



California Polytechnic State University
Accounting 214—Introduction to Financial Accounting—Fall 2009

INSTRUCTOR INFORMATION

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COURSE OBJECTIVE

This course is designed to enable students majoring in business and non-business fields to obtain an understanding of business transactions and the fundamentals of the accounting systems used to record and report financial data of business entities. Emphasis will be placed on basic accounting concepts and principles and their application to the process of preparing financial statements from a *user-oriented* perspective (as opposed to a *preparer-oriented* perspective). Frequent use of actual corporate annual reports and articles from the financial press will occur in lecture and homework applications.

Topic coverage is shown on attached lecture and homework schedule.

LEARNING OBJECTIVES

The role of financial accounting is to communicate information that supports business decision-making. Without understanding how decision makers use accounting information, it is difficult to fully understand financial accounting issues or, more importantly, to critically evaluate accounting method alternatives. Keep this perspective in mind as you study each topic. To assist you, in each class we will cover real world cases, which offer insights into how the information discussed in the chapters affect decisions made by investors, creditors, managers, and others. Also, avoid memorizing. A true understanding of **how** a particular procedure is applied demands a clear understanding of **why** it is applied. As you learn procedures presented in the text, be sure to make sure you understand **why** those procedures applied.

The successful student will:

- (1) Acquire an understanding of the basic concepts and principles underlying financial accounting measurement and reporting practices.
- (2) Develop the critical thinking skills needed to analyze and comprehend the nature and consequences of economic events which are the subject matter of accounting.
- (3) Gain an appreciation for the behavioral and economic consequences of accounting and reporting alternatives, including ethical considerations.
- (4) Cultivate the communication skills essential to the financial reporting process.

CLASS POLICIES**Organization of the Lectures:**

We meet for four hours each week. I will lecture for the majority of the class, but I will also give you problems in lecture to work on. During that time I will serve as a freelance consultant for you. So this part of the lecture will constitute the “learning-by-doing” component of our course. Active involvement with the course material inside and outside of class is one of the keys to mastering this subject. I would encourage you to adopt Cal Poly’s 25-35 study approach. The grade for class participation will be based on the quality of your contributions to the in-class discussions. You also can earn class participation points by sending e-mails to me with good observations about the material and by calling my attention to articles in the business press that apply course concepts.

Academic Integrity

The Orfalea College of Business expects all its students to learn, respect, and practice integrity. All acts of dishonesty are unacceptable. The college’s policy on academic integrity will be adhered to the Campus Administrative Manual (CAM) (Section 684).

Resources:

Financial Accounting, 7th ed.; Harrison and Horngren; Pearson PrenticeHall, 2009. The book comes with MyAccountingLab. I will use MyAccountingLab for homework problems, quizzes, and assignments.

You can either buy the book has hard copy in the ElCoral bookstore or directly at Pearson for \$186.67. The hard copy comes with the MyAccountingLab access code.

<http://www.mypearsonstore.com/bookstore/product.asp?isbn=013612934X>

If you don’t mind reading the book online, however, you can save yourself a fair bit of money. You can go the MyAccountingLab website, register as a student, click on the need to purchase code button and purchase MyAccountingLab with the Ebook directly for \$65.

<http://www.myaccountinglab.com>

Setup instruction for MyAccountingLab are on Blackboard.

Course syllabus, class notes, solutions etc. will be available on Blackboard. Students are expected to download the class notes and other materials from Blackboard in a timely manner. Please access Blackboard from: <http://my.calpoly.edu> using your Cal Poly username and password.

Grading

Grades will be allocated as follows:

Professional conduct/ in-class contribution (non-negotiable)	5%
Homework problems	15%
2 Mid-terms (20% each)	40%
3 Quizzes (5% each)	15%
<u>Final project (25%)</u>	<u>25%</u>
Total	100%

Your final grade will be based on a weighted average of your scores on the elements listed in the above table.

This class uses the relative scale based on a normal distribution. I prefer this method because it assigns grades based on your actual performance as a class, as opposed to the absolute scale, which uses an abstract and arbitrary standard.

In the **absolute scale** method, your score is compared to a pre-determined scale, such as A=90-100%; B=80-89%; C=70-79%; etc. This evaluates you based on a pre-determined set of criteria.

In the **relative scale** your score is evaluated by comparing it to other scores in the class. Thus the relevant issue is not your percent score but your **percentile** score.

A **percentile** score measures where your grade falls compared to other grades in the class. For example, a score of 85th percentile means your score is higher than 85% of the class, and lower than 15% of the class. A score of 85th percentile is **not** the same as an 85%.

Since this class uses the relative scale, the grading scale uses percentile scores rather than percent scores. The grading scale for this class is:

Grade	Percentile (not percent)	Percent of class	
A	90 —100	23%	Mean + 1.5 σ
A-	78 – 89.9999		Mean + 0.8 σ
B+	67 – 77.9999	40%	Mean +0.5 σ
B	50 – 66.999		Mean
B-	37 – 49.9999		Mean - 0.4 σ
C+	30 –36.999	24%	Mean – 0.6 σ
C	25 – 29.999		Mean – 0.75 σ
C-	13 – 24.999		Mean – 1.1 σ
D	3—12.9999	10%	
F	0—2.9999	3%	

The probable median GPA for the class, which is the same as the 50th percentile, is 2.86 (B/B-).

If you have a dispute with a grade, you must submit your original exam and a written explanation of the dispute within one week of receiving the exam back. I will re-grade the entire exam and will change the score to zero if the exam has been tampered with.

Class participation will decide marginal cases and I will give negative class participation points for coming to office hours without having attempted to understand the material.

Class involvement:

The goal is for students to be continuously involved. An “absentee” student will not be successful in this course. My goal is to add value each class session.

Class time:

I will start promptly at ten minutes after the hour. Please arrive at class prior to ten minutes past the hour. Late arrivals to class are disruptive. As a courtesy to me, and your colleagues, please make every attempt to arrive before class begins. Sometimes this is unavoidable, but **frequent late arrival is unprofessional** and inconsiderate behavior. If there is a unique situation that will result in arriving late frequently, please discuss it with me at the beginning of the semester.

Services for Students with Disabilities:

If you think you need an accommodation for a disability, please let me know at your earliest convenience. Some aspects of the course, the in-class activities, and the way I teach may be modified to facilitate your participation and progress. As soon as you make me aware of your needs, we can work

with the Disability Resource Center (Student Services Bldg 124, phone 756-1395) to help us determine appropriate accommodations. I will treat information you provide as private and confidential.

ROLE OF ASSIGNMENTS

Reading

The reading assignments are designed to provide a foundation and a basis for your understanding of the issues involved. The classroom activities will build on that foundation to enhance your understanding and comprehension of the critical factors that need to be considered in dealing with those issues. Therefore, if you do not read the assigned materials **in advance** or do not dedicate sufficient time to them you will not be prepared for the classroom experience.

Class Discussion

You will notice that various assignments are included in the Class Schedule for discussion in class. These assignments, which will not be collected and graded, will help you develop a foundation for understanding the topic. Given the emphasis in the classroom on the conceptual issues and their application, your participation is critical. You are responsible for asking penetrating questions, not those that could be readily answered by reading the textbook, for providing well conceived alternatives to those proposed in the literature or by your colleagues, by challenging me and your colleagues to support their positions. These types of activities stimulate thinking, develop your analytical and problem solving skills and create a learning experience that is exciting and memorable.

Homework

You will find all homework problems on the MyAccountingLab website. The due dates for the homework can be found on MyAccountingLab. After the due date you can no longer attempt the problems and will receive 0%. You have to complete all homework problems. I will attempt to cover all homework assignments in class.

Quizzes

The primary focus of quizzes will be on assessing the development of your technical knowledge. They may also be used to assess class preparedness (i.e. did you read the assigned material). Quizzes will be administered individually and are available on MyAccountingLab. These will generally take no more than thirty minutes to complete. **Make-up quizzes will not be allowed for any reason (*Please do not ask to make up a quiz*).**

Exams

Exams will be designed to assess whether you have grasped the materials to date and are able to apply the knowledge comprehensively. The exams will emphasize technical competence and critical thinking ability and will include application-oriented problems.

You may use a reference sheet on the exams. The reference sheet must follow the guidelines:

- one sheet, one sided
- it must be original work, it can not be photocopied.
- the sheet may not include a list of the solutions to the homework
- the reference sheet must be turned in with the exam.

Many past students have told me that the process of preparing the reference sheet is more valuable for exam success than the use of the sheet during the exam.

Final Project

Background and Purpose: The primary objective of this assignment is to begin to integrate the many concepts we have studied and to give an opportunity to apply our intermediate accounting in a real-world setting. Using Chapter 13 (Financial Statement Analysis) as a starting point as well as information obtained throughout our study of intro accounting, a team of individuals will evaluate the financial (and nonfinancial) condition of a publicly traded company. Cases not completed in a team will be graded for half credit. Cases turned in late will receive no credit.

I will provide a guideline (example) for organizing your responses to the cases. You should use this as a basis for preparing the response. Your responses should generally fall between three and five pages. Anything less could not deal effectively with the issues; if you feel you need more than 5 pages to adequately deal with the issues that is acceptable. Your work will be graded based on the guidelines mentioned above with emphasis on the identification of the appropriate issues, quality and perceptiveness of thought, ability to discuss the accounting options and the rationale for each, and the clarity of presentation.

NOTE TO THE STUDENTS:

This class is manageable and most students get out of it what they put in. If you are in to the course you will enjoy it (enjoy accounting, it is possible). My goal is for the students to leave this class with long term finance/accounting analytical skills.

If you have chosen to protect your Directory Information (which includes name and email), it is important you communicate this to your instructor prior to or on the first day of class. This course uses Blackboard tools that will display students' full names and email addresses.

COURSE OUTLINE:

The attached outline shows the topics covered, the homework assignments for each class and the exam schedules. All of the homework is optional but highly recommended. It is virtually impossible to learn the material without practicing it. I have listed in-class cases with the chapter reading assignments. We will cover these in class so please read them prior to class and be prepared to answer the questions.

BUS 214 – Fall 2009
TENTATIVE¹ CLASS SCHEDULE (ALL CLASSES HELD IN 03-209)

Week	Date	Reading	Topic	Homework*
1	23 Sep	Ch. 1 pp.1 - 10	Course Overview <i>Accounting is the Language of Business</i>	
	25 Sep	Ch. 1 pp. 10-23	The Financial Statements <i>The Accounting Equation</i>	S1-1 through S1-7, S1-12, E1-16, E1-19, E1-20, E1-21
2	30 Sep	Ch. 2 pp. 53-69	Transaction Analysis <i>Accounts and Double-Entry Accounting</i>	

Week	Date	Reading	Topic	Homework*
	2 Oct	Ch. 2 pp.70-82	Transaction Analysis cont. <i>Recording Transactions and Trial Balance</i>	S2-1 through S2-7, E2-16, E2-17, E2-21, E2-22
3	7 Oct	Ch. 3 pp. 125-145	Accrual Accounting and Income <i>Accrual vs. Cash-Basis Accounting and the Adjusting Process</i>	
	9 Oct	Ch. 3 pp. 146-156	Accrual Accounting and Income cont. <i>Preparing the Financial Statements</i>	S3-1 through S3-4, S3-10, S3-13, E3-21, E3-23, QUIZ 1
4	14 Oct		MIDTERM #1, WEEKS 1 -3	
	16 Oct	Ch. 5 pp.261-282	Short-term investments and Receivables <i>Investments, Receivables, and Uncollectables</i>	
5	21 Oct	Ch. 6 pp. 309-323	Inventory and Cost of Goods Sold <i>Accounting for Inventory and Inventory Costing</i>	
	23 Oct	Ch. 6 pp. 324-327	Inventory and Cost of Goods Sold cont. <i>Accounting Principles Related to Inventory</i>	
6	28 Oct	Ch. 7 pp. 367-380	Plant Assets and Intangibles <i>Types of Assets and Depreciation</i>	
	30 Oct	Ch. 7 pp. 381-387	Plant Assets and Intangibles cont. <i>Other issues</i>	
7	4 Nov	Ch. 8 pp.417-426	Liabilities <i>Current Liabilities</i>	
	6 Nov	Ch. 8 pp.426-444	Liabilities cont. <i>Long-term Liabilities</i>	QUIZ 2
8	11 Nov		Academic Holiday –Veterans' Day	
	13 Nov		MIDTERM #2, WEEKS 4 -7	
9	18 Nov	Ch. 9 pp. 477-483	Stockholders' Equity <i>Organizing a Business</i>	
	20 Nov	Ch. 9 pp. 484-491	Stockholders' Equity cont. <i>Issuing Stock</i>	

Week	Date	Reading	Topic	Homework*
10	25 Nov		Academic Holiday –Thanksgiving	
	27 Nov		Academic Holiday –Thanksgiving	
11	2 Dec	Ch. 12	Financial Statement Analysis <i>Final Project</i>	
	4 Dec	Ch. 12	Financial Statement Analysis cont. <i>Final Project</i>	

¹ I call it tentative, as I reserve the right to change what we cover based on how efficiently we are progressing. * Homework is due on the next day of class. For example, homework 1 (assigned on September 25th is due on September, 30th).