/31</td>
<td><strong>Case - Amazon</strong></td>
<td><strong>Case - Amazon</strong></td>
<td>HW SET4 Due 11/7 before class</td>
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<td>Statement of Cash Flows</td>
<td>TEXT Chapter 4</td>
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<td>14</td>
<td>11/2</td>
<td><strong>Case - FNB</strong></td>
<td><strong>Case - FNB</strong></td>
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<td>15</td>
<td>11/7</td>
<td>Long-Term Debt</td>
<td>TEXT Chapter 9 (405-429)</td>
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<tr>
<td>Class</td>
<td>Date</td>
<td>Topic</td>
<td>Reading</td>
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<tr>
<td>16</td>
<td>11/9</td>
<td>Leases</td>
<td>TEXT Chapter 10 (455-461)</td>
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</tbody>
</table>
|  17    | 11/14  | **Case: Double Click** Stockholder’s Equity | Case: Double Click  
TEXT Chapter 11 (507-521) | HW SET5  
Due 11/16 before class |
|  18    | 11/16  | Accounting for Income Taxes          | TEXT Chapter 10 (476-482)            |                                            |
|        | 11/20-11/24 | Thanksgiving week                |                                       |                                            |
|  19    | 11/28  | Introductory Financial Statement Analysis | TEXT Chapter 1 (21-23)  
TEXT Chapter 2 (68-70)  
TEXT Chapter 3 (121-122)  
TEXT Chapter 5 (215-236)  
TEXT Chapter 6 (284-288)  
TEXT Chapter 7 (336-338)  
TEXT Chapter 8 (376-379)  
TEXT Chapter 9 (429-431) | HW SET 6  
Due 11/30 before class |
|  20    | 11/30  | **Case: Sears Walmart**              | Case: Sears Walmart                 |                                            |
|  21    | 12/5   | **Case: Dollar General**             | Case: Dollar General                |                                            |
|  22    | 12/7   | Review                               |                                      |                                            |
|  23    | 12/12  | Optional Final Exam / Worldcom Case  |                                      |                                            |
|  24    | 12/20  | Final Exam as Scheduled              |                                      |                                            |