

## **ACCT 230-02: Principles of Financial Accounting**

*Faculty:* Carlos A. Mello-e-Souza

M, W, F, 11:55AM-1:20PM ; Lectures in Pigott 100

Office hours: **M, W** 10:00-11:30AM; **M** 3:30-5:30PM; or by appointment.

### ***Course Objective***

The financial accounting system is designed to identify, process, and communicate information about the performance and financial condition of a business. The ultimate goal of financial accounting is to provide information useful for making economic decisions. The goal of this course is to help you develop:

- (1)** an understanding of the role of accounting in society and in organizations;
- (2)** the ability to use information presented in financial statements to make decisions;
- (3)** proficiency in the use computer-based spreadsheets models.

### ***Students with Disabilities***

If you have, or think you may have, a disability (including an 'invisible disability' such as a learning disability, a chronic health problem, or a mental health condition) that interferes with your performance as a student in this class, you are encouraged to arrange support services and/or accommodations through Disabilities Services staff in the Learning Center, Loyola 100, (206) 296-5740. Disability-based adjustments to course expectations can be arranged only through this process.

### ***Schedule***

A tentative distribution of topics throughout the quarter is attached at the end of this syllabus. Deadlines for assignments, exam dates, and the main topics covered in each exam are shown there. The schedule may be adjusted from time to time as the course progresses due to variations in the time needed to explain each topic. Such changes will be announced by email and in class with sufficient time for you to adjust.

I urge you not to fall behind in your readings and assignments because once you fall behind in ACCT 230 it is difficult to recover.

My office hours are shown in the heading above. Office hours are a great opportunity for you and I to discuss the course, financial accounting concepts, career choices, or any other topic or issue that you think I could help you with. It is best to come to office hours regularly throughout the course, rather than just before an exam, because at those times many of your classmates will be wanting to see me as well.

### **Teaching Materials**

Required text #1: "Financial Accounting: Tools for Business Decision Making," 4<sup>th</sup> Edition, by P.D. Kimmel, J. J. Weygandt, and D. E. Kieso. [Student Companion Site](#)

Required text #2: "Understanding Corporate Annual Reports" 6<sup>th</sup> Edition, by W. R. Pasewark.

I have selected four articles on Excel for you to read during the course. All are available from Lemieux Library's online databases.

- Bradley, H. "Excel Chart Art." Macworld (September 2003) : 80-81.
- Freeman, D. "How to Make Spreadsheets Error-Proof." Journal of Accountancy (May 1996) : 75-77.
- Kreie, J. and Pendley, J. "Spreadsheet Safety: Designing the Perfect File." Journal of Accountancy (November 1998) : 31-34.
- Lacher, J. "The Power of Spreadsheets." Journal of Accountancy (May 1997) : 66-72.

To obtain these articles:

- (1) Go to Lemieux Library's website; [Lemieux Library](#)
- (2) Under "FIND JOURNALS, MAGAZINES, NEWSPAPERS" select "FULL-TEXT ONLINE J. LIST"
- (3) Enter the title of the journal you need
- (4) Click on the link
- (5) Enter your username, password
- (6) Search for the article you need!
- (7) Download a pdf copy.

### **Evaluation**

Performance evaluation will be based on three homework assignments (collected in class *at random*), two Excel projects, three exams and participation. The relative weights in the final score are as follows:

3 Homework Assignments	<b>15%</b> (5% each)
Excel Project	<b>7½%</b>
Financial Analysis Project	<b>7½%</b>
3 Exams	<b>60%</b> (Max{20% each; 30% 1st & 3rd; 30% 2nd & 3rd })
Participation	<b>10%</b>

An approximate correspondence of final scores with letter grades is as follows:

< 50	> 50	> 60	> 70	> 75	> 85	> 89-90
F	D	C-,C,C+	B-	B	B+	A-, A

The correspondence is approximate because I wait for significant gaps in the ranked scores before changing letter grades. I also consider the trend in grades and participation in borderline cases. (Note: Angel should be used only to verify your grade on each assignment. Please check final score and expected final score calculations using the grading formula above.)

Click on the Excel icon below if you would like to compute your current grade in the course.

*(Notice that you can't change certain cells. They are "protected". Why is this useful? Do you know how this is done? Also, see how I compute your overall grade in the three exams. You can see row and column headers again by choosing TOOLS->OPTIONS, and then checking the bullet next to "row & column headers.")*



Grade Calculator

- **PARTICIPATION** – Positive participation implies taking on a constructive role in class. Examples of positive participation are: coming to class, arriving on time, paying attention, making insightful comments, asking relevant questions, answering questions, and getting actively involved in discussions, including online. Class conduct (as described below) contributes to the class participation score. Asking an excessive number of questions and/or making comments that do not contribute to the topic under discussion interferes with the learning experience of all students and counts as negative participation. The same holds for any other type of disruptive or disrespectful behavior.
- **HOMEWORK** is due at the beginning of class in hard copy format when indicated in the attached schedule. Three homework assignments will be collected at random. Although homework is due only after the corresponding topics have been discussed in class, I expect that you will have read carefully the assigned chapters before we meet for each class. Students who prepare for class by reading the relevant chapters in the textbook learn more, get more out of the time spent in class, and their grades will most likely reflect this.

When grading homework assignments I allocate points for turning in the assignment in good form (20/100 points) and for showing "reasonable" effort (20/100 points). The

remaining 60/100 points are awarded based on the quality of your answers. I consider an answer to be of high quality when it shows diligence, care, and a solid understanding of the issues involved.

Collaboration on homework: It is okay for pairs of students to work together on homework assignments. It is helpful—when studying a subject as complex as accounting—to discuss readings and problems with one or more classmates. It is very important, however, to make sure that both members of every study group are really learning the material.

So that I don't find myself reading several sets of identical papers, please submit only one paper for each study group, with the names of the *contributing* group members listed on the first page. If the paper deserves an A, for example, then both members of the group will get an A. I will take 25 points off the grade of identical assignments that are handed in separately.

- **THE EXCEL PROJECT** requires that you prepare a worksheet to solve an accounting related problem. Deliverables include: (1) Excel file or files in digital format in the Angel dropbox; (2) printout in regular view; (3) brief but clear and complete instructions for use, including limitations and suggestions for improvement. Your grade will depend on:
  - correctness – does the worksheet produce the correct answer?
  - generality – is the worksheet capable of solving bigger problems?
  - user-friendliness – is the worksheet easy to use and understand?
  - reliability – does the worksheet generate diagnostic error messages?
  - – do you test the input for validity?

For your Excel project you can choose one of three topics: (1) general purpose financial ratio calculator and chart plotter; (2) worksheet to help prepare IRS form 1040; (3) worksheet to compute Altman's Zeta ratio, an indicator of probability of bankruptcy, given the necessary financial statement information.

The Excel project is to be done individually or in pairs. The faculty of the Albers School has introduced an Excel component in several core courses because we believe you all need strong computer skills, and in particular strong Excel skills, to land and keep a job in today's very competitive business environment. In order to learn Excel *each* of you must struggle with the problems of designing these worksheets, implementing your designs, and testing the final products. ALL of you must become proficient in Excel, not just some of you. If you have difficulties -- whether in designing worksheets, using functions, linking worksheets, or anything else -- please come and see me, write me an email, use the help system within Excel, or look it up in other Excel references. But

don't leave this until the last minute, and do not collaborate with other groups on these projects.

- **THE FINANCIAL ANALYSIS PROJECT** involves learning about the structure, content, and meaning of the information normally contained in the financial statements of a publicly traded company. For this you will follow the instructions contained in the textbook by W. R. Pasewark (required text #2 above). This project is individual, and no collaboration is allowed.
- **EXAMS** are closed textbook and notes, but you can bring a 4x6 inch index card "cheat sheet" written on one or both sides, and the "Understanding Corporate Annual Reports" workbook. The 1<sup>st</sup> exam covers chapters 1-4. The 2<sup>nd</sup> exam covers chapters 1-6, 8, 9. The 3<sup>rd</sup> exam covers chapters 1-6, 8-11, Appendix C and topics in Excel. All exams may include questions related to the financial analysis project.
  - ✓ Exams must be taken on the day and time scheduled. Make-up exams will be given only for the final exam, and then only in the case of *documented* work, medical or family emergencies. (If you do not have a valid reason for missing the final exam you will receive a zero on that exam.) Note that the grading scheme is designed to make it advantageous for you to come and sit for every exam, even if you are not very confident about your knowledge of the topics covered.
  - ✓ When studying for an exam, keep in mind that I will ask questions on topics covered in the readings and chapters assigned, but my questions are not necessarily similar to questions found at the end of each chapter. I often formulate questions that test not just your ability to memorize solutions and definitions, but also whether you really understood the key concepts and techniques discussed in class and in the assigned chapters.

### ***General rules for assignments***

- Part of the grade in every assignment (homework, projects and exams) is related to presentation quality.
- Due dates for assignments are given in the attached schedule. All assignments must be ready to be turned in on the due date at the beginning of class (in hard-copy format), and just prior to class in the Angel dropbox in the case of Excel files. Papers cannot be delivered via e-mail or as an e-mail attachment, unless prior permission is given. Late assignments will not be graded.
- Please observe the following minimum guidelines in all your papers:
  - (1) put a staple on the top left hand corner of your paper;
  - (2) whether typing or handwriting, do so neatly;

- (3) separate one problem from the next, and label each problem clearly;
  - (4) number your pages;
  - (5) before stapling verify that all pages are in the right order and that no page is upside down;
  - (6) check your spelling, grammar and style;
  - (7) give credit when quoting the work of others;
  - (8) read your paper one last time before handing it in to check the logic of your arguments and also to see whether you really answered the question(s) asked.
- Good written and verbal communication skills are a critical requirement for success in any business endeavor and in any career you may choose to follow, whether in business or not. Your audience (future bosses, customers, etc...) is generally busy, impatient, and WILL choose to read someone else's paper, job application, or business proposal at the very first sign of carelessness. I will not grade papers that reveal carelessness and/or lack of respect for the reader. Papers that are not graded for this reason cannot be resubmitted.

### ***Class Conduct***

I expect the highest level of professional conduct in the classroom at all times. Laptops must be turned off, unless used for note-taking. Reading of non-class materials must stop once class begins. Cell phones, pagers and any other communication device must be turned off during class and exam times. During exams all communication devices must be stored in a bag or backpack.

### ***Academic Honesty***

I expect that you will abide by the University's Academic Honesty Policy. "Seattle University is committed to the principle that academic honesty and integrity are important values in the educational process. Academic dishonesty in any form is a serious offense against the academic community." [Academic Honesty Policy 2004-01](#)

If you are not sure about whether a particular action is acceptable according to the Academic Honesty Code, you should check with me *before* engaging in it.

As required by University regulations I will report the department's chair all verified instances of plagiarism, cheating and usage of unauthorized sources in exams, papers, projects, homework or any other academic assignment. Depending on the severity and circumstances of the violation I may recommend that the student receive a grade of D or F in the course. According to University policy, "a single instance of plagiarism can be the

basis for suspension or expulsion from our programs.” (Dean Joseph M. Phillips’ letter to students, November 2003.)

***Online Communications (Angel, Email, Discussion Forum)***

Besides in-class and office hour opportunities for communication, I will often communicate with you via Angel and SU email. But online communications are not meant to substitute for class attendance. Some materials may be distributed *only in class*, and most course-related announcements will be made *only in class*. The fact that you did not receive materials by electronic means is not acceptable as a reason for failing to meet assignment deadlines.

The best way to get in touch with me is via email, but please send email to my Seattle University address, NOT just to the Angel website (if you are using Angel to email, there is a box at the bottom of the screen that needs to be checked so that your message also goes to my regular SU account.) Often I cannot check my telephone answering machine, but I check email several times a day on weekdays. *Do* write to me if you must miss class. *Please include the course title (ACCT 230) in the subject line of your messages to me.* Due to the threat of viruses, I delete without reading messages without a subject, or with a subject that I find suspicious. If regular email stops working, or becomes too slow, I will communicate with the class via Angel.

**IMPORTANT:** The course’s Angel web site has a discussion forum. This forum is for questions related to the content, assignments, grading and conduct of the course. If you wish to ask a question, for example, about the meaning of liquidity, or about one of the Excel projects, you should post your question on the discussion forum. ***I will not reply to such questions if they are asked via regular email.*** The discussion forum has several advantages over email: **(1)** all students get to observe and learn from the exchange; **(2)** I don’t need to answer the same question several times; **(3)** someone else may be able to answer your question before I can. I will monitor the discussion periodically and intervene when necessary. Asking and answering questions in the discussion forum contributes to the class participation grade. Of course I will always answer questions of a personal nature by email.

**ACCT 230: Fall 2007 Schedule of Classes**

	<b>Date</b>	<b>Lecture Topics</b>	<b>Readings</b>
W	Sep 26	<b>Introduction to financial statements</b>	📖 Ch 1 (1-11)
F	Sep 28	<b>Excel #1: Principles of SST design</b> Practice: BLS Employment Database	
M	Oct 1	<b>Excel #2: Text functions</b> Practice: Harley-Davidson I/S from Yahoo	
W	Oct 3	<b>Accounting as a model of business</b>	📖 Ch 1 (12-27)
F	Oct 5	<b>Financial statements I</b> * HW#1 due (on Chapter 1)	📖 Ch 2 (47-62)
M	Oct 8	<b>Financial statements II</b>	📖 Ch 2 (62-72)
W	Oct 10	<b>The accounting information system</b> * HW#2 due (on Chapter 2)	📖 Ch 3 (99-114)
F	Oct 12	<b>The recording (bookkeeping) process</b> <i>-This class with Prof. Tom Kelley</i>	📖 Ch 3 (114-130)
M	Oct 15	<b>Accrual accounting</b> * HW#3 due (on Chapter 3)	📖 Ch 4 (157-176)
W	Oct 17	<b>Accrual accounting</b>	📖 Ch 4 (182-183)
<b>F</b>	<b>Oct 19</b>	<b>Exam # 1</b>	<b>Ch 1, 2, 3</b>
M	Oct 22	<b>Merchandising operations</b> * HW#4 due (on Chapter 4)	📖 Ch 5 (217-238)
W	Oct 24	<b>Inventory</b>	📖 Ch 6 (266-286)
F	Oct 26	<b>Merchandising and inventory</b> * HW#5 due (on Chapter 5)	
M	Oct 29	<b>Cash: reporting and planning</b> * HW#6 due (on Chapter 6)	📖 Ch 7 (334-341)
W	Oct 31	<b>Excel #3: IF, conditional formats</b> Practice: Cash planning (budgeting)	
F	Nov 2	<b>Receivables</b>	📖 Ch 8 (370-382)
M	Nov 5	<b>Receivables</b>	📖 Ch 8 (385-387)
	5:30-6:30pm	<b>Albers Speaker Series</b> Scott Carson, President and CEO of Boeing Commercial Airplanes	

	Date	Lecture Topics	Readings
W	Nov 7	<b>Review of Chapters 4-7</b>	
<b>F</b>	<b>Nov 9</b>	<b>Exam # 2</b>	<b>Ch 4, 5, 6, 7</b>
M	Nov 12	<b>Veteran's Day Observed</b>	
W	Nov 14	<b>Long-term assets (cost)</b> * HW#7 due (on Chapter 8)	📖 Ch 9 (418-433)
F	Nov 16	<b>Long-term assets (disposal, analysis)</b>	📖 Ch 9 (433-440)
M	Nov 19	<b>Intangible assets</b>	📖 Ch 9 (441-447)
W	Nov 21	<b>Thanksgiving Break</b>	
F	Nov 23	<b>Thanksgiving Break</b>	
M	Nov 26	<b>Debt (current)</b> * HW#8 due (on Chapter 9)	📖 Ch 10 (473-480)
W	Nov 28	<b>Debt (bonds)</b> - Introduction to the idea of <i>discounting</i> \$	📖 Ch 10 (480-488)
F	Nov 30	<b>Excel #4: Goal seek, charting</b> Practice: Computing discounted cash flows	
M	Dec 3	<b>Debt (analysis)</b> * Excel project due	📖 Ch 10 (490-497)
W	Dec 5	<b>Financial analysis</b> * HW#9 due (on Chapter 10)	📖 Ch 13 (644-658)
F	Dec 7	<b>Financial analysis</b>	📖 Ch 13 (659-665; 668-679)
M	Dec 10	<b>Review of Chapters 8-10, 13</b> * Financial Analysis Project due * HW#10 due (on Chapter 13)	
<b>F</b>	<b>Dec 14</b>	<b>Final Exam (10:00 to 11:50 AM)</b>	<b>Ch 8, 9, 10</b>

**Links:**

[Academic Calendar](#)

[Final Exam Schedule](#)