

## **Management 4 / Economics 4 Financial Accounting**

**Fall 2016, Center Hall 101 Monday & Wednesday 6-7:20pm**

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Office: Economics 110B.

Office hours Generally on Friday's 2-4:00pm. Exceptions posted on the professor's Fall calendar.

### **Teaching Fellows:**

- 1) Mengyao Sarah Chen [mec010@ucsd.edu](mailto:mec010@ucsd.edu)
- 2) Yutian Kelly Li [yul355@ucsd.edu](mailto:yul355@ucsd.edu)
- 3) Xinyi Luo [x5luo@ucsd.edu](mailto:x5luo@ucsd.edu)
- 4) Ji Wen [jiw276@ucsd.edu](mailto:jiw276@ucsd.edu)
- 5) Luna Xin Xin [x1xin@ucsd.edu](mailto:x1xin@ucsd.edu)
- 6) Wei Ashley Xiong<sup>1</sup> [w3xiong@ucsd.edu](mailto:w3xiong@ucsd.edu)

### **Description**

This is a lecture course and a broad-based introduction to financial accounting. It serves as a prerequisite for the Accounting minor at Rady, the Management Science major (Economics), and the International Business major at GBS. For this reason, we will look at accounting from two perspectives: the producer perspective and the user perspective. Accounts are trained to translate commercial transactions into aggregate summaries of business performance, i.e. financial reports. Economists, bankers, and investment managers are trained to interpret accounting results and to make asset allocation and/or investment decisions based on the analysis of financial reports.

### **OBJECTIVES**

- **Explain** the Accounting Cycle.
- **Demonstrate** how business transactions are translated into stylized reports of financial performance.
- **Understand** the difference between cash flows and accrual profits.
- **Describe** the influence that a firm's accounting policies have on that firm's reported profits – profits are a construct, not a fact.

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<sup>1</sup> Xiong Wei is the only student in my 21 years at UCSD who earned **The A+** in two of my classes, Econ 4 and Econ 173A.

## MATERIALS

- 1) Course Reader & Workbook. Fall 2016 Edition. UCSD Bookstore.
- 2) Nordstrom, Inc. 2016 Form 10-K, Annual Report, on the Course webpage.
- 3) Course webpage items: syllabus, articles, press releases, etc.
- 4) A dozen “3x5 index cards”.

## GRADING

Assignments	Date	Weights
One In-class Quiz.	October 12 <sup>th</sup>	7.5 percent
Two Midterm Exams (count one) <sup>2</sup>	October 26 <sup>th</sup> & November 14 <sup>th</sup>	35 percent
Participation	Weeks 1-10	7.5 percent
Final Exam	December 5 <sup>th</sup>	50 percent
<b>Total</b>		<b>100 percent</b>

## SCHEDULE

Date	Assignments	Topics
Weeks 1 – 3	Reader Ch. 1-3	Business, Investing, Financial Reporting: the Income Statement & Balance Sheet
Weeks 3 – 7	Reader Ch. 4 -5	The Accounting Cycle and Accounting Policies
Weeks 8 - 10	Reader Ch. 6 -7	The Cash flow Statement, Hollywood Accounting, Restatements, and Fraud

## Teaching Assistants

The Economics Department has generously allocated six undergraduate Teaching Fellows to Econ 4. They will grade and record scores and hold one office hour each week, weeks 2-10. Instruction ends on December 2, 2016.

## COURSE POLICIES

**Professionalism.** Accounting is a professional art. Now is a good time to adopt professional habits: follow instructions, be alert and courteous, seek help, clarifying issues in a timely fashion, and be reasonably punctual (it's difficult at UCSD).

<sup>2</sup> Students may *partner* on the 2<sup>nd</sup> midterm. Those who don't will receive a 1 percent handicap premium.

Sleep at home or in the library, not during lecture. There is no shame in fatigue. If you become drowsy during lectures, stand at the back of the hall. Sleeping in public is unprofessional - it indicates a lack of discipline and is demeaning to yourself and your peers. There will be no warnings about this. **If you fall asleep during lecture (even once), you will be given an “F” grade for the course**, regardless of your scores.

**Grades.** Grades “B+” and below will be “curved” at the class average, meaning that the class average sets the floor for a “C+”. Class rank will be the major, but not the singular determining factor for all letter grades.

One student will be awarded an “A+”.

An overall score of 88% will guarantee an “A” letter grade; an overall score of 80% will guarantee an “A-” letter grade. In addition:

- The student with *the highest composite score at the end of Instruction* will receive an *Unconditional “A”*;
- The student with *the highest final exam score* will receive an “A” grade (provided that that student has an above average composite score at the end of Instruction).
- I will raise grades by *1/3 letter* should *significant improvement* be evident upon final examination.
- Any student who scores in the *Top 10* on the final exam, and had a pre-final score of at least 80%, will be awarded an “A”.

A final score of 60% will guarantee a “P” and/or “C-”, however there are circumstances when a passing grade will be awarded for a final score less than 60.

**Insurance:** During the quarter, students will have opportunities to earn A- Grade Insurance. These opportunities are challenging accounting puzzles or games. Should a student earn grade insurance, the *deductible* is a minimum score of 60% on the final exam.

### **Partial Credit and Extra Credit.**

In my opinion, “Partial Credit” makes no sense. If it is 99 percent *right* then it’s 100% *wrong*.

There will be one, in-class, “Extra Credit” exercise that grants extra points two ways: first, by demonstrating knowledge of accounting, and second, knowledge of your Econ 4 peers.

**Recording Performance:** Scores will be posted as quickly as possible. High-lighted scores indicate special circumstances: **OK** indicates a roll-over score due to a missed assignment; **Not Good** (must check w/ the professor); **Very Bad**, i.e. alleged violations of the Code of Academic Integrity.

Pay attention to your scores – occasionally there are recording mistakes – let the professor or the Lead TA know if you believe that there has been a mistake. No revisions will be made after Friday of 10<sup>th</sup> week.

**The Reader may be used during exams.** You may write in your Reader and add tabs or sticky notes. **Do not add extra pages or append *duplicated* information**, especially old exams. If you violate this stipulation, then you will lose the privilege of using your Reader during all exams.

**Exams.** All three exams are multiple-choice exams. Bring a Scantron and a lead pencil. Students *may partner-up* on the second midterm exam. This is an option, not a requirement. A partnership is two persons. Partners may share information and converse quietly during the exam. **Each partner must turn-in a Scantron.**

**Pay attention and follow instructions.** Oral instructions will be given twice. Violations of exam instructions will be considered unfair play and treated as academic integrity violations.

**Documents:** Pick-up your graded quiz and exam scantrons from the T.A.'s. Unclaimed documents will be destroyed 2 weeks from the date that scores are recorded.

**NUMBERS.** On October 7, 2016, each student will be assigned a **NUMBER** to identify assignments for grade recording purposes. **NUMBERS** are not PIDs. *Numbering* is sequential and in alphabetical order – if your last name begins with the letter “A” then your number will likely be something between 1 and 10; if your last name begins with the letter “Z” then your number will likely be between 230 or higher.

No one will have a number greater than about 270.

**Your NUMBER will be a 3 digit integer.**

**To Find your NUMBER,** look for the last 4 digits of your PID on the *Scores Sheet*. If you cannot find your number on the Scores Sheet, ask a Teaching Assistant.

**NUMBERS are required on all assignments. No number, no score, no exceptions.**

**Missing the Quiz or the second midterm (if the first midterm was not taken).** In this situation, the assignment will be rolled-over to the final exam. The professor must be informed by email within 12 hours of the missed quiz or exam, unless something extremely serious occurs. In any case, you need not explain.

**Email.** Email is a useful way to exchange information. It is not however, a medium of instruction. Use it for simple, close-ended, factual inquiries, or clarifications, **but** not for open-ended questions. Use your UCSD email address. For security purposes, non-UCSD emails will not be opened. Check your UCSD emails. Periodically, the professor will email important information to your UCSD email.

**Term of Instruction.** The Fall Quarter is ten weeks of instruction. Finals week is not within the ten-week period of instruction. The professor will direct the TAs not to hold office hours during finals week and not to respond to emails. The TA's are students and should be allowed to prepare for their own exams during finals week.

## ACADEMIC INTEGRITY

Integrity of scholarship is essential for an academic community. As members of the U.C. community, we pledge ourselves to uphold the highest ethical standards. The University expects that both faculty and students honor this principle and in so doing protect the validity of University intellectual work and the academic credentials awarded. Read the Code. The complete UCSD Policy on Integrity of Scholarship can be viewed at: <http://senate.ucsd.edu/Operating-Procedures/Senate-Manual/Appendices/2>.

It is extremely important that the playing field remain level for all. Do not seek (for yourself) or assist another student in acquiring an advantage or obtaining unearned credit on any required or graded activity. Any attempt to tilt the playing field in favor of anyone will earn an "F" grade for the course.

This is not about *right or wrong* and *cultural norms* play no part in it. We are all adults and we each understand what constitutes an advantage in an exam-situation. If you are unsure of anything, ask the professor. I expect you each to do your own work unless an exception is granted to everyone, i.e. "partnering" on one occasion.

**During Exams.** The exam environment is not a teaching environment. During exams, no individual questions will be answered. If you find a typo or don't understand a word on the exam, raise your hand. If a response is needed, a global announcement will be made.

## STUDENTS WITH DISABILITIES

A student who has a disability or special need and requires an accommodation in order to have equal access to the classroom must register with the Office for Students with Disabilities (OSD). The OSD will determine what accommodations may be made and provide the necessary documentation to present to the faculty member.

The student must present the OSD letter of certification and OSD accommodation recommendation to the appropriate faculty member in order to initiate the request for accommodation in classes, examinations, or other academic program activities. **No accommodations can be implemented retroactively.**