

# University of California San Diego



## Economics 4:- Financial Accounting - Syllabus

Michael Willoughby, CFA, Ph.D.

Fall 2006

### Texts:

1. [Core Concepts of Accounting](#), 8<sup>th</sup> or [Essentials of Accounting Review](#) 9<sup>th</sup> edition, Anthony & Breitner, Prentice Hall.

**NOTE:** I WILL PUT THREE COPIES OF CORE CONCEPTS 8<sup>TH</sup> ON RESERVE AT GEISEL LIBRARY. I WILL ALSO PLACE 2-3 TRADITIONAL ACCOUNTING TEXTBOOKS ON RESERVE, AS WELL.

2. Financial Accounting 2006-07 READER; Willoughby (UCSD Bookstore)
3. [The Number](#) by Alex Berenson or [Liar's Poker](#) by Michael Lewis..

### Course Objective:

An introduction to the principles of financial accounting (assuming no prior knowledge of accounting) to help students become intelligent readers of the primary financial statements: balance sheet, income statement, and statement of cash flows. We will explore the nature of accrual accounting through simple illustrations in order to gain an appreciation of how reasonable judgment is applied in accounting. We will also look at the financial statements of a publicly-traded company (Radio Shack, stock symbol RSH).

In order to prepare students for Economics 173 – Corporate Finance -- we will introduce Compounding & Discounting methods and calculations.

### Course Webpage and WebCT:

A webpage and/or webCT will provide links to reference material, a calendar, and miscellaneous documents that may be of interest to those who desire a more comprehensive look at accounting and finance. Start with the Econ4 webpage which is linked from my faculty homepage.

### Graduate Fellows and Teaching Assistants:

Graduate Fellows and Teaching Assistants have been assigned to this course and each will be responsible for specific tasks which will be listed on the course webpage.

**Yong-Gook Jung** [yongjung@econ.ucsd.edu](mailto:yongjung@econ.ucsd.edu) Sequoyah 232 Monday 09:00-10:00

Write and grade Problem Set #2.

**Benjamin Kay** [bkay@ucsd.edu](mailto:bkay@ucsd.edu) Economics 121 Tuesday 09:30-10:30

Write and grade Problem Set #2.

**Rosalin Wu** [ruwu@ucsd.edu](mailto:ruwu@ucsd.edu) Economics 118 Wednesdays 15:00-16:00

Grade quizzes and record scores.

## Class Schedule

<i>Date</i>	<i>Topic and Important Dates</i>	<i>Reading Assignment</i>
<b>Class 1</b>	Course Introduction	Text 1; Reader 1
<b>Week 1</b> 9/26-28	The Context of Financial Accounting. Capital markets, financial information, and Advisors	Reader 2
<b>Week 2</b> 10/3 -5	The Financial Accounting System  Booking Transactions: <i>Thai-Me Up</i> Restaurant start-up illustration.	Reader 3; Text 1-2  Radio Shack financials  <u>Download</u> Worksheet & 1 <sup>st</sup> & 2 <sup>nd</sup> quarter transactions Text 4-9 (skip 3).
<b>Week 3</b> 10/10-12	Booking continued Restaurant start-up illustration.	<u>Complete all financials for both quarters</u>
<b>Week 4</b> <b>10/17-19</b>	Accounting Choices & Classification  Ugly Puppy 1 <sup>st</sup> Period Events.	Reader 4-5;  Download EVENTS  <b>PS #1 due 10/17</b>
<b>Week 5</b> 10/24-26	Choices & Classification & Reporting Ugly Puppy 2 <sup>nd</sup> Period Events.	Reader 4  Download EVENTS
<b>Week 6</b> 10/31 - 11/2	<b>Midterm Exam Tuesday 10/31 and debrief Thursday 11/2</b>	50-100 M/C questions and Ugly Puppy 3 <sup>rd</sup> period Events
<b>Week 7</b> 11/7-9	Statement of Cash Flows Time Value of Money;	Text 10, Reader 6  Tutorial download
<b>Week 8</b> 11/14-16	Time Value of Money; Calculators *** Time Value of Money	Tutorial download
<b>Week 9</b> <b>11/21</b>	The Statement of Cash Flows <b>Holiday 11/23</b>	<b>PS #2 due 11/21</b>
<b>Week 10</b> 11/28-30	Financial Proformas Financial Statement Analysis	Reader 6

**Exam and Problem Set(s)** due dates are firm. No make-ups, no late papers accepted. **Quizzes** will be random, no make-ups.

## Grading:

Letter grades will be assigned at the end of the course based on weighted total scores. Grades will be curved with the class average establishing the lowest B-. The lower bound for an A- will be approximately one standard *above* the class average while one standard deviation *below* the class average will establish the upper bound for the highest D.

Final scores will be weighted across all assignments according to the Table below. Both exams will include multiple-choice questions and some problem-solving. The Final Exam may include one essay question. You should bring a *Scantron*® form -- 4<sup>1</sup>/<sub>4</sub> x 11 any color 50 items per side – and a pencil to the exams. There will be no make-ups for a missed Midterm exam (your final exam will be re-weighted to include 90% of the midterm weight unless the events which caused your absence were out-of-your-control and “documented”).

Item	Weight	Specifications
Ten Quizzes	2 percent each	Random (unscheduled), in-class, short answer 30-60 seconds. No make-ups. On <b>3x5 index cards</b> exclusively.
Midterm exam	30 percent	October 31 <sup>st</sup> .
Final exam	40 percent	Scheduled by the University. No exceptions. A 3x5 index card with handwritten crib notes on one-side is permitted.
Two problem Sets	5 percent each	October 17 <sup>th</sup> and November 20 <sup>th</sup> . Hard-copy at the start of lecture. Assignments will be published at least 8 days prior to due dates.

There will be specific time limits for both exams. Late arrivals will sacrifice time.

In-process scores will be published frequently. One Teaching Assistant (and only one) will record scores. It is *your* responsibility to insure that *your* scores are accurate (no changes will be made after the last day of classes).