

Accounting Core Courses

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Executive Summary

- Financial Accounting (full semester) and Managerial Accounting (half semester) are well regarded by students
- The syllabi for these courses are like syllabi for corresponding courses in other MBA programs
- MBA programs that have a Core, always include financial accounting and usually include managerial accounting
- Placing much of the financial accounting material before the finance core has made this course particularly valuable

Data

- Review of ratings for both courses
- Review of syllabi
- Review of syllabi of comparable courses at Chicago, Kellogg, Wharton, Michigan
- Discussions with faculty
- We did not conduct focus groups

Financial Accounting Ratings

	Course		Professor	
	MBA	EMBA	MBA	EMBA
2002(Fall)-03	4.53	4.55	4.70	4.70
2003-04	4.45	4.60	4.60	4.77
2004-05	4.26	4.67	4.46	4.73
2005-06	3.92	4.67	4.19	4.77
Overall Mean	4.29	4.63	4.49	4.75
Range Section	2.7 – 4.9	3.7 – 5.0	3.0 – 5.0	3.9 – 5.0

Financial Accounting

- The course takes the student (user) through the financial statements (balance sheet, income statement, owners' equity statement and cash flow statement) emphasizing interrelations.
- Fundamental considerations: (i) Information Content; (ii) Measurement and Revenue Recognition
- Specific topics: long term assets, accounts receivable, inventory, long term debt, leases, taxes, investments, and equity
- IBS: Earnings Management and Manipulation

Financial Accounting Differences

- **Topics:** International, Pension and Health benefits, Hedging, option compensation, financial statement analysis (ratios)
- **Relative Depth**
- **Focus:** Reading statements versus conceptual framework

Financial Accounting comparables

- There is as much variation within Columbia (that is, not much) as there is across MBA programs—Financial Accounting is a very standard course
- Financial Accounting is a core course for all the comparables that have a core (i.e. not Chicago) and is a full semester or quarter

Relation to Finance Core

- The finance core focuses on firm valuation, and most of the information required to do a valuation comes from the publicly available balance sheet, income statement and cash flow statements — i.e., financial accounting
- Financial accounting and the finance core work well together, with the accounting course front loaded so that all students get the accounting material before it is needed in the finance core

Financial accounting conclusion

- No changes to focus, material or outline needed except to keep course current
- This has been done, with new discussions (e.g., the changing environment), utilization of current statements and rules

Managerial Accounting Ratings

	Course		Professor	
	MBA	EMBA	MBA	EMBA
2002(Fall)-03	4.30	4.60	4.50	4.87
2003-04	4.07	4.40	4.37	4.64
2004-05	3.98	4.23	4.45	4.47
2005-06	4.18	4.07	4.55	4.30
Overall Mean	4.12	4.44	4.47	4.65
Range Section	3.5 – 4.6	3.9 – 4.9	3.9 – 4.9	4.2 – 5.0

Managerial Accounting Content

- Course deals with the use of internal information for decision making and performance evaluation in one half semester
- Specific topics include product costing (e.g, ABC) and control (budgeting and variance analysis), internal control systems (IBS), and performance measurement (decentralization, transfer pricing and EVA)
- No significant differences across sections

Managerial Accounting Comparables

- Managerial accounting is not a core course at Kellogg or Chicago
- Either a full or half semester (Wharton) or quarter course
- Virtually no variation in topics covered, whether semester or quarter

Managerial Accounting Conclusion

- No changes needed in focus, material or outline
- Half semester is appropriate