Accounting 1A Financial Accounting

Instructor: Michael G. Booth

Term: Spring 2010

Course Description:

A conceptual introduction to accounting from the user's perspective, this course covers the preparation, communication, use and analysis of accounting information. Emphasis is on accounting theory, critical thinking, and the use of accounting information in business decision-making.

Objectives:

● Recognize the information conveyed in each of the basic financial statements and what it means from a user, decision maker perspective

● Using the accrual method of accounting; Identify investing and financial transactions to measure the performance of a business and demonstrate how they are reported, and analyzed

● Apply transaction analysis to examine and record the effects of operating activities on financial statements (Note: Explain how a company’s strategy affects financial analysis)

● Identify the steps in the accounting communication process; i.e. press release, annual reports, quarterly reports and SEC filings

● Identify, report and analyze; key measures of business performance, i.e. COGs, expense, margin, net income, inventory, cash flow, liabilities, assets, debit, owners equity, etc

● Compute and interpret; profitability, liquidity and solvency ratios.

● Compute and interpret market test ratios

● Student Learning Outcomes (SLO)

● Students should be able to:
Assessment 1
- Convey, understand and apply transaction/ratio analysis in terms of accounting model and determine impact on business

Assessment 2
- Apply transaction analysis to examine, record, update the effects of operating activities on: financial statements, earnings per share, stockholders equity and cash flow

Assessment 3
- Apply revenue recognition and matching COGS principle, evaluate impact of uncollectible accounts, analyze/interpret accounts receivable turnover, and evaluate inventory management

Assessment 4
- Define, classify, analyze (ratio analysis), and report long live productive assets, asset turnover, asset impairment, asset impairment, current liabilities and longer term liabilities

Final Assessment
- Explain, analyze and describe capital structure, role/types of stock, dividends and splits
- Report, classify, analyze and interpret cash flow from: operating, investing and financing activities

Final Project
- Apply/interpret principles of financial relationships to analyze: profitability, liquidity, solvency, and market ratios.
**Textbooks and Supplies**

Copyright year: 2009


The text will be available at the Cabrillo Bookstore approximately two weeks before the semester begins. The optional reading will need to be purchased online. You may also buy the text and the optional reading online from Amazon, McGraw-Hill, Barnes & Noble and half.com (owned by E-Bay). Be aware that it may take 3-4 weeks to receive a text purchased online. Therefore, be sure to order several weeks before the semester begins; lack of a text does not warrant extension of assignment/quiz due dates. Another alternative is to purchase the text as an e-book from the publisher.

- McGraw-Hill's Homework Manager™ - This is a McGraw-Hill product to be used for online homework submission and grading, costing $20.00. This program automatically grades assignments and provides immediate feedback so you know if you are doing the work accurately. See the publisher's website for information. Follow the instructions on the publisher's site to finalize the purchase and registration. (URL Link is in “Related LINKS Section of this website)

- Handheld calculator

- User Name and Password in the Computer Technology Center OR off-campus access to the Internet

- Print Card, if using the Computer Technology Center

- SCANTRON input answer sheets, Form No 882-E (will be needed for each assessment, with the exception of the final project)

**Course Requirements**

Since each person has valuable life and vocational experiences to share, attendance is extremely important and creates a more interesting and dynamic class. Many class discussions will be related to the homework/discussion assignments; therefore, it is expected that students will attend and participate in all class sessions with all assignments prepared professionally and accurately. You are expected to attend class, and successfully achieve the student learning outcomes for each major milestone of the course. The student is responsible for all material covered in class, late assignments will not be accepted. Material
covered in class may not be in the textbook, and could be included in exams. If you are not present when materials are discussed, assigned or distributed in class, it is your responsibility to obtain materials from other members of the class.

**Classroom Student Responsibilities:**

The conduct in the classroom will be in accordance with the Cabrillo Student Rights and Responsibilities, AR 6110, Revised September 2006. In addition, there will be no allowance for cheating. The first incident of cheating will result in an immediate “F”, the second will result in immediate removal from the course. “This is a learning environment, the best learning occurs through mistakes, and therefore at all times the work during the course should be from the student.”

**Cooperative Learning:**

To respect our right to the best possible learning environment, classroom disruptions will not be tolerated, please:

- Turn Off cell phones, pagers, etc before class (or as a minimum have on silent, vibrate mode)
- If you arrive late or leave early, sit near the door
- Do NOT carry on side conversations when I, or others are speaking
- Eat before or after—not during class (only water is allowed in the classroom)

**Disabilities/Special Needs**

Students needing accommodations should contact the instructor ASAP. As required by the Americans with Disabilities Act (ADA), accommodations are provided to ensure equal opportunity for students with verified disabilities. If you need assistance with an accommodation, please contact Disabled Student Services, Room 810, 479-6379, or Learning Skills Program, 479-6220. A Learning Skills specialist is also available at the Watsonville Center Student Resource Center, 477-5134.
Course Overview:

Class time will be used to discuss financial accounting theory, reporting, and analysis. A practical application to real world relevant examples of corporate financial reporting/analysis will be the cornerstone of the class. Knowledge of basic accounting as presented in Acct 151A will be useful, but not necessary for the course. The critical aspect of the course is to apply the financial concepts and complete each of the course assignments, so as to be prepared for discussion/analysis during each class meeting.

Homework:


All chapters, with the exception of Chapter 12, in the Financial Accounting text will be discussed. Selected exercises and/or problems will be assigned and must be completed using McGraw Hill HomeWork Manager™. Submit your solutions via the McGraw-Hill Homework Manager™ (Accounting1A URL is in Related LINKS section).

Discussion Topics:

Note: on the Tentative schedule there are several “Discussion Topics” assigned from the Financial Accounting textbook. It is critical you have reviewed the material prior to the class meeting, and are prepared to add constructed dialog to the group discussions. In addition, have any necessary ratios, or analysis completed prior to class. Your analysis will be collected at the end of each class that a discussion is assigned. Be prepare to present the results of the group discussion as an individual representing the summary of the group conclusions. This is a critical part of the course, and you will need to have your completed assignment ready to turn-in on the day of the discussion/presentation.

Assessments:

Five Assessments will be given, including the Final assessment for chapters 11 & 13. Assessments will consist mostly of multiple-choice questions but may
include matching, terminology, problem solving, computations, creation of statements, written analysis etc. See the Tentative schedule for assessment dates. Assessments will be separated into chapters. Assessments are linked to Student Learning Outcomes listed on course home page. No make-ups will be given for late exams. (Note: Exams will be given using SCANTRON form 882-E. If there is an exception it will be announced during class and updated on this website.)

Final Project

A final project will be assigned. You will select a publicly-traded corporation from the Corporation Selection Tab of this Website. These companies will primarily be GREEN or alternative energy, socially responsible businesses. You will compare and contrast corporations in the same industry to determine their strengths and weaknesses from the view point of GREEN/Social Responsibility and analyze which company is doing better. In addition, determine if the company is really meeting the challenge of GREEN or Social Responsibility. These financial results and GREEN / Social Responsibility will be compared to the industry as a whole. It is important to select your company EARLY in the semester, within the first two weeks. It is best to get a hard copy of their annual report but you can usually obtain this report online via the company's homepage. Accessing the financial statements via financial sites such as Yahoo! are NOT adequate for this assignment. You may also find the annual reports using EDGAR OnLine, the SEC website. You MUST have the full annual report available. Use the most recent report available at the beginning of the semester. Completion of the Final Project Assessment is critical to the measure of your success in achieving the overall learning objective of interpreting and applying tools of analysis presented during the course in a real world scenario of publicly disclosed financial statements.

Acct 1A Corporate Selection

You will be analyzing and comparing two competing corporations this semester. Before selecting a group below, go to the corporate homepages and be certain that you can find the Annual Reports. To do this, search for the corporation or "guess" the URL. Once the homepage has been found, search for a link to Investor Relations or About the Company. Search for a link to Annual Report or Financial Statements, etc. You must find the report, NOT just the financial statements because you will need access to the Management Report, the Auditor's Report, Notes, etc. Finding the financial statements on financial sites is not adequate. Find the most recent Annual Report available and bookmark this page for future references. Often the reports or in .pdf format so you will need Adobe Reader.

Once you have located the annual reports, and decided on the group you want to
study this semester, you will need to sign up by the beginning of the third week of the semester. The sign-up list will be available in the class.

- Final Project Instructions
- Final Project Grading Rubric
- Final Project List of Corporations

**Tentative Schedule:**
Please note: This is a summary of the tentative schedule. In the Financial Accounting text, Ex=Exercise, Pr=Problem, M=mini exercise, CP=Cases & Projects. These are located at the end of each chapter. In addition, there may be research and/or discussion topics, and change in the weeks chapters are covered in class, changes will be updated on this website, Blackboard Learning systems and announced in class.

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topic</th>
<th>Assignment</th>
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<tbody>
<tr>
<td>1</td>
<td>Feb 8/ 9</td>
<td>Weiner (Appendix A, Basic College Skill)</td>
<td>Read, review and apply concepts presented. Pages 221-238</td>
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<td></td>
<td>Feb 10/11</td>
<td>Libby: Chap 1 (Financial Statements)</td>
<td>Ex 1-1, Ex 1-3, Ex 1-4, Ex 1-10, Pr 1-2</td>
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<td></td>
<td>Feb 15/16</td>
<td>Libby: Chapter 2 (Investing and Financing)</td>
<td>M2-2, 4, 5, 6, 7, 9 Pr 2-1 <strong>(Note: Feb 15 Holiday)</strong> P2-3 Project: <strong>Company Selection must be made</strong></td>
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<td></td>
<td>Feb 17/18</td>
<td>Weiner: Chapter 2, pgs 24-33</td>
<td>Libby: In class exercise P2-2,</td>
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<td>2</td>
<td>Feb 22/23</td>
<td>Libby: Chapter 2</td>
<td>Libby: M5-1,2,3 Ex 5-2,9 <strong>P5-4, P5-6</strong></td>
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<tr>
<td>Date</td>
<td>Libby: Chapter</td>
<td>Weiner: Chapter</td>
<td>Notes</td>
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<tr>
<td>Feb 24/Feb 25</td>
<td>5</td>
<td>3 pgs 64-66</td>
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<td>4 Mar 1/ Mar 2</td>
<td>5</td>
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<tr>
<td>Mar 3/ Mar 4</td>
<td></td>
<td>(Chapters 1,2 &amp; 5)</td>
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<td>5 Mar 8/ Mar 9</td>
<td>Intro Chapter 3 (Operating Decisions &amp; Income Statements)</td>
<td>Pgs 33-44</td>
<td>Libby: Ex 3-3, 4,5,8,13,14 Pr 3-1 In class AP3-1 Prepare: Discussion CP3-2</td>
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<tr>
<td>Mar 10/Mar 11</td>
<td>Chapter 3&amp;4</td>
<td>Chapter 2 pgs 44-49</td>
<td>Libby: M4-1, 4 &amp; 8</td>
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<td>Mar 15/Mar 16</td>
<td>Chapter 4(Adjustments, Financial Statements &amp; Quality of Earnings)</td>
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<td>Libby: Class Discussion CP3-2</td>
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<td>Mar 17/Mar 18</td>
<td>Chapter 2 pgs 49-63</td>
<td></td>
<td>Libby: Ex 4-6, 8, 17 Pr 4-9, In class AP4-8 Prepare CP4-1</td>
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<tr>
<td>7 Mar 22/ Mar 23</td>
<td>Assessment #2</td>
<td>(Chapters 3&amp;4)</td>
<td>Project: Journal Review Due</td>
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<tr>
<td>Mar 24/ Mar 25</td>
<td>Review Assessment #2/ Libby: Introduce Chap 6</td>
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<td>Libby: Class Discussion CP4-1 (Note: Spring Break Mar 29- Apr 3)</td>
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<td>8 Apr 5/ Apr 6</td>
<td>Chapter 6 (Reporting &amp; Interpreting Revenue, A/R, &amp; Cash)</td>
<td>Pgs 68-84</td>
<td>Libby: Ex6-7, 9, 10, 19, Pr 6-6, Prepare CP6-1 &amp; 3 In class exercise AP6-4</td>
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<tr>
<td>Apr 7/ Apr 8</td>
<td>Chapter 7(Reporting and Interpreting COGS)</td>
<td>Pgs 68-84</td>
<td>Libby: Ex7-2, 3, 7, 9 Pr 7-5 In class exercise AP7-5 Prepare CP7-1 CP7-3</td>
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<td>Apr 12/Apr 13</td>
<td>Chapter 7 (Reporting and Interpreting COGS)</td>
<td>Pgs 95-112</td>
<td>Libby: CP6-1 &amp; 3 Class Discussion</td>
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<tr>
<td>Apr 14/ Apr 15</td>
<td>Assessment #3</td>
<td>(Chapters 6 &amp; 7)</td>
<td>Project: Journal Review Due</td>
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<td>Date</td>
<td>Chapters/Assignments</td>
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| **Apr 19/ Apr 20** | Libby: Introduce Chapter 8/ Review Assessment #3  
Weiner: Chap 5, pgs 113-116 | Libby: Class discussion  
CP7-1 CP7-3 |
| **Apr 21/ Apr 22** | Libby: Chapter 8 (Property, Plant & Equipment)  
Weiner: Chapter 5 pgs 126-138, Intangibles & review | Libby: M8-1, Ex8-1,2,4,7 & 8  
**Pr8-1, Pr8-3** In class exercise  
AP8-3 |
| **Apr 26/ Apr 27** | Libby: Chapter 9 (Reporting and Interpreting Liabilities)  
Weiner: Chapter 6, pgs 139-147 | Libby: M9-4, & 5, Ex9-7, **Pr9-2, 3**, In class exercise  
AP9-1 Prepare  
CP9-6 |
| **Apr 28 / Apr 29** | Libby: Chapter 9 (Notes, WC, Long Term Liabilities)  
Weiner: Chapter 6 pgs 139-147 | Libby: M9-7 & 8, **Pr9-11** In class exercise  
AP9-6  
Class Discussion CP9-6 |
| **May 3 / May 4** | Libby: Chapter 10 (Reporting and Interpreting Bonds)  
Weiner: Appendix B, pgs 239-261 | Libby: M10-1,2,3,4, 5  
Ex10-11  
**Pr10-2 & 3** In class exercise  
AP10-2 |
| **May 5/ May 6** | Libby: Chapter 10 (Reporting and Interpreting Bonds)  
Weiner: Chap 6, pgs 148-159 | Libby & Weiner: Review for Assessment #4  
(Chapters 8,9 & 10) |
| **May 10/ May 11** | Assessment #4 (Chapter 8, 9 &10)  
**Project: Journal Review Due** |
| **May 12/ May 13** | Libby: Chapter 11 (Owner's Equity)  
Weiner: Chap 7, pgs 160-176 | Libby: Ex11-4,5,6,9,13,14,19,21,25 |
| **May 17/ May 18** | Libby: Chapter 11/ Chapter 14 (Analyzing Financial Statements) | Libby: **Pr11-5** In class exercise  
AP11-3 |
| **May 19/ May 20** | Libby: Chapter 14 (Analyzing Financial Statements)  
Weiner: Chap 9, pgs 205-219 | Libby: Ex14-5,6,7 **Pr14-6**  
Quiz on-line Homework manager Chap 14, open book |
| **May 24/ May 25** | Libby: Chapter 13 (Statement of Cash Flows)  
Exclude Direct Method  
Weiner: Chap 8, pgs 178-183 | Libby: Ex13-4,7,9,14  
**Pr13-1**, In class exercise AP13-1 |
May 26/ May 27 | Libby:Chapter 13 (Statement of Cash Flow) Weiner: Chapter 8, pgs 182-203 | Libby & Weiner: In Class exercise on Prep of Cash Flow statement. Final Project is Due
---|---|---
16 | June 1-6 | Final (Chapter 11 & 13 only) Note: See Calendar Tab for Final Schedule

**Grading:**

Note: This is a tentative course number of points for Spring 09. This will be updated on the course website and announced in class.

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<tr>
<th>Assignment</th>
<th>Points</th>
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<tr>
<td>Discussion Cases &amp; Projects (8 @ 15 pts ea)</td>
<td>120</td>
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<tr>
<td>Assessment 5 @ 75 points ea</td>
<td>375</td>
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<td>Final Project</td>
<td>100</td>
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<td>Quizzes, homework, other assignments and class participation</td>
<td>470</td>
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<td><strong>Total</strong></td>
<td><strong>1065</strong></td>
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**Grading Scale:**

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<th>Percentage of Points</th>
<th>Grade</th>
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<tr>
<td>90-100%</td>
<td>A</td>
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<tr>
<td>80-89%</td>
<td>B</td>
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<td>70-79%</td>
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<td>60-69%</td>
<td>D</td>
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<tr>
<td>50% and below</td>
<td>F</td>
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**Note:** If you decide to drop this class, it is your responsibility to officially withdraw to avoid a letter grade. CR/NC is available by making arrangement with the instructor prior to the published date on the calendar for making this change.