

Management 4 / Economics 4 Financial Accounting

Spring 2017, Peterson Monday, Wednesday, Friday 4-4:50pm

No Discussion Sessions

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Office: Economics 110B.

Office hours: Mondays and Wednesdays 2:30-3:30pm and some Fridays, as announced. Check the Spring Calendar for exceptions.

Teaching Fellows

- 1) Sarah Zhang (Graduate) s9zeng@ucsd.edu
- 2) Wei Ashley Xiong (Lead Teaching Fellow) w3xiong@ucsd.edu
- 3) Zhe Hu Zhe Hu zh053@ucsd.edu
- 4) Lan Yao layao@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. Accountants are trained to translate commercial transactions into aggregate summaries of business performance, i.e. financial reports according to *accrual principles*. Economists, bankers, and investors are trained to interpret accounting results and to make credit and investment decisions based on their analysis of financial statements.

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.

MATERIALS

- 1) Course Reader & Workbook. Spring 2017 Edition. UCSD Bookstore.
- 2) Nordstrom, Inc. 2016 Form 10-K, Annual Report, on the Course webpage.
- 3) Course webpage items including the syllabus, articles, press releases, etc.
- 4) A dozen “3x5 index cards”.

GRADING

Assignments	Date	Weights
One In-class Quiz.	April 17	10 percent
Midterm Exam	May 8	35 percent
10-12 <i>Random</i> In-class Graded Exercises on 3x5 index cards	1 st graded Exercise on April 14 th	10 percent
Final Exam		45 percent
Total		100 percent

SCHEDULE

Date	Assignments	Topics
Weeks 1 – 5	Reader Ch. 1-3	Business, Investing, Financial Reporting: Accrual methods. The Accounting Cycle.
Weeks 6 – 9	Reader Ch. 4 -5	Accounting Policies & Earnings Management. The statement of Cash Flows.
Week 10	Reader Ch. 6 -7	Hollywood Accounting, Restatements, and Fraud

Teaching Fellows

The Undergraduate Teaching Fellows will grade and record scores and hold one office hour each week, weeks 2-10.

COURSE POLICIES

Grades. Grades “B+” and below will be “curved” at the class average, meaning that the class average sets the floor for a “B-“. 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 90% will guarantee an “A” letter grade. An overall score of 85% 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 at least one opportunity to earn A-Grade Insurance. There is a deductible on the grade insurance; the *deductible* is a minimum score of 60% on the final exam.

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 7pm on Friday of 10th week.

Partnering on the Midterm Exam. Partnerships of two will be allowed on the Midterm. You and your Partner may speak softly and share information. Each of you must turn-in a Scantron. Partnerships are not mandatory. Students who take the exam Solo will receive an added 2 points (out of 50) premium to their earned-score.

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.

Graded Assignments (quiz, exercises, exams). The quiz is a crossword puzzle, the exercises will be short and your deliverable will be a 3x5 index card. The exams are multiple-choice exams - bring a Scantron and a lead pencil.

Follow instructions, written and oral. Oral instructions will be given twice. Violations of exam instructions will be considered unfair play and treated as academic integrity issues.

The assessment 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 public announcement will be made.

Pick-up your graded quiz, exercises, and midterm exam scantron from the T.A.'s. Unclaimed documents will be destroyed 2 weeks from the date that scores are recorded.

Missing the Quiz or the midterm. 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. There will be no make-ups for a missed Exercise.

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

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

NUMBERS. On April 12th, each student will be assigned a **NUMBER** to identify assignments for grade recording purposes. **NUMBERS** are not PIDs.

Your NUMBER will be a 3 digit integer.

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 letters "X, Y, or Z" then your number will likely be above 200. No one will have a number greater than about 250.

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.

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 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. I will cancel class on Friday, April 7th.¹ ; there will be a 50 minute Review Session on Sunday of 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.

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.**

¹ This year, the UCSD *CFA Global Equity Research* team, consisting of three undergrads, won the local competition over five other teams, including two graduate teams – one from SDSU and one from Rady. From April 6-8, we will be competing in Seattle, Washington against thirty-two other universities from South, Central, and North America. The top two teams from that competition will compete for the Global Title in Prague, Czech Republic in May.