



ACCT 607—Accounting Concepts and Applications—Spring 2010

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Office hours:	Tuesday 11:30 am-1:00 pm and 3:00-5:00 pm Friday 11:30 am-2:00 pm and by appointment.
Class meeting place and time:	Tuesday 5:30-8:00 pm, KSB T-61

Course Objectives and Content

This course provides students with an overview of accounting as an important communications link between managers and investors and as the core of management information systems. The course begins with an introduction to the accounting model of the firm and the financial accounting cycle. This is followed by a more detailed look at how firms account for their operating, investing, and financing activities. As the course progresses, we will discuss uses of accounting information, the role played by the accounting profession, and social, political, and economic influences on accounting policies and professional practices. Students completing the course successfully should have both the knowledge and competence to be intelligent users of accounting information and the accounting foundation needed for more advanced study.

Text and Course Materials

Pratt, *Financial Accounting in an Economic Context*, 7th ed., John Wiley & Sons Inc., 2009.

Various articles that will be distributed in class or posted on Blackboard.

Blackboard Website

I maintain a Blackboard website for this course. As we move through the term, I will post all class examples and handouts, PowerPoint slides, solutions for all assigned homework problems and announcements concerning the course.

Assignment Schedule and Course Routine

A schedule of assignments begins on page 5 of the syllabus.

The assignment for each class meeting generally consists of some reading and a number of homework problems. If you read each chapter in the text before we discuss it, the class sessions will be much more interesting and worthwhile for everyone.

You should also attempt to solve homework problems *before* the class for which they are assigned. The importance of these problems can't be overemphasized. Understanding how accounting works takes a great deal of thought and practice, and homework problems give you an opportunity for both. To ensure that you have a chance to check your work thoroughly, I will make solutions for the assigned homework problems available as the term proceeds. (You're welcome to work with other students on assigned homework problems—in fact, I encourage you to do so.)

Grades

Your final numerical course grade will be based on two midterm exams, a final exam, and a group assignment. Relative weights for these are given below.

Exam 1	30%
Exam 2	30%
Final Exam	30%
Group Assignment	10%

I will translate your final numerical course grade into a letter grade using the following scale:

A = 100-93	A- = 92-89	B+ = 88-86	B = 85-80	B- = 79-78
C+ = 77-75	C = 74-70	C- = 69-67	D = 66-60	F = Below 60

Exams

As indicated above, 90 percent of your final course grade will be based on three exams. These exams will be problem-oriented. Exam problems will be similar to (but, needless to say, not exactly like) those you encounter in homework problems and/or in examples used in class. Exams may also include multiple choice questions or questions requiring brief written answers.

Substitution Rule. When computing your overall numerical course grade, if your score on the comprehensive final exam is higher than one or both of your scores on the midterm exams, I will substitute your final exam score for your lowest midterm exam score.

Makeup Exam Policy. Exam dates and times are shown on the assignment schedule below. If you must miss an exam because of a medical or personal emergency or a pressing business commitment, please let me know before the exam. In this case I will either provide a makeup exam or weight the final exam more heavily in determining your course grade, depending on the circumstances. If you miss a midterm exam for any other reason, I will assign a grade of zero for that exam.

University Closing. If the University closes on the day of a midterm exam due to inclement weather or for any other reason, plan on taking the exam at the next scheduled class meeting. If the University closes on the day of the final exam, I'll post further instructions on Blackboard.

Group Assignment

The remaining 10 percent of your final course grade is based on a group assignment. For this assignment, the class will be divided into teams of 4 students. Each team is responsible for turning in a jointly-arrived-at solution for the assignment. The project and its due date(s) will be posted on Bb. Except for adjustments based on “peer review” feedback from all members of your team, your personal group assignment grade will be your team’s grade.

University Withdrawal Policy

The last day on which you can drop a course without special approval is **Friday, October 23**. After that date, a course may be dropped only with the written approval of your academic dean or the dean's designee. Withdrawal from courses after the midterm date should occur rarely and only in cases of well-documented emergencies beyond your control. A low or failing grade in the course is not grounds for a late withdrawal. No course may be dropped after the last class meeting.

KSB Statement on Academic Integrity

Academic integrity is paramount in higher education and essential to effective teaching and learning. As a professional school, the Kogod School of Business is committed to preparing our students and graduates to value the notion of integrity. In fact, no issue at American University is more serious or addressed with greater severity than a breach of academic integrity.

Standards of academic conduct are governed by the University’s Academic Integrity Code. By enrolling in the School and registering for this course, you acknowledge your familiarity with the Code and pledge to abide by it. All suspected violations of the Code will be immediately referred to the Office of the Dean. Disciplinary action, including failure for the course, suspension, or dismissal, may result.

Additional information about the Code (i.e. acceptable forms of collaboration, definitions of plagiarism, use of sources including the Internet, and the adjudication process) can be found in a number of places including the University’s *Academic Regulations*, *Student Handbook*, and website at <http://www.american.edu/academics/integrity>. If you have any questions about academic integrity or standards of conduct in this course, please discuss them with your instructor.

Policy for This Course on Working With Others

In ACCT-607, I encourage you to work with other students on homework problems. In preparing solutions for the group assignment, you *should* work with members of your own team. You *may not* collaborate with, ask the advice of, or refer to solutions or other work prepared by any person not on your team. However, if you have questions about the meaning of something in the exercise, you are welcome to bring these to me. Finally, all work on exams must be strictly your own.

Academic Support Services

If you experience difficulty in this course for any reason, please don't hesitate to consult with me. In addition to the resources of the department, a wide range of services is available to support you in your efforts to meet the course requirements.

Academic Support Center (x3360, MGC 243) offers study skills workshops, individual instruction, tutor referrals, and services for students with learning disabilities. Writing support is available in the ASC Writing Lab or in the Writing Center, Battelle 228.

Counseling Center (x3500, MGC 214) offers counseling and consultations regarding personal concerns, self-help information, and connections to off-campus mental health resources.

Disability Support Services (x3315, MGC 206) offers technical and practical support and assistance with accommodations for students with physical, medical, or psychological disabilities.

If you qualify for accommodations because of a disability, please notify me in a timely manner with a letter from the Academic Support Center or Disability Support Services so that we can make arrangements to address your needs.

Pandemic Planning

In the event of a declared pandemic (influenza or other communicable disease), American University will implement a plan for meeting the needs of all members of the university community. Should the university be required to close for a period of time, we are committed to ensuring that all aspects of our educational programs will be delivered to our students. These may include altering and extending the duration of the traditional term schedule to complete essential instruction in the traditional format and/or use of distance instructional methods. Specific strategies will vary from class to class, depending on the format of the course and the timing of the emergency. Faculty will communicate class-specific information to students via AU e-mail and Blackboard, while students must inform their faculty immediately of any absence due to illness. Students are responsible for checking their AU e-mail regularly and keeping themselves informed of emergencies. In the event of a declared pandemic or other emergency, students should refer to the AU Web site (www.prepared.american.edu) and the AU information line at (202) 885-1100 for general university-wide information, as well as contact their faculty and/or respective dean's office for course and school/ college-specific information.

Assignment Schedule—ACCT 607—Spring 2010

Date	Topic(s)	Read	Homework Problems
TUESDAY January 12	Introduction to course.	Syllabus	—
Class 1	Financial accounting and reporting. Need for financial reporting. Business stakeholders and activities. Regulatory environment. Financial statements.	Chapter 1	—
TUESDAY January 19	Guest Speaker: Codification of Accounting Standards and Adoption of IFRS <i>with FASB Fellow Jeffrey Hales</i> <i>(Kogod Student Lounge)</i>		
Class 2	Financial statements. Balance sheet, income statement, statement of cash flows. Their components. How they relate.	Chapter 2	E2-2,3,5; P2-3,6
TUESDAY January 26	Financial statements. Balance sheet, income statement, statement of cash flows. Their components. How they relate.	Chapter 2	
Class 3	Mechanics of accounting. Journals and ledgers. Analyzing and recording transactions. End of period adjustments.	Chapter 4	E4-9,10; P4-1,3 E4-14; P4-8,11
TUESDAY February 2	Mechanics of accounting (continued). Closing. Recap of financial reporting cycle. Accrual accounting vs. cash-basis accounting.	Chapter 4	E4-16,17,20; P4-17 ID4-2
Class 4			
TUESDAY February 9	Financial statement analysis	Chapter 5 (pp.176-191)	Handout problem
Class 5			
Monday February 15	Exam 1 (take-home exam, covers material through Feb 9, completed exam solution due at 5pm)	—	—

Assignment Schedule—ACCT 607—Spring 2010
(continued)

Date	Topic(s)	Read	Homework Problems
TUESDAY February 16 Class 6	Accounting for operating activities—sales and receivables. Sales, cost of goods sold, and gross profit. Conditions for revenue recognition. Revenue recognition in practice.	Chapter 3 (pp. 86-88) Chapter 6 (pp. 228-237)	E3-4; P3-11; ID3-2,3
TUESDAY February 23 Class 7	Accounting for operating activities—sales and receivables (continued). Accounts receivable. Accrual accounting for credit losses. Accounting for operating activities—cost of goods sold and inventories. Inventory transactions. Inventory systems. Inventory costs and quantities.	Chapter 6 (pp. 237-256) Chapter 7 (pp. 274-284)	E6-2,6,7,8,9; P6-7 E7-1,2,5; P7-3
TUESDAY March 2 Class 8	Accounting for operating activities—cost of goods sold and inventories (continued). Inventory cost flow assumptions. Their effects on income statement and balance sheet. Valuation at lower of cost or market. Accounting for operating activities—inventory costing by manufacturing companies. Cost classification. Period costs. Product costs—direct materials, direct labor, manufacturing overhead. Job order costing.	Chapter 7 (pp. 284-300) Slides	BE7-3; E7-7,10,11 P7-4; ID7-4 Handout problems
March 9	Spring Break – No class	—	—
TUESDAY March 16 Class 9	Accounting for investing activities—tangible and intangible fixed assets. Determining acquisition cost. Straight line depreciation. Accounting for sale or disposal. Alternative depreciation methods. Capital vs. revenue expenditures. Intangibles valuation and amortization. Goodwill.	Chapter 9	E9-1,2,3,14 E9-9,11,16 P9-4,9; ID9-2
TUESDAY March 23 Class 10	Exam 2 (in-class exam, covers material thru March 16)	—	—

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(continued)

Date	Topic(s)	Read	Homework Problems
TUESDAY March 30 Class 11	Compound interest. Introduction to compound interest arithmetic. Application to investment decisions, valuation, accounting for receivables and liabilities.	Appendix A	Handout problems
TUESDAY April 6 Class 12	Accounting for debt financing activities. Notes payable, bonds payable, leases, contingent liabilities.	Chapter 11, (Appendix 11A) Chapter 10 (pp. 424-429)	BE11-2,3; E11-3,12 E11-13,14,16 P11-15 P10-4,5
TUESDAY April 13 Class 13	Accounting for equity financing activities. Debt vs. equity. Issuing equity securities. Treasury stock transactions. Retained earnings and dividends. Stock splits and stock dividends. Employee stock options.	Chapter 12	E12-1,5; P12-2,4,12; ID12-4
TUESDAY April 20 Class 14	Cost behavior and cost-volume-profit analysis. Variable, fixed, and mixed costs. Cost estimation. Contribution margin. Break-even analysis. Profit sensitivity analysis.	Slides	Handout problems
TUESDAY May 4	Comprehensive Final Exam 5:30-8:00 pm	—	—