

Economics 4:- Financial Accounting – Fall 2008
Department of Economics, University of California San Diego



5:00-7:50pm Tuesdays Solis 107

Materials:

1. [FINANCIAL ACCOUNTING as a Second Language](#). David P. Weiner (2000). Wiley.
2. [Financial Accounting for Economists: A READER](#). Michael Willoughby (2008). UCSD Bookstore.
3. [Liar's Poker](#). Michael Lewis (1986).

Course Objective:

An introduction to the principles of financial accounting, assuming no prior knowledge of accounting.

[Course Web Page](#).

The course webpage is an ongoing guide to the course including a calendar, *your scores*, helpful documents to *print & bring-to-class*. Check the Calendar for *due dates* and *office hours*.

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.

Grading:

Letter grades will be assigned at the end of the course based on weighted total scores. Grades will be curved at the following reference points:

- The class average establishes the lowest B-.
- At least 55 percent of all possible points will be needed to *Pass* the course, i.e. for the lowest C-.
- Less than 50 percent of the “top-three scores” will be the threshold for an F.
- The top 20% (approximately), of the scores will receive at least an A-, with a reasonable delta between the highest A- and lowest A, as well as for the separation between highest B+ and lowest A-, etc.

Instruction Frame

We have a one-session each week instruction schedule. This means that each meeting session constitutes one week of instruction. Therefore, our instruction frame will be three 50 minute lectures each Tuesday: 5:00 to 5:50pm; 6:00 to 6:50 pm; and 7:00 to 7:50 pm.

Course Requirements:

The course is divided into seven parts:

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|---|---------|
| (1) Capital markets: what, why, who, and the role of information. | 1 week |
| (2) The basics of financial accounting & financial reporting. | 1 week |
| (3) Business transactions and the Accrual method. | 1 week |
| (4) The working capital accounts: <i>Profits versus Cash flow</i> . | 1 week |
| (5) The Statement of Cash flows. | 1 week |
| (6) Accounting choices. | 2 weeks |
| (7) Financial statement analysis. | 2 weeks |

There will be:

- **Eight quizzes.** Each at 7:05 pm of weeks 1 – 5 and 7 – 9. There will be no make-ups for a missed quiz; however, one quiz score will be dropped. Quizzes will be reviewed or solutions posted, not both.
- **Midterm exam.** 6:30 pm on November 4, 2008. This exam will cover material from parts 1 through 5, thus it will be similar to quizzes #1 through #5. The exam will be reviewed; solutions will not be published.
- **The Final exam.** Per the University schedule, no exceptions. Friday, December 12th 7:00 pm. This exam will cover material from all seven parts of the course plus Liar's Poker.

Guidelines:

- **Time limits** for all exams and quizzes. Regardless of your arrival time, the proceedings will end “on the clock”: 20 minutes for quizzes, 70 minutes for the midterm, and 100 minutes for the final exam.
- **A reference Kit will be allowed for both exams and for quizzes #6 - #8.** You build your own “Kit” consisting of a 1 inch 3-ring binder including whatever you choose; however, all materials must be “punched & secured” into the binder.
- In-process scores will be published frequently. It is your responsibility to insure that your scores are accurate. No changes will be made to scores after the last day of classes. Final scores will be weighted across all assignments according to the Table below.

Item	Weight		Description
Seven Quizzes	4.0 % each	28%	The Best 7 of the 8 Quizzes.
Performance Boost	5.0 percent	5 %	Added to the <i>best</i> of the two exam scores.
Midterm Exam	25.0 percent	25%	November 4 th
Final exam	40.0 percent	42%	Friday December 12 th

Topic Outline – subject to change

Date	Topics and Assignments	References
	<u>Course Intro/Admin</u>	
Week 1 – 9/30	Money, Banking, Accounting, & Finance. Quiz #1.	<u>Reader Intro & 1</u> <u>Text 1 and Appendix E</u>
Week 2 – 10/7	Conceptual foundations of accounting & financial reporting Quiz #2.	<u>Reader 2 - 3</u> <u>Text 2-3 ⁱ</u>
Week 3- 10/14	Business transactions & accrual accounting. Quiz #3.	<u>Reader 4 and 5.6</u> <u>Text 3 ⁱⁱ</u>
Week 4 – 10/21	Working capital. Quiz #4.	<u>Reader 5.1 – 5.4</u> <u>Text 4-6 ⁱⁱⁱ and Appendix C</u>
Week 5 – 10/28	The Statement of Cash Flows. Quiz #5.	<u>Reader 5.5</u> <u>Text 8</u>
Week 6 –11/04	Review of Parts 1-5 Midterm exam	
Week 7 – 11/11	Accounting Choices. Quiz #6.	<u>Reader 6</u> <u>Text 4-6 again</u>
Week 8 – 11/18	Accounting Choices. Quiz #7.	<u>Reader 6</u> <u>Text Appendix D ^{iv}</u>
Week 9 – 11/25	Financial Statement Analysis. Quiz #8.	<u>Reader 7.1 & 7.2</u> <u>Text 9</u>
Week 10 – 12/2	Earnings Management.	<u>Reader 7.3 & 7.4</u> <u>Text 9</u>

ⁱ Skip pages: 31-32; 70-72, 77-79.

ⁱⁱ Page 33!

ⁱⁱⁱ Skip pages 151-155.

^{iv} Skip pages 266-267.