Osher Lifelong Learning Institute
At the College of William and Mary

Accounting Information and Resource Allocation in Capital Markets

Course Outline
Spring 2019

Instructor: Phil Shane
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Location: Discovery Park, New Town, Room 136
Meeting times: Tuesdays from 4:30 to 6:30am
Meeting dates: 3/19 – 4/23

Course Description
This course introduces students to the language of business, basic financial accounting, financial statement analysis, the quality and decision-usefulness of accounting information, business valuation using accounting information, and the importance of accounting information for efficient resource allocation in capital markets.

Resources (each is available on the CWA website):
1. Power point deck illustrating basic accounting concepts, adapted with permission from a plenary presentation by Professor Patricia Dechow at the 2018 Annual Conference of the Accounting and Finance Association of Australia and New Zealand. Professor Dechow is the Robert R. Dockson Professor of Business Administration & Professor of Accounting at the University of Southern California Marshall School of Business.

Course Progression (readings are available on the CWA website):

Session 1: Tuesday, March 19

- Topics:
  - Meaning of course title
  - The nature of scholarly academic financial accounting research
  - Accrual Accounting and Earnings Quality
- Pre-class recommended reading: Resource item #1 above
Course Progression (continued):

Session 2: Tuesday, March 26
- Topics:
  - Survey of CFO perceptions of earnings quality characteristics
  - Gentex Corporation financial statement analysis – part 1
- Pre-class reading: Abstract, introduction, and conclusion in resource item 2 above.

Session 3: Tuesday, April 2
- Topics:
  - Do stock prices fully reflect information in accruals and cash flows about future earnings? (Sloan 1996).”
  - “Accrual reliability, earnings persistence and stock prices (Richardson, Sloan, Soliman, and Tuna, 2005).”
  - Gentex Corporation financial statement analysis – part 2
- Pre-class reading: Abstract, introduction, and conclusion in resource items 3 and 4 above.

Session 4: Tuesday, April 9
- Topics:
  - “Fundamental analysis: Combining the search for quality with the search for value (Li & Mohanram, 2018).”
  - Gentex Corporation financial statement analysis – part 3
- Pre-class reading: Abstract, introduction, and conclusion in resource item 5 above.

Session 5: Tuesday, April 16
- Topics:
  - Application of Li and Mohanram (2018) to analysis of Gentex financial statements.
- Pre-class reading: Abstract, introduction, and conclusion in resource item 5 above.

Session 6: Tuesday, April 23
- Catch-up & remaining participant questions
- Course summary