Department of Accounting ACC 311 –Fundamentals of Financial Accounting Spring 2014: Syllabus

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Office Hours: Tuesday and Thursday 9:30-10:30

Class time and <u>Unique #'s: 02535, 02540</u>

location: Tuesday&Thursday

11:00 - UTC 1.116 and 12:30 - UTC 4.110

Teaching Assistants: Diana Charrier and Carrie Snow (MPA students)

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Office: GSB 5.126D
Office Hours: To be determined.

What is this class all about and why should you take it?

In this class we will cover accounting from the very basics through the creation and use of financial statements. The goal of the class is to help you understand accounting as a system of representing business and economics so that you can use and apply this knowledge. A cliché is that accounting is the language of business. As much as I hate clichés, this one is useful.

A solid knowledge of accounting will ensure that you are best equipped to understand the way and manner in which businesses make economic transactions, the implications of these transactions, and the various ways in which you can use this information to: understand firms, analyze firms, inform decisions, make decisions, and, ultimately, work through and solve more challenging problems and applications.

This class is extremely important for students who aspire for careers in <u>business</u>, especially those not pursuing accounting. This class will help prepare you for your future and will differ from your past classes and high school.

If you put the time in, this class will help you understand accounting, provide you with the ability to better understand various aspects of businesses and help lay the foundation for future success as a student and in your career.

What is the game plan for how to do well?

- 1. Attend class and be an active learner.
- 2. Do all of the homework, whether or not it is required
- 3. If you struggle, review the class material in the <u>24 hours</u> that follow class—do this with a small group or on your own and then come talk to me or our TAs.
- 4. Read (and at times reread) the text, especially for the areas that you find more challenging

Things that may not help you:

- 1. Not paying attention during class or, worst of all, skipping class. One way to think about it is that you may expect to drop a letter grade (A to A-) each pair of classes you miss
- 2. Relying on the fact that you were an A student in high school
- 3. Not preparing for class nor reviewing the material and attempting to cram for exams

Objectives of the course: To learn the following:

- A. The nature and purpose of accounting for businesses, organizations and society in general, with emphasis on corporate business entities.
- B. Accounting methods and their use as an orderly means of recording, classifying, and presenting *useful* information from a mass of data derived from transactions and events affecting businesses.
- C. The basic language of business as represented by business and accounting terminology.
- D. The concepts and standards underlying the measurements used in accounting to develop the financial statements of businesses.
- E. The creation, use and interpretation of financial reports (i.e., income statements, balance sheets, statements of cash flows) prepared for users external to businesses (i.e., owners, creditors, government and investors). We will stress the interpretation and use of financials from the perspective of business decision makers.

Required Materials and Equipment:

- <u>Textbook</u>: *Financial Accounting*, 7th Edition, by Libby, Libby, and Short, (McGraw-Hill/Irwin, 2011).
- Accounting Cycle Supplement: *Solid Footing: Building an Accounting Foundation*, 6th edition, by Dan Wiegand, (Micro Solve, Inc., 2012). [This is a text with accompanying software and files.]

NOTE: There is a special distribution system for *Solid Footing* to save students money and to ensure that every student has the necessary tools to do Solid Footing Assignments on a timely basis. I WILL POST DIRECTIONS FOR ACQUIRING THE SOLID FOOTING TOOLS.

Calculator: A financial calculator is required for this course. A financial calculator is one that has dedicated keys for convenience in working problems involving the time-value of money. The keys typically are labeled N (number of periods), I/Yr (required interest rate per period), PV (present value), PMT (payment per period), and FV (single future payment amount). If you already have such a calculator, you do not need to buy a new one. However, if you do not already have such a calculator, you should buy an HP 10bII+. This calculator is recommended by both the accounting and finance faculty of the McCombs School of Business. It will be supported in ACC 311 classes. If you have another kind of financial calculator, you will have to learn how to use it outside of class (the faculty will supply you with a list of things you must be able to do).

Note: You may NOT use calculators that have text memory (e.g. for programs) or cell-phone calculators on quizzes or examinations. Examples of PROHIBITED CALCULATORS are the TI-83, 84, 86 and 89 that many of you have used since high school. You may use simple 4-function calculators if an exam or quiz does not require TVM calculations.

Supplements

- Homework solutions (will be made available on Blackboard)
- Instructor PowerPoint Slides (will be made available on Blackboard)
- Sample 311 Midterm Exams (will be made available on Blackboard)
 - O Please note: Our exams will not be regurgitations of the practice exams. If you ignore the class and only work the practice exam you are not really working. There is no need to tell me about how much time you put into working a practice exam when you are not working week to week.
- Blackboard Website: courses.utexas.edu

Publisher Supplements

- <u>Student CD ROM</u>: *Financial Accounting*, Seventh Edition (Generally only available with <u>new</u> textbook purchases)
- <u>Study Guide</u>: *Financial Accounting*, Seventh Edition (may be packaged with new textbooks or may be purchased separately)
- Website for the text: www.mhhe.com/libby7e

Prerequisite:

The prerequisite for this course is twenty-four semester hours of (prior) college credit. If you do not satisfy this prerequisite, you should drop ACC 311, or the Office of the Dean of Undergraduate Programs will drop you from the course. Instructors may not waive prerequisites to their courses.

Quantitative Reasoning Flag

This course carries the Quantitative Reasoning flag. Quantitative Reasoning courses are designed to equip you with skills that are necessary for understanding the types of quantitative arguments you will regularly encounter in your adult and professional life. You should therefore expect a substantial portion of your grade to come from your use of quantitative skills to analyze real-world problems.

Course Routine

I will conduct the course by giving lectures, facilitating solutions to in-class exercises and conducting discussions in a manner that encourages class participation by students, consistent with the objectives of the course and the time available.

Students are expected to study the chapter readings before topics are introduced in class and do assigned homework questions, exercises and problems to reinforce what they learn (you can't effectively learn accounting without doing exercises and problems). Students are encouraged to ask questions and to request that particular points be explained in more detail if they remain confused or uncertain about items discussed or if concepts remain unclear.

Homework

There are three types of homework in the course: (1) *Solid Footing* homework (2) graded problems from the textbook or distributed by the instructors and (3) supplemental homework from the textbook.

- (1) Solid Footing: During the first four weeks of the course, you will be learning about the accounting cycle, the process with which companies capture transaction data, record them, summarize them and transform them into financial statements that conform with Generally Accepted Accounting Principles (GAAP). It is essential that every student develop a solid understanding and ability to do accounting cycle tasks because these accomplishments early in the course are the foundation for learning the remaining content of the course. Accordingly, the faculty adopted *Solid Footing*, a semi-interactive tool for learning the accounting cycle. It is meant to present, reinforce and test progress in the accounting cycle in a way that leads to more consistent and deeper understanding among our students, leading to less attrition and disappointing grades in ACC 311. To be sure that all students keep up with the lessons during this phase of the course, we require that Solid Footing homework assignments be uploaded through Blackboard to be graded. See the Solid Footing column of the attached course schedule for the assignments and dates on which they must be uploaded before the start of class of the day they are assigned.
- (2) <u>Graded Homework</u>: Once Solid Footing ends, there will be graded homework associated with each Chapter that we cover. Some of these will be introductory and are others will review the material we have covered in class. These homeworks will be posted on Blackboard throughout the semester and make up part of the 15% of the instructor discretion grade.
- (3) <u>Supplemental Textbook</u>: Homework is assigned from the chapters we cover. While these are supplemental, students who put effort into working on these week to week usually get high grades and those who ignore them do not get their desired high grades (including students who have gotten A's in high school). You do not turn in the supplemental homework and these solutions will be available on Blackboard. The supplemental homeworks are intended to be a learning experience rather than a grading device. You should develop your best solution for each of the questions, exercises and problems assigned.

Unless otherwise, noted, working with fellow students on this homework is fine. If you have questions about how to solve the exercises or problems after looking at the solutions, you should post your questions to our discussion board or consult with the TA or me during office hours or by appointment.

Quizzes

Part of the 15% instructor discretion grade can include quizzes. Quizzes will consist of short answer, True/False, and/or multiple-choice questions. You will be able to drop your lowest quiz grade. If you miss a quiz you will receive a zero for that quiz. There are no make-up quizzes. If the quiz is an in-class quiz and you leave class after taking the quiz but before the end of class, I reserve the right to discard any quizzes for students not in attendance for the entire class period. You MUST come to the section in which you are officially registered to receive credit for any quiz or in-class assignment. Not all quizzes will have the same point value. I do not return graded quizzes, but they are kept in my office and you may come and examine yours and ask questions. Complete solutions for each quiz will be posted on Blackboard.

Class Protocol

If for some reason you are running late, do not feel you should skip class. Please come in quietly and take a seat at the side or in the rear of the classroom. If you must leave class early, please tell me before class starts. I would appreciate it. Such comings and goings during class should be rare—do not let them become a habit. If you need to miss a class or other required activity, including an examination, for any reason, please inform me as far in advance of the absence as possible, so that I can approve the absence as excused and arrangements can be made to complete any missed work within a reasonable time after the absence. If you miss a class or other required activity, including an examination, for reasons beyond your control, precluding prior notice, inform me of the circumstances as soon as you are able.

Please allow me to stress the importance of your efforts and focus. If you want to do well in this class, master the material and be able to apply these lessons in your future, it is critical that you give your best.

Personal Electronic Equipment Policy

The University delegates to individual faculty members responsibility for and authority over classroom procedure and decorum. Due to abuse by those who came before you, I regret to announce you may not use a LAPTOP, CELL PHONE, TABLET or any other such equipment during class time (unless it is an accommodation specified by the Office of Services for Students with Disabilities).

Cell phones should not be left on vibrate; they must be off. If you text during class, I reserve the right to take your phone and read aloud whatever texts you made during class. Do not text during class as it is embarrassing, distracting and unprofessional. In the same way, I will not text any of you about class when you are hanging out with your friends or engaging in activities outside of class. If your cell phone is on, out, vibrates or rings during an exam, you will get a 0 on the exam.

DO NOT TEXT DURING CLASS OF LEAVE YOUR PHONE ON FOR AN EXAM.

In addition to the use of the above types of equipment, all other forms of distracting behavior are prohibited. I won't begin to list such behaviors; you should know what is inappropriate.

E-mail and Blackboard

The use of email and Blackboard is <u>required</u> for this course. I will frequently communicate with the class with announcements and guidance and I will answer personal questions via email.

Non-personal questions, including those related to the class, homeworks, or material should always be posted to the class's Discussion Board. The TAs and I will review this board and post answers when necessary, but the expectation is that you will also help answer each other's questions. Questions cannot be about a specific homework answer or any exam. (For example, "What is the answer to Question 2 of Homework 4...") Useful questions and helpful answers and good questions work towards class participation.

Electronic Class Rosters

A recent opinion from the US Department of Education states that the University must inform students in advance if their name will be appearing on an electronic class roster: Since Fall 2001, web-based, password-protected class sites have been available for all accredited courses taught at The University. Class e-mail rosters are a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on restricting directory information see: http://www.utexas.edu/student/registrar/catalogs/gi00-01/app/appc09.html

Academic Standards

A high academic level will be maintained with respect to (a) the quality of the course and (b) grading. Semester grades will be determined using the following factors and relative weights:

Solid Footing homework	5%
Two (non-cumulative Midterms)	
Lowest Midterm	15%
Highest Midterm	30%
Final Exam (comprehensive)	35%
Instructor discretion—quizzes,	
Non-Solid Footing Homework, group projects, etc.	<u>15%</u>
	100%

The ACC 311 faculty has adopted the University's plus/minus grading as the standard for all sections of the course. The faculty believes that plus/minus grading permits us to better distinguish gradations in performance and provides better feedback to students on their performance.

¹ Under the traditional grading system an undergraduate student needs a D or better to receive credit for a course; under the plus/minus system an undergraduate student needs a D- or better to receive credit.

Course grades will be such that the class average will be in the range of 3.0-3.2. Grades will be based on the total points earned in the course (as shown above). You may assess your performance based on the traditional grade cutoffs of 90% = A, 80% = B, 70% = C, 60% = D, and below 60% = F. It is possible, but not guaranteed, that we will curve grades at the end of the course. No grades will be associated with scores on exams or quizzes during the semester. In addition, no individual exam grades will be curved during the semester.

Incompletes will be given only in the RAREST of circumstances and only in accordance with university policy. There will be no opportunity to raise your course grade by doing "extra credit" work during or after the end of the semester—that would violate University policy. Asking for this is unprofessional.

Examinations

There will be two midterm examinations and a comprehensive final examination.

Exams 1 & 2 will be uniform (all sections at the same time).

Exam 1: Wednesday, February 19th 7-9 PM Rooms TBA Exam 2: Wednesday, April 2nd 7-9 PM Rooms TBA

Make-ups will be the following day or evening.

The <u>Final Exam</u> will be uniform (all sections at the same time) and comprehensive (covering the entire course). It will <u>NOT</u> be given on the dates and times listed in the UT course schedule. We have asked the University for Thursday, May 8th, 7-10 PM, as our primary exam date and time. We have requested our make-up exam to be scheduled Friday, May 9th, 7-10 PM. Although we usually get the dates we request, we cannot guarantee these dates. The actual dates and times will be announced later in the semester.

<u>Only students</u> with conflicts with other classes, medical or other documented emergencies and special needs will be given exams at times other than the uniform exams. <u>If you have a job or extra-curricular activities at the times of the exams, this is notice that you are responsible to be excused, miss or work around those other <u>activities.</u></u>

<u>Unexcused absence from any examination</u> will result in a score of zero. If you miss an exam due to an illness or other emergency reason, you should notify me as soon as possible and provide me with written documentation (e.g., a note from the attending physician) after you return. I have final authority to determine if your absence should be excused and if I can give you a make-up exam. If you have an <u>excused</u> absence from a mid-term exam and I cannot give you a make-up exam, you will receive extra weight on your final to compensate for the missed examination.

If you need to make early travel reservations for the end of the semester, you should make them for travel on May 16th or later—because we will not know until well into the semester exactly when our examination will be scheduled by the University. If you make non-refundable (or non-cancelable) arrangements for travel before May 16th they will not be an acceptable reason for taking the final exam early.

Grading Questions or Appeals

<u>Do not wait</u> until the end of the semester to question or appeal grade components other than the final examination.

If you feel there exists a grading error on any of the grade components, or if you feel you need to bring to the attention of our Teaching Assistant or me other facts or circumstances that might affect the grade for that item, you will have 3 days during which the University is open from the date the grade is posted on Blackboard to take such action and have the matter resolved. That is, If I return an item on a Tuesday of a regular week, you have until the end of day on Friday to bring the grading issue to my attention.

Religious Holy Days

You will be given excused absences for observance of religious holy days. By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence. If more than two days lapse between an exam and your return, the missed exam will be dropped as a requirement for you. Missed quizzes will not be made up, but will be dropped in determining your quiz score.

Dropping the Course

Students must go through the official procedures to drop the course. A student who stops attending the class and fails to officially drop will receive a grade of F. Consult the Academic Calendar on the Registrar's website (http://registrar.utexas.edu/calendars/) for specific deadlines.

Students with Disabilities

Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, http://www.utexas.edu/diversity/ddce/ssd/.

Policy on Scholastic Dishonesty

Don't cheat as (1) it is wrong; (2) the costs far outweigh the benefits: you don't want to get kicked out of our University in a short-sighted attempt to make a B+ an A-; and (3) there is a very good chance that your cheating will be revealed and we will all be extremely disappointed. Moreover:

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program's Statement on Scholastic Dishonesty at http://www.mccombs.utexas.edu/BBA/Code-of-Ethics.aspx. By teaching this course, I have agreed to observe all faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all student responsibilities described in that document. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at http://deanofstudents.utexas.edu/sjs/ to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

Campus Safety

Please note the following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, http://www.utexas.edu/safety/:

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform their instructor in writing during the first week of class.
- o In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire Department, the University of Texas at Austin Police Department, or Fire Prevention Services office.
- o Behavior Concerns Advice Line (BCAL): 512-232-5050
- Further information regarding emergency evacuation routes and emergency procedures can be found at: <u>www.utexas.edu/emergency</u>.

ACC311

Libby, Libby, Short, Financial Accounting, Seventh Edition Textbook Material <u>Excluded</u> From the Course

Chapter 1

Chapter Supplement B: Employment in the Accounting Profession (p 25-26)

Chapter 2

Key Ratio Analysis: Current Ratio (p 68-69)

Chapter 3

Key Ratio Analysis: Total Asset Turnover Ratio (p 127)

Chapter 4

Key Ratio Analysis: Net Profit Margin (p 182-183)

Chapter 5

A Closer Look At Financial Statement Formats And Notes (pp. 240-249)—continue reading at bottom of p. 249.

Chapter 6

Report, control and safeguard cash (pp. 295-301)

Chapter 7

Inventory Methods and Financial Statement Analysis (p 350-351)

Chapter Supplement A: LIFO Liquidations (p 357-358)

Chapter Supplement B: Additional Issues in Measuring Purchases (p 358-359)

Chapter 8

Key Ratio Analysis: Fixed Asset Turnover Ratio (p 390-391)

Repairs, Maintenance and Additions (pp. 394-395)====→ Read the supplemental reading provided by

Read the supplemental reading provided by the faculty on Blackboard instead of these pages.

Chapter 9

Key Ratio Analysis: Quick Ratio (p 458) Working Capital Management (p.467-468)

Chapter Supplement A: Present Value Computations Using Excel (p. 478-480)

Chapter Supplement B: Deferred Taxes (p 480-481)

Chapter 10

DO NOT READ Chapter 10 in Libby, Libby & Short.

Read the supplemental Chapter 10 reading provided by the ACC 311 faculty on Blackboard.

Chapter 11

Key Ratio Analysis: Dividend Yield (p 560) Stock Dividends and Stock Splits: (p. 563-564)

Preferred Stock: (p. 565-567)

Chapter Supplement A: Accounting for Owner's Equity for Sole Proprietorships and Partnerships (pp 576-579)

Chapter 12

Key Ratio Analysis: Economic Return from Investing: (p. 609)

Investments for Significant Influence: (p. 609-614)

Controlling Interests: Mergers and Acquisitions: (p. 614-616)

Chapter 13

Key Ratio Analysis: Quality of Income Ratio (p 651)

Key Ratio Analysis: Capital Acquisitions Ratio and Free Cash Flow (pp 654)

Chapter Supplement B: Adjustment for Gains and Losses on Sale of Long-Term Assets—Indirect Method (p. 664-665) Chapter Supplement C: Using a Spreadsheet to Prepare the-Statement of Cash Flows--Indirect Method (p. 665-666)

Chapter 14

Financial Statement Analysis (pp. 698-end)