

**Economics 4:- Financial Accounting**  
**Winter 2009**  
5:00-6:20 pm Monday & Wednesday in Center 119  
**Department of Economics, University of California San Diego**  
Michael Willoughby, CFA, Ph.D.



**Required Materials:**

1. [Financial Accounting for Economists: A READER.](#) Willoughby (2008).

**Helpful Materials:**

1. [FINANCIAL ACCOUNTING as a Second Language.](#) David P. Weiner (2000). Wiley.
2. [ACCOUNTING FOR DUMMIES,](#) John Tracy, CPA.

**Course Objective:**

An introduction to the principles of financial accounting, assuming no prior knowledge of accounting. Along with the customary focus on accrual concepts, there will be a strong emphasis on the distinction between earnings/profits and cash flow.

**Guidance**

The course webpage, which can be found from my Homepage or from the Department webpage, is an ongoing guide to the course including a Calendar, Lecture Notes, *Your Scores*, Reading Suggestions, and Documents to *print & bring-to-class*.

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

My office hours will vary weekly in order to accommodate as many students as possible. I publish my schedule on the webpage Calendar.

**Instructional Frame:**

We meet twice each week for 1 hour and 20 minutes. Lectures will use 60 minutes, so we will have a Quiz at the conclusion of nearly all lectures. Quizzes are team-events – in teams of two. Individuals must be present for the full duration of the quiz to receive a recorded score.

Because we lose two class periods to University holidays, there will be no midterm exam; thus, there will be one and only one “exam” opportunity for students to distinguish themselves individually. Therefore, the final exam will cover all aspects of the course and it will be challenging.

**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 approximately 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 average 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- .

**Course Requirements:**

The course is divided into six parts:

- (1) Capital markets: what, why, who. 1 week
- (2) The Basics of financial accounting. 1 week
- (3) Booking transactions - accrual accounting. 1 week
- (4) Accounting choices & financial reporting. 4 weeks
- (5) The Time Value of Money. 1 week
- (6) Financial statement analysis (with a selected publicly-traded company). 2 weeks

There will be:

- **Twelve quizzes.** There will be no make-ups for a missed quiz without independent documentation of a conflicting cause or event. Varsity or UCSD-SOLO travel or event qualifies as “conflicting”.

Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10
	Quiz 1	Holiday	Quiz 4	No Quiz	Quiz 7	Holiday	Quiz 9	No Quiz	Quiz 12
	Quiz 2	Quiz 3	Quiz 5	Quiz 6	Quiz 8	No Quiz	Quiz 10	Quiz 11	

- **A Company Analysis.** A financial analysis & presentation of a company (assigned individually) in a PowerPoint® format accompanied by an Excel® workbook turned-in as hard copy and electronically. You must choose your company (by January 21<sup>st</sup>) or one will be assigned. An outline will be provided.
- **A Final exam.** Per the University schedule, no exceptions. Monday March 16<sup>th</sup> 7:00 pm. This exam will cover material from all parts of the course, including all published readings and lecture recommendations. It will be challenging.

## Guidelines:

- **Time limits** for the final exam and quizzes, regardless of your arrival time.
- A **Kit will be allowed for the final Exam and for Quizzes #6 thru #12**. You build your own “Kit” consisting of a 1 inch 3-ring binder including whatever you choose to help yourself with graded assignments. All materials must be “punched & secured” into the binder. No old Econ 4 exams will be allowed in the Kits.
- 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 10<sup>th</sup> week.
- Final scores will be weighted across all assignments according to the Table below.

Item	Weight		Description
Twelve Quizzes	3.0 % each	36 %	15 minute Team exercises.
Company Project	14.0 percent	14 %	A PowerPoint® presentation on an assigned Company due March 9 <sup>th</sup>
Final exam	50.0 percent	50 %	Monday March 16 <sup>th</sup>

## Topic Outline

Date	Topics and Assignments	References
<i>Week 1 – Mon. 1/05 Wed. 1/07</i>	<b>BACKGROUND</b> Investing, Banking, & Accounting Investing, Banking, & Accounting	<u>Reader</u> Intro and 1
<i>Week 2- Mon. 1/12 Wed. 1/14</i>	<b>INTRODUCTION</b> The Financial Accounting System The Financial Accounting System	<u>Reader</u> 2 & 3
<i>Week 3- Wed. 1/21</i>	<b>Holiday on Monday</b> Simple book-keeping	<u>Reader</u> 5.1 – 5.3
<i>Week 4 – Mon. 1/26 Wed. 1/28</i>	<b>ACCRUAL BOOKING</b> Profits vs. Cash Flow The Ugly Puppy	<u>Reader</u> 4
<i>Week 5 – Mon. 2/04 Wed. 2/06</i>	<b>ACCOUNTING CHOICES</b> The Ugly Puppy The Ugly Puppy	<u>Reader</u> 6

<i>Week 6 –</i>	<b>ACCOUNTING CHOICES</b>	<u>Reader 6</u> ; and 4.3 <i>encore</i>
<i>Mon. 2/11</i>	The Ugly Puppy	
<i>Wed. 2/13</i>	The Statement of Cash Flows	<u>Reader 5.5 - 5.8</u>
<i>Week 7 –</i>	<b>Holiday on Monday</b>	
<i>Wed. 2/20</i>	The Statement of Cash Flows	<u>Reader 5.5 - 5.8</u>
<i>Week 8 –</i>	<b>TIME VALUE OF MONEY</b>	
<i>Mon. 2/25</i>	Compounding & Discounting	
<i>Wed. 2/27</i>	Compounding & Discounting	
<i>Week 9 –</i>	<b>FINANCIAL ANALYSIS</b>	<u>Reader 7</u> ; and 5.4 <i>encore</i>
<i>Mon. 3/02</i>	Financial Reporting	
<i>Wed. 3/04</i>	Financial Ratios	
<i>Week 10 –</i>	<b>FINANCIAL ANALYSIS</b>	<u>Reader 7</u> ; and 3.5 <i>encore</i>
<i>Mon 3/09</i>	Financial Ratios	
<i>Wed. 3/11</i>	Epilogue	