

University of Southern California

Leventhal School of Accounting

ACCT 410X: FOUNDATIONS OF ACCOUNTING

Course Syllabus Fall Semester 2010

Sec. # 14098R MW 4:00 pm – 5:50 pm / HOH 421

Session: 001 August 23, 2010 – December 3, 2010

Professor: Bob Kiddoo
Office: ACC 114 / ADM 252D

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Office Hours: Monday / Wednesday 9:30 am – 10:00 am; 2:00 – 4:00 pm; and by appointment

Dates to Remember:

Last day to add classes or drop without a "W"

Friday – September 10th

Last day to drop with "W"

Friday – November 12th

Exam I

Wednesday – September 22nd

Exam II

Wednesday – October 27th

Final exam

Wednesday – December 8th (4:30 – 6:30 pm)

Prerequisites:

None

Required Materials:

Porter and Norton, *Using Financial Accounting Information: The Alternative to Debits and Credits*, 6th Ed. South-Western (ISBN number is either 0-324-59374-0 or 978-0-324-59374-7)
(Please note: Although there is a more recent edition of the book (7E), we are continuing to use the 6th edition as the limited changes make it difficult to justify the new book price. Feel free to purchase the 6th edition any place that makes sense to you. ☺)

SELECTED CHAPTERS from Garrison, Noreen and Brewer, *Managerial Accounting*, 13th Ed. McGraw-Hill (The selected chapters are available for download at

<https://ebooks.primisonline.com/cgi/showebook.cgi?bookType=unselected&isbn=0390935212&x=32&y=16>

If you prefer purchasing the entire book, the ISBN number is either 0-07-337961-1 or 978-0-07-337961-6)

Recommended Material:

You will find it helpful to bring a calculator to class to work discussion problems. For exams, only school provided calculators will be allowed.

Course Description:

This course provides an introduction to both financial and managerial accounting. In general, accounting is a system that provides quantitative information to people for decision-making purposes. Financial accounting systems focus on summarizing business events and transactions for external users, such as investors and banks. Managerial accounting systems focus on summarizing important phenomena for internal users, such as marketing and production managers. Although the course will include moderately technical descriptions of concepts and demonstrations of material techniques, the primary focus will be that of the user (rather than the preparer) of accounting information.

This course is intended for those with limited, or no, prior business coursework. It is not open to students who have credit for other accounting courses, including BUAD 250A and 250B (or a similar course at another 4-year university). The course satisfies the requirement for the business minor (and other departments' majors); however, it cannot be

used toward a degree in accounting or business. Students who successfully complete the course are eligible to apply to the Leventhal School of Accounting's masters programs.

Course Goal & Objectives:

The overall goal of this course is to introduce you to both financial and managerial accounting. To accomplish this, we have several learning objectives and desired outcomes for the semester. The key objectives and *outcomes* include:

- You should gain factual knowledge of important financial and managerial accounting terminology. For example, you should be able to understand and apply basic language like: asset, liability, equity, revenue, expense, balance sheet, income statement, cash flows, net income, working capital, accruals, FIFO and LIFO, cost of goods sold, variable and fixed costs, job order costing, and activity-based costing.

The desired outcome is you can define, describe and identify examples of these items. For instance, you might be asked to define the term "asset", describe what they are and identify examples related to various business organizations.

- You should gain factual knowledge of the items contained in an organization's annual report. For example, you should be able to identify and understand the: financial statements, selected supplemental information, footnotes, auditor's report, dividends paid, and operating cash flows.

The desired outcome is you can state the items / sections appearing in an annual report. For instance, you might be asked to identify the financial statement where you would find the dividends paid.

- You should learn fundamental financial and managerial accounting principles. For example, you should learn the: balance sheet and income statement equations; effects of transactions and events on asset, liability, equity, revenue and expense accounts; revenue and expense recognition principles; effects of transactions and events on cash flows; various methods for calculating inventory values and depreciation; methods for calculating breakeven points; methods for calculating product costs; etc.

The desired outcome is you can describe key accounting / business principles. For example, you might be asked if a particular transaction impacts a specific account's balance.

- You should learn to apply the above factual knowledge to novel situations. That is, you should be able to apply the definitions learned above with your knowledge of the items contained in annual reports.

The desired outcome is you can classify examples of key concepts and locate related items in annual reports. For instance, you might be asked to: determine if a particular item is an asset, a liability or something else; locate dividends in a given set of financial statements; etc.

- You should learn to apply the above accounting principles to novel situations. That is, you should be able to: document the impact of transactions (e.g., the purchase of materials with credit) on accounts (i.e., inventory and accounts payable); or calculate the 'total' cost of a manufactured product.

The desired outcome is you can calculate various accounting figures (e.g., account balances, costs, etc.) using fundamental accounting principles. For instance, you might be told that a company borrowed funds from a bank and asked to record the changes to appropriate accounts resulting from this transaction.

- You should begin to learn how to critically analyze financial statements using the above factual knowledge and principles. Specifically, using your understanding of important terms, transaction impacts and business events on financial statements, and the definition and underpinnings of financial ratios, you should begin to be able to make assessments of an organization's economic "well-being".

The desired outcome is you can demonstrate the use of basic financial ratios, along with other information, to perform a simple analysis of selected financial statement areas. For instance, you might be asked to calculate a set of ratios to compare the profitability of two organizations.

To achieve these learning objectives, a combination of background reading, interactive discussion / lecture and practice problems will be utilized. Please note, the most important word in the previous sentence is interactive. The reason for this is that research on learning indicates that it is very difficult to gain anything more than a superficial understanding of material without practice and feedback. Therefore, our class sessions will incorporate a substantial amount of both. Although attendance will not be taken, given that: 1) you will be required to demonstrate your knowledge by individually working problems during quizzes and exams; and 2) you cannot obtain this practice / feedback loop without attending class, your attendance is very important to your success in this class.

One other thought, the "Problems to Try" for each class session should be considered optional as homework will not be collected or graded. It is understood that some students' learning style is to do problems before class and receive further reinforcement on the material as it is covered in class. On the other hand, some students feel more comfortable working the problems after they have been covered in class, which will almost always be done. Feel free to choose the option that works best for you.

Performance:

Your grade in this class will be determined by your relative performance on three exams and the highest three scores from five quizzes. The total class score will be weighted as follows:

Exam I	25%
Exam II	25%
Final Exam	35%
Highest Three (of Five) Quizzes	15%

After total points are determined for the semester, letter grades will be assigned on a curve according to Marshall School of Business grading guidelines.

The grade of "W" is allowed only if a student withdraws after the third week but before the end of the twelfth week of the semester. The grade of incomplete is reserved for highly unusual cases where the student is unable to complete a single specified item of the course requirements. See Leventhal School of Accounting grading and academic guidelines for further information.

After each test is returned there is a one-week reflection period and then you will have one week to discuss your grade. After this time, grades on tests become final. All other grades are final once given.

My expectations for your performance on quizzes and exams are as follows:

Exams

Exams will include multiple-choice questions, short answer / brief essay questions, longer problems and worksheets. You can only use school provided calculators (that I will provide) in accordance with Leventhal School policy. Preparing for exams takes focus and ends only when you can: 1) identify the relevant issues in a business situation; 2) analyze the data and transform it into information to be used in a comprehensive answer; and 3) explain everything you did using techniques demonstrated in class. The best bet for success is

keeping up with the work in class, reworking problems done in class and trying other problems from the books. Remember, on exams you will be required to perform all work (e.g., problem setup, solution generation, and answers presentation) on your own.

Quizzes

Quizzes will include multiple-choice questions, short problems and worksheets given randomly during the semester. Because there is little ambiguity as far as the correctness of answers in this course, the expectations are clear – you should answer them as accurately as you can and as thoroughly as you can. Preparing for quizzes is facilitated by keeping up with the work in class, reworking problems we have done in class and trying other problems. No make-up quizzes will be given.

Attendance / Participation

It is to your advantage to attend class every day, be well prepared, and act professionally. The reasons for this are:

- The material covered in class is considered the most important for the course. This means that this is what will make up the majority of the material for quizzes and exams.
- Exams start promptly at the beginning of class; late arrivers will not be given extra time.
- Although participation is not a formal part of the course grade, the top contributors in each section (i.e., the top 15%-20% depending on the deviation of the final participation scores) will be eligible to receive a one-third letter grade increase in their final grade. For example, if you earn a B based on your total points from exams and quizzes, you would receive a B+ if you qualify as one of the top contributors. Top contributors will be identified by contribution scores recorded each day. The scores will not reflect how much a student talks, but instead they will be based on the quality of the overall contribution to the class. “Quality” reflects many factors – for example, occasional thoughtful comments and questions that reflect effort are more important than continual comments and questions that do not reflect thoughtfulness or improve the learning experience.
- Although professionalism is not a formal part of the course grade, those students who are unprofessional in class may have a one-third letter grade reduction in their final grade. Unprofessional conduct includes, but is not limited to: interrupting class with talking, texting, emailing; engaging in activities related to other classes; and other behaviors that result in distractions to anyone in the room. Before a grade reduction occurs, the impacted individual will be invited to in for a meeting to discuss the situation. If the conduct continues after the meeting, the cost will be a part of the student’s grade. So, for example, if you earned a B for the course, your grade would be lowered to a B-.

Makeup Exams

The Leventhal School of Accounting policy is exams should not be missed unless there is a very serious emergency AND it can be properly documented. Also, to the extent possible, you must inform the instructor of the emergency prior to the exam (it is understood this is not always possible). If you miss an exam for something other than a serious emergency and / or you cannot provide documentation, you will receive a zero grade for the exam. If there is a serious emergency, you can provide proper documentation and (when possible) have notified me before the exam, a substitute grade will be calculated based on the average of your remaining future exams. That is, a simple average for all *future* exams will be calculated and used as the score for the missing exam.

Final Exam

The final exam must be taken at the scheduled time unless an incomplete contract has previously been approved according to Leventhal School of Accounting guidelines. Please see the LSOA standards attached to the end of the syllabus for further information.

Academic Integrity:

USC seeks to maintain an optimal learning environment. General principles of academic honesty include the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the

obligations both to protect one's own academic work from misuse by others as well as to avoid using another's work as one's own. All students are expected to understand and abide by these principles.

Scampus, the Student Guidebook, contains examples of behaviors that violate university standards and the recommended sanctions for violations in the Student Conduct Code, Section 11.00. The section can be found at

<http://web-app.usc.edu/scampus/1100-behavior-violating-university-standards-and-appropriate-sanctions/>

Students will be referred to the Office of Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at

<http://www.usc.edu/student-affairs/SJACS>

Paperwork Retention Policy:

Any materials not picked up by the end of the semester will be discarded after final grades have been submitted.

Student Honor Code:

All students are bound by the standards established in the Student Honor Code. Please consult with me if you have any questions

Students with Disabilities:

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m. – 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.

**USC Emergency # (213) 740-4321
USC Emergency Information Line (213) 740-9233
USC Information # (213) 740-2311
and KUSC Radio 91.5 FM**

SCHEDULE OF CLASSES

<u>Session</u>	<u>Date</u>	<u>Topic</u>	<u>Reading Assignments</u>	<u>Discussion</u>
Financial Accounting (Porter and Norton)				
1	8/23	Introduction to Course / Purposes of Accounting		
2	8/25	Introduction to Financial Accounting	Ch 1: pp 2-30	
3	8/30	Balance Sheet (I)	Ch 2: pp 61-66	Ex 2-2, 2-9* (* just classify as B/S or non-B/S)
4	9/1	Balance Sheet (II)	Ch 2: pp 54-60, 67-68 Ch 3: pp 104-109, 111-112 Ch 4: pp 156-158	Prob 2-3
5	9/8	Income Statement (I)	Ch 4: pp 159-165	Ex 4-2
6	9/13	Income Statement (II)	Ch 3: pp 109-111 Ch 4: pp 166-182	Ex 3-5
7	9/15	Income Statement (III)	Ch 2: pp 69-73	Prob 4-2* (* ignore salvage value in part a)
8	9/20	Reading an Annual Report	Ch 1: pp 29-30 Ch 2: pp 54-56, 73-76, 82-84 Ch 6: pp 296-302	
9	9/22	Exam I (Sessions 1 – 8)		
10	9/27	Accounts Receivable and Revenues (I)	Ch 5: pp 215-216 Ch 6: pp 288 Ch 7: pp 324-330	Ex 6-1, 6-2 Prob 7-2
11	9/29	Accounts Receivable and Revenues (II) / Inventory and Cost of Goods Sold (I)	Ch 5: pp 211-221, 223-224, 227-232 Ch 7: pp 331-333, 346	Prob 7-3
12	10/4	Inventory and Cost of Goods Sold (II)	Ch 5: pp 233-243, 246-250 Ch 7: pp 346	Ex 5-11(pt 2-4) Prob 5-6(pt 2)
13	10/6	Noncurrent Assets (I)	Ch 8: pp 364-369, 375-376 Ch10:pp 481-484	Ex 8-1, 8-2, 8-11
14	10/11	Noncurrent Assets (II)	Ch 8: pp 370-374, 377-389	Ex 8-4 (do SL also), 8-5, 8-6
15	10/13	Investments (I)	Ch 7: pp 339-346	Ex 7-7
16	10/18	Investments (II) / Time Value of Money	Ch 9: pp 424-437	Ex 9-13, 9-17
17	10/20	Current Liabilities / Noncurrent Liabilities (I)	Ch 9: pp. 411-424 Ch10:pp. 465-474	Ex 9-4, 9-7
18	10/25	Noncurrent Liabilities (II)	Ch10:pp 475-478, 485-487	Brief Ex 10-3, 10-8 Prob 10-2, 10-3(pt 1)
19	10/27	Exam II (Sessions 10 – 18)		
20	11/1	Owners' Equity / Statement of Cash Flows (I)	Ch11:pp 511-522, 531-536 Ch12:pp 569-582, 594-596	Ex 11-3 Brief Ex 12-3
21	11/3	Statement of Cash Flows (II)		Prob 12-1
22	11/8	Financial Statement Analysis	PN – Ch. 13, pp. 633-660	Prob 13-7

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<u>Session</u>	<u>Date</u>	<u>Topic</u>	<u>Reading Assignments</u>	<u>Discussion</u>
Managerial Accounting (Garrison, Noreen and Brewer)				
23	11/10	Introduction to Managerial Accounting / Determining Cost of Goods Sold	Ch 2: pp 33-46, 51-52 Ch 3: pp 89-90	2-10, 3-1
24	11/15	Determining Product Costs (I)	Ch 2: pp 46-51	2-13, 2-16
25	11/17	Determining Product Costs (II) / Activity-based Costing (I)	Ch 3	3-5, 3-6
26	11/22	Activity-based Costing (II) / Fixed vs. Variable Costs	Ch 5: pp 188-208	5-8, 5-11
27	11/24	Cost-Volume-Profit Analysis	Ch 5: pp 210-211 Ch 6	6-4, 6-13, 6-17(pt 1-2)
28	11/29	Standard Costs and Variances (I)	Ch11:pp 451-465	11-8
29	12/1	Standard Costs and Variances (II)	Ch11:pp 465-471	11-10
Final	12/8	Final Exam (Sessions 20 – 29)		4:30 – 6:30pm