ACCOUNTING (ACCT)

ACCT 210. Financial Accounting. 4 Units.
Financial accounting is the measurement of economic activity for decision-making. Financial statements are a key product of this measurement process and an important component of firms’ financial reporting activities. The objective of this course is not to train you to become an accountant but rather to help you develop into an informed user of financial statement information. While financial statement users face a wide variety of decisions, they are often interested in understanding the implications of financial statement information for the future cash flows and earnings potential of a firm. We will focus on understanding the mapping between underlying economic events and financial statements, and on understanding how this mapping affects inferences about future profitability and liquidity. The following learning objectives will be emphasized: (1) familiarity with the transactions businesses engage in, (2) fluency in accounting terminology, (3) understanding the structure that maps transactions into accounting numbers, (4) understanding the rationale for various accounting methods, and (5) awareness of the judgment involved and the discretion allowed in choosing accounting methods, making estimates, and disclosing information in financial statements.

ACCT 212. Managerial Accounting: Base. 2 Units.
This course provides an introduction to the concepts and tools of managerial accounting. The first part of the course covers alternative costing methods and illustrates how the resulting cost information can be used to analyze the profitability of individual products and customers. The second part of the course will examine the role of internal accounting systems in evaluating the performance of individual business segments and divisions of the firm. Included in this part are topics related to the choice of internal pricing methods for transferring goods and services across divisions of the firm and the use of financial metrics for assessing the profitability of these divisions.

ACCT 213. Financial Accounting - Accelerated. 4 Units.
This course develops students’ ability to read, understand, and use corporate financial statements. The course is oriented toward the user of financial accounting data (rather than the preparer) and emphasizes the reconstruction and interpretation of economic events from published accounting reports. The course is geared toward students with some familiarity in dealing with financial statement information and allows for deeper coverage and discussion in class.

ACCT 215. Managerial Accounting: Accelerated. 3 Units.
This course provides a comprehensive introduction to the concepts and tools of managerial accounting. The first part of the course demonstrates how management can rely on internal accounting information to measure and manage the profitability of individual products and customers. As part of that analysis, we examine alternative costing methods and illustrate how the resulting cost information can be used for decision making. The second part of the course focuses on the role of the internal accounting system in evaluating managerial performance and in coordinating the activities among business units within the firm. Our focus here will be on performance metrics that enable effective decentralization by aligning the objectives of individual business units with the overall corporate goals.

ACCT 219. MSx: Accounting. 3 Units.
A characteristic of business is the extensive use of accounting data. The financial accounting course has the general objective of developing students’ understanding of the nature, scope, and limitations of accounting information. To achieve this objective the course attempts to: (1) develop students’ understanding of the conceptual accounting framework, including the objectives of financial reporting, and (2) develop students’ ability to understand and critically evaluate the financial disclosures made by corporations. An issue of particular interest will be the managerial incentive aspects of accounting information and disclosures.

ACCT 311. Global Financial Reporting. 4 Units.
This course is designed to enhance students’ understanding of current financial reporting issues through a detailed analysis and comparison of U.S. and International Financial Reporting Standards. The course will cover the development of accounting standards, implementation of these standards, and how to interpret output from these standards. The course highlights intermediate and advanced financial reporting topics including fair value accounting, asset securitization, consolidation including special purpose entities, foreign currency translation, derivatives and hedging, leases, revenue recognition, pensions, and equity compensation. The course also focuses on evaluating emerging financial reporting issues such as proposed financial reporting standards put forth by U.S. or international standard setting bodies. This course should help students better understand the environment governing global financial reporting and how firms develop financial statement information within this environment.

ACCT 312. Evaluating Earnings Quality. 4 Units.
This course aims to develop students’ understanding of the relationship between accounting numbers and underlying economic activity, and to develop students’ ability to evaluate the quality of reported accounting numbers. The course will then focus on how to use them in decision contexts including evaluating profitability, forecasting future earnings and cash flows, selecting an appropriate financial reporting strategy, and assessing risk. Accordingly, the course will focus on several factors essential to this goal. These include understanding (1) the business environment a firm operates in, its contracting practices and their implications for what accounting principles are applied and what judgments are required; (2) the process that generates accounting numbers and its implications for the quality of those numbers for decision purposes; (3) approaches for assessing the sustainability and growth of a firm’s revenues and earnings using financial statement information; and (4) approaches to evaluate earnings quality, the risk of earnings restatements, liquidity and solvency. This course should be of value to students who will be in senior positions within corporations and will determine financial reporting policies, as well as those outside corporations who will make investment or other decisions at least partially based on financial statement information.

ACCT 313. Accounting-Based Valuation. 3 Units.
This course is designed to develop students’ ability to interpret and use financial accounting information in an equity valuation context. The perspective taken is that of an outsider relying on publicly available financial information for investment purposes. The course relies heavily upon financial statement analysis tools and the residual income framework for equity valuation. Through lectures, in-depth case studies, and real-time exercises, the first half of the course covers traditional financial statement analysis-based tools for critically analyzing and assessing a firm’s current financial performance and economic condition, including ratio analysis, accounting quality analysis and financial distress / bankruptcy prediction models. The second half of the course introduces the accounting-based valuation framework and develops the link between financial statement analysis, forecasting and equity valuation. The capstone to the course is the completion of a comprehensive, real-time valuation of a publicly traded firm (or registered IPO candidate). The course is structured for students to gain a deeper understanding of the economic pressures behind the valuation creation and valuation process, and will be useful to those students who anticipate making investment or credit decisions at least partially on historical and prospective financial statement information.
The course will examine the academic and professional controversies surrounding corporate governance and executive compensation. A basic framework will be developed to integrate the many important dimensions of corporate governance in the U.S. and international settings. The institutional features of corporate governance and executive compensation will be documented using the professional business and legal literatures. In addition, the scientific research in accounting, economics, finance, and organizational behavior will be used to provide insights into the measurement and consequences of observed corporate governance and executive compensation choices. 

After successfully finishing the course, a student should be able to (i) understand the debates about appropriate choices for corporate governance and executive compensation and (ii) critically evaluate the implications of academic and professional research studies on these controversial issues.

This course provides a comprehensive overview of strategic, economic, accounting and financial issues related to mergers and acquisitions. Specifically, we review the market for corporate control, discuss strategic and governance issues related to firms' decision to acquire or be acquired, and examine the M&A regulatory environment. We analyze various pricing and deal structure considerations, identify strategies that underlay a successful negotiation, and review the financial reporting and income tax implications of M&A deals. In covering these and other related issues, we will discuss both the theory and practice of mergers and acquisitions. To provide some specific context we will analyze several M&A deals, including PeopleSoft, Siebel, BEA, Sun Microsystems, and many more.

In discussing these cases, we will examine the situation faced by the company, the issues surrounding the transaction, including the financial reporting implications, and focus on the managerial incentives and the judgment applied. We will also review some of the related literature in accounting, economic, and finance, to gain broader perspectives and insights into the financial issues associated with M&A transactions.

Class time comprises mini lectures that introduce some of the more technical concepts, case discussions, and guest speakers who will offer additional perspectives on the subject matters. The course is co-taught by Ron Kasznik (GSB) and Safra Catz (Oracle Corporation). Ms. Catz is the CEO of Oracle Corporation and a member of its Board of Directors. She has led Oracle through more than 100 acquisitions in recent years (including PeopleSoft, Siebel, BEA, Sun Microsystems, and many more). Prior to joining Oracle in 1999, Ms. Catz was Managing Director at Donaldson, Lufkin & Jenrette, a global investment bank (now part of CSFB). Ms. Catz also serves on the board of directors for HSBC Holdings plc.

Traditional business courses analyze an array of factors affecting business decisions but provide little systematic consideration of the role of taxes. By contrast, tax accounting courses traditionally concentrate on technical legal and administrative issues while ignoring the environment in which taxes enter an individual's or firm's decision. This course-based course intends to bridge this gap by providing a framework for understanding how taxes affect strategic personal and business decisions and gaining experience analyzing a wide range of tax-related issues. The key themes of the framework - all parties, all taxes and all costs - are applied to decision contexts such as investments, retirement planning, cash and equity compensation, organizational form, tax planning for multiple jurisdictions, and M&A. The goal of this course is to provide an approach to thinking about taxes that will be valuable across jurisdictions even as laws change.

This is an advanced elective course on the economics of active investing in public equity markets. We will cover a set of foundational skills needed to select, and manage, a portfolio of public stocks. Specifically, the course material is designed to improve student skills in: (1) assessing the relative attractiveness of individual companies, (2) building stock screens to filter and rank firms based on user-specified parameters, (3) buying and shorting individual equity positions, and (4) monitoring and managing portfolio risk.

This is a hands-on course with an emphasis on experiential learning. Students will make extensive use of the analytical tools. Some of the classes will be held in the "Real-time Analytics and Investment Lab" (R.A.I.L.) facility in the Bass Center. There is no final exam. However, there will be a number of individual cases and a final group project. 25% of the grade will be based on class participation, and 75% will be based on cases and projects.

Because it is an advanced elective, students taking this class are expected to be well versed in core economic, accounting, and finance skills. Material covered in a second Financial Modeling course, as well as in Accounting 312 (Evaluating Financial Statement Information) and Accounting 313 (Accounting-based Valuation) will come in handy. However, none of these courses are required.

This Bass seminar is designed to develop students' ability to interpret and use financial accounting information in credit and equity valuation contexts. The course will focus on valuing the securities of companies undergoing significant changes as a result of litigation, restructuring, regulatory changes, mergers, spin-offs or significant industry shifts. Throughout the course, students will (1) enrich their understanding of how alternative economic, legal, political and regulatory outcomes affect the value of various components of a company's capital structure and (2) develop their ability to apply financial statement analysis to assess the likelihood and valuation implications of the events of interest. Event-driven investing follows the life cycle of companies as they revamp their corporate structures in response to economic and regulatory environments. For example, in rising economic periods companies may undertake acquisitions or spin off divisions to enhance shareholder value. During adverse environments, bankruptcy and reorganizations often reshape the capital structure by offering opportunities to create value through the restructuring process. During economic transitions, debt and equity investors may make significantly different assessments of the quality of a company's earnings, its assets, and its likelihood to meet its debt obligations. To assess the probability of corporate events, investors must make judgments about the quality of a company's earnings and assets and understand how accounting policies may influence management's representations. Investors must also interpret how accounting policies function at various points in a firm's life cycle, influencing the quality of earnings for firms differently in different economic environments.

In the first half of the course, we will develop the course framework, and apply it to illustrative cases. Companies featured in past years include Tyco, AIG, CIT, Fannie Mae, Tesla, Pharmasset and Gilead and Commerzbank. Students will interpret information from companies' public financial disclosures to assess the likelihood of different events or outcomes. The course will also feature readings on current accounting standards, articles from the popular press, publicly available financial statement information, and guest speakers with in-depth knowledge of investing strategies vis a vis the case companies.

Throughout the course, students will (1) enrich their understanding of how alternative economic, legal, political and regulatory outcomes affect the value of various components of a company's capital structure and (2) develop their ability to apply financial statement analysis to assess the likelihood and valuation implications of the events of interest. Event-driven investing follows the life cycle of companies as they revamp their corporate structures in response to economic and regulatory environments. For example, in rising economic periods companies may undertake acquisitions or spin off divisions to enhance shareholder value. During adverse environments, bankruptcy and reorganizations often reshape the capital structure by offering opportunities to create value through the restructuring process. During economic transitions, debt and equity investors may make significantly different assessments of the quality of a company's earnings, its assets, and its likelihood to meet its debt obligations. To assess the probability of corporate events, investors must make judgments about the quality of a company's earnings and assets and understand how accounting policies may influence management's representations. Investors must also interpret how accounting policies function at various points in a firm's life cycle, influencing the quality of earnings for firms differently in different economic environments.
ACCT 506. Evaluating Earnings Quality. 2 Units.
This course aims to develop students' understanding of the relation between accounting numbers and underlying economic activity, and to develop students' ability to evaluate the quality of accounting numbers. The course will focus on several skills essential to these goals. These include (1) understanding the process that generates accounting numbers and its implications for the quality of those numbers for decision purposes, (2) understanding the business environment a firm operates in and the firm's financial, accounting and operating strategies, (3) tools for assessing a firm's performance including ratio and cash flow analysis, and (4) identifying patterns that suggest low earnings quality and/or earnings manipulation. This course should be of value to students who expect to be in senior positions within corporations and will determine financial reporting policies, as well as those in investment banking, venture capital, investment management, consulting or public accounting. Class sessions will be devoted to a mix of lecture, discussion, group exercises and cases. The class will conclude with a mini-project where you analyze how a firm manipulated its financial statements or disclosures and identify the key clues that are visible in their financial statements.

ACCT 516. Analysis and Valuation of Emerging Market Firms. 2 Units.
This course examines the unique institutional, governance and transparency issues affecting corporate valuations in emerging markets. Through lectures, case discussions and the students' real-time analysis of an emerging market firm, this condensed course is structured for students to gain a deeper understanding of the economic pressures behind the value creation, value destruction and valuation process in emerging economies. The course focuses on critically interpreting financial and non-financial information for purposes of assessing firm fundamentals and corporate governance risk in the presence of weak legal systems, strong political forces, limited investor protections, limited market development, strong macro-economic forces, opacity and resultant business arrangements. The course is beneficial for entrepreneurs, consultants, investors and managers operating in or considering expansion to developing markets.

ACCT 518. Analysis and Valuation of Emerging Market Firms. 2 Units.
The course is designed to introduce students to the unique institutional, corporate governance and transparency issues facing managers and investors in emerging economies, and the impact these issues have on assessment of firm performance and value. The goal of the class is to gain an understanding of how country-level institutional forces interact with firm-level factors to shape firm value in these countries, how to interpret published financial reports in this environment to identify the source of firm-level value creation, and to use your assessment of the firm to identify the primitive sources of the firm's risks and opportunities. Topics covered will include an assessment of related party transactions, importance of political factors and social networks, governance conflicts, and the risk of expropriation. Students will be expected to: (1) make one presentation (most likely as a part of a two-to-three person group) that explores the valuation and value drivers of a specific emerging market firm and (2) attend all four classes. Grades will be on a pass/fail basis. Professor Piotroski teaches the Accounting-based Valuation and Valuation in Emerging Economies courses at the GSB.

ACCT 523. Board Governance. 2 Units.
This course is focused on helping students understand the role boards and board members play in corporate governance and the lives of businesses large and small. This case-driven course is designed to help students who plan to serve on boards as private-equity or venture investors, entrepreneurs who will need to assemble and manage boards, and executives who realize they will need to interact with and answer to boards. The course is designed to help students understand the issues boards face - both routine and non-routine - through the eyes of the board member. By understanding the roles and responsibilities of board members and the mechanisms though which they exercise these duties, students will come away with an understanding of how boards function effectively (and in too many cases fail to function effectively). The course will include examining boards in a variety of contexts with a focus on three types of situations: public for-profit companies, early-stage private companies, and non-for-profit companies of different sizes.

ACCT 524. Individual Taxes and Financial Planning. 2 Units.
The goal of this course is to provide a fundamental understanding of the principles of taxation and tax planning as they relate to personal income taxes and considering an individuals financial position. Traditional business courses analyze an array of factors affecting business decisions but provide little systematic consideration of the role of taxes in individual financial planning decisions. By contrast, tax accounting courses traditionally concentrate on technical legal and administrative issues while ignoring the environment in which taxes enter an individual's decision-making. This case-based course intends to bridge this gap by discussing how taxes affect a variety of personal financial planning decisions.

ACCT 533. Taxes and Business Strategy. 2 Units.
The objective of this course is to develop a framework for understanding how taxes affect business decisions. The key themes of the framework - all parties, all taxes and all costs - are applied to decision contexts such as investments, compensation, and organizational form. The goal of this course is to provide a new approach to thinking about taxes that will be valuable across jurisdictions even as laws change.

ACCT 541. Alphanomics II. 2 Units.
This is a 2-credit advanced elective in equity investing that will be offered in the Spring 2013 quarter. This course is open only to students that were enrolled in Alphanomics (ACCT340) in the Fall of 2012. If you complete ACCT340 in the Fall of 2012, your spot in this course will be automatically reserved. However, you still have a chance to opt out of this course at the end of the Fall 2012 quarter. nnnThe Fall (ACCT340) course is designed as a "start-up kit for an equity hedge fund". In the Fall quarter, we will cover some of the foundational skills needed to build and manage a portfolio of public stocks. Towards the end of Fall, student who choose to continue onto the Spring course (ACCT541) will form teams (of 4 to 6 each) and submit a proposal for a hedge fund product. Once their proposal is approved, each team will be given a $1 million paper portfolio. Students then manage this portfolio for the rest of the school year (their trades and portfolio statistics are automatically tracked). nnnStudents enrolled in the Spring (ACCT541) will reconvene in the second half of the quarter for a series of class lectures/talks as well as team presentations, summarizing their experience. The ACCT541 portion of the course will require each student group to make a class presentation, as well as turn in a written report. 25% of the grades will be based on class participation, and 75% will be based on the presentations and reports. nnnThe overall goal of this course is to improve student skills in assessing the relative attractiveness of individual companies, as well as in managing portfolio risk according to pre-specified targets. This is a hands-on course with an emphasis on experiential learning. Students will make extensive use of analytical tools in the new "Real-time Analytics and Investment Lab" (High-speed R.A.I.L.) facility in the Bass Center. As part of this course, students will be required to design stock screens, conduct back-tests, do detailed company analyses, execute (virtual) trades, and manage portfolio risk.
ACCT 554. Project in Event-Driven Investing. 2 Units.
This project-focused course is designed to develop students’ ability to interpret and use financial accounting information in credit and equity valuation contexts. The course will focus on valuing the securities of companies undergoing significant changes as a result of litigation, restructuring, regulatory changes, mergers, spin-offs or significant industry shifts. Students will work in groups to develop a recommendation for an event-driven investment strategy. The project will feature financial statement and valuation analysis to assess the risks and rewards of the proposed strategy. Groups will be mentored by experienced investors. The course will be of value to those students who anticipate making investment decisions using financial statement information.

ACCT 609. Financial Reporting and Management Control. 3 Units.
This course is aimed at doctoral students in accounting and neighboring fields including economics, finance, political economics and operations management. The course seeks to provide an introduction to the role of accounting information in (i) measuring firm performance, (ii) projecting profitability and firm value for external constituents, (iii) and motivating and controlling the firm’s management. The main topics covered in this course include: 1. Profitability Measurement and Accrual Accounting. 2. Performance Evaluation and Managerial Incentives. 3. Accounting-based Equity Valuation. 4. The Informational Role of Accounting Numbers 5. Earnings Quality Constructs and Measures. The primary objective of the course is to introduce students to current research paradigms on these topics and to identify promising avenues for future research. The course readings include recent theoretical and empirical papers.

ACCT 610. Seminar in Empirical Accounting Research. 3 Units.
Empirical Research on Financial Reporting. This doctoral-level course covers research on the role of accounting information in capital markets. The focus is on introducing students to key themes in empirical accounting and capital markets research, and to key research designs applied to examine information-related questions. Course topics include market efficiency, the role of accounting in providing information to investors, anomalies, alternative sources of information, accounting measurement attributes, earnings management, earnings quality, and the role of auditors in the provision of information to investors. The course is interdisciplinary in nature. The readings focus on research design, and key theories, themes and approaches from the accounting, finance, economics and psychology literature. Our overall goal is not only to review existing research, but also to identify new research opportunities.

ACCT 611. Applications of Information Economics in Management and Accounting. 3 Units.
This course develops tools from information economics to study the strategic interactions between agents inside a firm and between firm insiders and market participants. Common to these studies is that agents acquire private information that is valuable to other parties. The range of applications includes: the structure of managerial performance measures, capital budgeting, intra-company pricing, discretionary bonus pools, the role of non-financial performance indicators and earnings management.

ACCT 615. Selected Topics in Empirical Accounting Research. 3 Units.
This course examines selected topics in accounting research. The course features several faculty who will each give a focused look at a given area, introduce students to important questions in that area, key papers in the related literature, and critical aspects of the research designs applied in the area. The aim is to increase student’s familiarity with empirical accounting research, their ability to critically evaluate research and research designs, and to prepare students to conduct independent research.

ACCT 617. Applications of Contract Theory in Accounting Research. 2 Units.
This course develops tools from information economics to study the strategic interactions between different agents inside a firm. Common to these studies is that agents acquire private information that is valuable to other parties. The range of applications includes: the structure of managerial performance measures, capital budgeting, intra-company pricing, discretionary bonus pools, the role of non-financial performance indicators and earnings management.

ACCT 618. Market Efficiency and Informational Arbitrage. 3 Units.
The informational efficiency of stock markets has been a central theme in financial economic research in the past 50 years. Over this period, the focus of academic research has gradually shifted from the general to the more specific. While earlier studies tend to view the matter as a yes/no debate, many recent studies now acknowledge the impossibility of efficiently perfect markets, and have focused instead on analyses of factors that could materially affect the timely incorporation of information into prices. At the same time, increasing attention is being paid to regulatory and market design issues that could either impede or enhance market pricing efficiency. In this course, we will cover recent research on the role of informational arbitrage in asset pricing. Our starting point is the observation that, with costly information, equilibrium prices will invariably reflect some mispricing. The existence of mispricing introduces a role for informational arbitrage, whereby some traders will invest resources to become informed about the mispricing, with hopes of profiting from it. We review recent academic evidence on this process, and reflect on its implications for future market-related research. We will also discuss how academic research might help lower information/arbitrage costs.

ACCT 619. PhD Directed Reading. 1-15 Unit.
This course is offered for students requiring specialized training in an area not covered by existing courses. To register, a student must obtain permission from the faculty member who is willing to supervise the reading.
Same as: FINANCE 619, GSBGEN 619, HRMG 619, MGTECON 619, MKTG 619, OB 619, OIT 619, POLECON 619, STRAMGT 619

This course is elected as soon as a student is ready to begin research for the dissertation, usually shortly after admission to candidacy. To register, a student must obtain permission from the faculty member who is willing to supervise the research.
Same as: FINANCE 620, GSBGEN 620, HRMG 620, MGTECON 620, MKTG 620, OB 620, OIT 620, POLECON 620, STRAMGT 620

ACCT 698. Doctoral Practicum in Teaching. 1 Unit.
Doctoral Practicum in Teaching.
ACCT 699. Doctoral Practicum in Research. 1 Unit.
Doctoral Practicum in Research.

ACCT 802. TGR Dissertation. 0 Units.
Same as: FINANCE 802, GSBGEN 802, HRMGT 802, MGTECON 802, MKTG 802, OB 802, OIT 802, POLECON 802, STRAMGT 802