Blurb for Emeriti and Other U Chicago Constituents: Booth Emeritus Roman L. Weil offers six Zoom sessions called “Accounting Lingo Involved in Current Events” which he promises will make you laugh, entertain you, and teach you things about accounting and corporate finance, which you think you know, but don’t. For example, do you think that Retained Earnings reveals something about a firm’s cash available for dividends or that Litigation Reserves discloses something about a firm’s cash available to pay for losses it might suffer in court? If you think, maybe yes, tune in to be disabused. Do you know that “making money” has seven different meanings in addition to counterfeiting, so has no place in clear discussions about business? The sessions, offered at no cost, are Thursdays 10a CDT, July 1 through Aug 5. See details below or write Roman.Weil@chicagobooth.edu. He hopes to limit attendees to no more than will fill two Zoom screens.

Accounting Lingo Involved in Current Events
Roman L. Weil

COURSE OBJECTIVES

This series of classes uses the principles of accounting to explore current events—news and controversies. I expect to cement attendees’ comprehension of accounting basics, accounting procedures, and their application in business. Attendees will appreciate the implications of accounting policies and procedures as they apply to business transactions and how regulators, politicians, the press, and the courts view those transactions.

If you don’t laugh by the end of the first session, then I will have failed.

Accounting is the language of business and you will learn what most who do business for a living don’t know, but think they do. You will learn to distinguish receipt from revenue, expense from expenditure, funds from reserves, retained earnings from cash, capital from capital [most professors of finance cannot crisply define capital], and so on. Why is the term “making money” so terrible that you ought never say it? Because it has six different meanings, in addition to counterfeiting. I do not want to make you an accountant, but I want to teach you enough about how accounting works so that you don’t confuse financial concepts the way many business people do. If you can’t think clearly about the two sides of a balance sheet, you can’t understand discussions about any but the most trivial business transactions.

CONTENT

At this writing in Spring 2021, the series would include topics such as the following. Some of this will be obsolete by July and other topics and events will be more salient and interesting. These will give you the flavor of the weekly content and the order in which I propose to present topics. The sessions will build a bit on the previous ones, but you can come to later ones, not having come to earlier ones and still learning useful things, all the while getting a good laugh.

- Sixty percent of corporate board members don’t understand what Retained Earnings means, even though these words appear on almost every corporate balance sheet. You’ll master them by the end of the first class and understand what most business people get confused by them.

- The most misunderstood word in accounting and finance is “reserves.” Why does virtually every reporter get it wrong in writing about corporate reserves and set-asides for loan losses or expected litigation losses? What do the stories say? What do they mean? What is the accounting? Even The Economist got it wrong in a story about VW in a recent issue. By the end of the second class you’ll understand what it means, what it doesn’t mean, and why so many people get confused by the word.
• I suspect that you have no crisp idea of the difference between revenue and receipt nor between expense and expenditure. By the end of the third session you’ll understand the difference and why it matters.

• In business, the word “capital” has at least four distinct meanings, each one properly used in its context. Problems arise when counterparties/speakers have different notions in mind when communicating with each other. By the end of the fourth or fifth session you’ll understand these different uses.

• Anyone can memorize a dozen different definitions, but memorizing definitions doesn’t necessarily give one the structure to understand how to distinguish the concepts, one from another. I will give you the foundation to understand the concept and we’ll build that foundation from the beginning.

• The Press and Politicians report, with outrage, that Company X pays no income taxes, yet simultaneously report billions in earnings. How can this be? Let’s learn the difference between income tax expense and income taxes payable. This one is hard and may be too advanced. We can decide in real time.

COURSE FORMAT

I plan six 90-minute sessions, 10:00a – 11:30a CDT on Thursdays, July 1 through Aug 5. Class materials are available now at https://1drv.ms/u/s!Aka10mXyIbEwc_wjs8qKRLOMyD4. Here is hyperlink. I will send Zoom link and password later to those who tell me they plan to attend. I plan to restrict attendance to two Zoom screens, about 40. I doubt there will be close to that many who want to come. I might up the limit for the first session, so you can put your toe in the water. I offer these classes at no cost to attendees. If you ask, I might pay you to attend. Write roman.weil@chicagobooth.edu with questions and to sign up.

BIO

Roman L. Weil is an emeritus faculty member at the Chicago Booth School of Business, who studies financial literacy and corporate governance, issues that arose from the accounting scandals most infamously with Enron.

Weil was co-director of the Chicago/Stanford Directors' Consortium, which he cofounded. It taught corporate directors how to do their jobs better.

He has been visiting professor at Berkeley Hass, Johns Hopkins, Stanford Law and Business Schools, Harvard Law School, Princeton Economics Department, NYU Stern School, Tepper CMU, Georgetown University, and UC San Diego. He finds it difficult to keep a job.

Weil has been a CPA in Illinois since 1973 and a CMA from 1974 until his retirement in 2008. The coauthor of more than 12 textbooks, Weil is the senior editor of the Litigation Services Handbook. He has consulted to the U.S. Treasury Department, the Securities and Exchange Commission, the Financial Accounting Standards Board, and the Public Company Accounting Oversight Board.

He received a bachelor's degree in economics and mathematics from Yale University and both an MSIA and a PhD in economics in 1966 from GSIA/Tepper of CMU.

Outside of academia, Weil is a grandfather whose interests include sabermetrics and oenometrics.