DR. RICHARD POWELL

ACCT 652

ACCOUNTING INFORMATION AND CONTROL SYSTEMS

SPRING 2015

TUESDAYS

6 PM – 10 PM

WESTLAKE VILLAGE CAMPUS

SYLLABUS
Accounting Information and Control Systems  
ACCT 652.62  
Spring 2015

Day/Class time: Tuesdays / 6 PM – 10 PM  
Location: Westlake Village

Professor’s Name: Dr. Richard Powell  
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Home Phone: 805-496-5101

Course Description (School Catalog)

This course provides a structural model of business and its operation. Financial accounting information is examined as a means to make rational strategic decisions. Students learn to gauge a firm’s position of liquidity and profitability. Business operating cycles are explained. Pro forma and budgeted financial statements are constructed using Excel spreadsheets. Traditional and globally competitive management control systems are critiqued for their utility in guiding management’s resource allocation decisions.

Student Learning Outcomes

- learn the fundamentals of financial reporting, financial analysis, and financial markets  
- identify ethical responsibilities in the accounting environment  
- enhance skills in written and oral communication  
- enhance computer skills

Total Directed Instruction Hours: (60 hours for a 4-unit class; 30 hours for a 2-unit class; 15 hours for a 1-unit class)

Texts and Course Materials


Optional materials: The preface to the text discusses various additional supplements you may elect to purchase. The preface also describes products on the Wiley web site.

I strongly recommend that you receive your materials at least one week prior to the start of the first class. You can utilize the bookstore, Amazon, and other outlets for your purchase. It is also possible to rent a textbook or buy an equivalent e-book. If you want more information on the textbook, you can review the information on the publisher’s website. Be sure you obtain the correct edition.
Some supplemental readings will be handed out in class or made available using the Pepperdine portal.

**Grading**

Letter grades will be based on:

- Midterm #1 25%
- Midterm #2 25%
- Final Exam 25%
- Homework 10%
- Project 5%
- Class participation 10%
- Total 100%

The group project, described below, involves the analysis of data and submission of a paper.

If you miss four classes, you will lose one letter grade in the class. For each additional class you miss, you will lose one additional grade.

The grading system is:
- A 90%-100% Superior Work
- B 80%-89% Solid Graduate Level Work
- C 70%-79% Below Graduate Level Expectations
- D 60%-69%
- F Below 60%

Within the grading categories, plus and minus grades are available as shown in the school catalog. If necessary, I will adjust the grade cutoffs to obtain a reasonable distribution of grades.

Grades in this class typically average 3.3 on a 4.0 scale.

**Administrative Issues**

If you have a substantial background in Accounting (e.g. CPA, undergraduate major in Accounting), you might be able to petition for a waiver of ACCT 652. You can contact the Program Office for more information. You should file your petition early and, at a minimum, several weeks before the start of ACCT 652. The academic catalog contains additional important information on how to petition for a waiver.

**Attendance Policy**

Attendance at all class meetings is expected. Assignments may be given in class and be due the next class.

I recommend that you exchange phone numbers with other students. If you miss a class, these other students, as your partners, can update you on assignments and the class.
Policy on Disabilities

Assistance for Students with Disabilities

The Disability Services Office (DSO) offers a variety of services and accommodations to students with disabilities based on appropriate documentation, nature of disability, and academic need. In order to initiate services, students should meet with the Director of the DSO at the beginning of the semester to discuss reasonable accommodation. If a student does not request accommodation or provide documentation, the faculty member is under no obligation to provide accommodations. You may contact the Director of Disability Services at (310) 506-6500. For further information, visit the DSO Web site at: http://www.pepperdine.edu/disabilityservices/.

Class Procedures

I use a variety of approaches. In-class activities include lecture, discussion, question and answer sessions (Socratic method), and group presentations.

It is important that you come to class prepared. You are expected to participate effectively in class discussions. The reading assigned for a day, along with the assigned homework problems, should be completed before class. On average, you should allow two hours of preparation time for each hour of class time. In individual cases, more or less time may be required.

If you are unprepared for class, you should turn in a note at the start of class. If I do not receive a note, I will assume you are prepared.

Examinations

Exams will be given at the times indicated on the schedule of classes.

If you must miss an exam for a legitimate reason as defined in the university rules, contact me in advance of the exam and I will explain your options. I require a written explanation for an absence from an exam.

Homework

A large volume of homework will be assigned with specific due dates for handing in during class. Classmates may help each other by discussing homework issues but otherwise the materials you turn in must be your own work.

Because of the large volume of homework for all the classes I teach, homework will be spot-checked.

If you must miss a class, please mail the homework for that class by ordinary first class mail to:

Dr. Richard Powell
3275 Allegheny Court
Westlake Village, CA 91362
Please do not use registered mail or any other form of special mail. The postmark (but not postage meter) will be counted as the day homework is turned in. For example, if an assignment is due on the 15th and is postmarked on the 15th, it will be counted as on time no matter when I receive it.

All homework will be due at the beginning of class. You might want to copy your homework. You must turn in the original and then you can use the copy as you wish. I will review the originals and return them the following week.

**Spreadsheet Homework**

There will be some special spreadsheet homework. If you are unprepared to complete spreadsheet work, I urge you to learn about spreadsheets early in the trimester. Your homework answers should demonstrate maximum use of cell formulas and show you know how to use spreadsheets effectively. I suggest loading all the raw data into one location and then using cell references to process the data. There are Illustrations in the text that can help you see how to set up your answers.

**Academic Dishonesty**

Academic honesty is expected. Violations of academic honesty will lead to sanctions as described in the university catalog.

**Revisions to Syllabus**

All dates, assignments, and details listed in this syllabus are tentative and based on my expectations regarding the progression of the course. I reserve the right to change this syllabus. Any changes will be announced in class. If you need to miss a class, you are responsible for finding out about class announcements.

**Office Hours**

I plan to be available in the classroom or in a nearby office from 5 PM to 6 PM on days we have class. I am also available during breaks and after class.

**Telephone Hours**

Please feel free to call anytime between 9 AM and 9 PM. If I do not answer, please leave a message and I will return your call.

If I fail to return your call or email message within 24 hours, please telephone me because there may be a technical failure.
Conduct

“The University expects from all of its students and employees the highest standard of moral and ethical behavior in harmony with its Christian philosophy and purposes. Engaging in or promoting conduct or lifestyles inconsistent with traditional Christian values is not acceptable.

The following regulations apply to any person, graduate or undergraduate, who is enrolled as a Pepperdine University student. These rules are not to be interpreted as all-inclusive as to situations in which discipline will be invoked. They are illustrative, and the University reserves the right to take disciplinary action in appropriate circumstances not set out in this catalog. It is understood that each student who enrolls at Pepperdine University will assume the responsibilities involved by adhering to the regulations of the University. Students are expected to respect order, morality, personal honor, and the rights and property of others at all times. Examples of improper conduct for which students are subject to discipline are as follows:

- Dishonesty in any form, including plagiarism, illegal copying of software, and knowingly furnishing false information to the University.
- Forgery, alteration, or misuse of University documents, records, or identification.
- Failure to comply with written or verbal directives of duly authorized University officials who are acting in the performance of assigned duties.
- Interference with the academic or administrative process of the University or any of the approved activities.
- Otherwise unprotected behavior that disrupts the classroom environment.
- Theft or damage to property.
- Violation of civil or criminal codes of local, state, or federal governments.
- Unauthorized use of or entry into University facilities.
- Violation of any stated policies or regulations governing student relationships to the University.

Disciplinary action may involve, but is not limited to, one or a combination of the alternatives listed below:

Dismissal – separation of the student from the University on a permanent basis.
Suspension – separation of the student from the University for a specified length of time.
Probation – status of the student indicating that the relationship with the University is tenuous and that the student’s records will be reviewed periodically to determine suitability to remain enrolled. Specific limitations to and restrictions of the student’s privileges may accompany probation.”

GSBM Catalog.
Schedule of Classes

There are abbreviations for the homework. For example, P1-3A indicates Chapter 1, Problem 3A. Be aware of the differences among Problems, Exercises, Broadening Your Perspective, and other types of study materials.

Suggested homework is not turned in but is strongly recommended. When studying for an exam, the suggested homework and the required homework have equal importance. Unless otherwise indicated, read the appendices for the assigned chapters.

<table>
<thead>
<tr>
<th>Week</th>
<th>Topics</th>
<th>Readings-Chapters in Text and Study Guide</th>
<th>Assignments-Required Homework</th>
<th>Suggested Homework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 5-9</td>
<td>Financial Statements</td>
<td>1</td>
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<tr>
<td></td>
<td>Financial Statements, cont.</td>
<td>2</td>
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<tr>
<td>Jan. 12-16</td>
<td>Acctg. Information Systems</td>
<td>3</td>
<td>P1-3A</td>
<td>P1-4A</td>
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<tr>
<td></td>
<td>Accrual Accounting</td>
<td>4</td>
<td>P2-2A</td>
<td>P2-3A</td>
</tr>
<tr>
<td>Jan. 19-23</td>
<td>Merchandising</td>
<td>5</td>
<td>P3-5A</td>
<td>P3-4A</td>
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<tr>
<td></td>
<td>Inventory</td>
<td>6</td>
<td>P4-3A</td>
<td>P3-6A</td>
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<td>P4-2A</td>
<td>P4-4A</td>
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<tr>
<td>Jan. 26-30</td>
<td>Internal Control and Cash</td>
<td>7</td>
<td>P5-1A</td>
<td>P5-2A</td>
</tr>
<tr>
<td></td>
<td>Receivables</td>
<td>8</td>
<td>P5-6A</td>
<td>P6-2A</td>
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<td></td>
<td>P6-2A</td>
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<tr>
<td>Date</td>
<td>Topic</td>
<td>Pages/Appendixes</td>
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<tr>
<td>Feb. 2-6</td>
<td>Midterm #1: Chapters 1-8</td>
<td>P7-3A, P8-1A, P8-2A</td>
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<tr>
<td></td>
<td>Long-Lived Assets</td>
<td>9 Start</td>
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<td>Feb. 9-13</td>
<td>Long-Lived Assets</td>
<td>9</td>
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<td>Liabilities</td>
<td>10 Start</td>
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<td>Time Value of Money</td>
<td>Appendix D</td>
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<td></td>
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<td>P9-2A</td>
<td></td>
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<tr>
<td>Feb. 16-20</td>
<td>Liabilities</td>
<td>10</td>
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<td></td>
<td>Stockholders’ Equity</td>
<td>11</td>
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<td>P9-7A</td>
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<td>BED-11 (p.D-19)</td>
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<td>BED-16</td>
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<td>Feb. 23-27</td>
<td>Investments</td>
<td>Appendix E</td>
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<td></td>
<td>Cash Flows</td>
<td>12 Start</td>
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<td>P10-10A</td>
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<td>P11-1A</td>
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<td>P10-13A</td>
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<td>P11-2A</td>
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<td>P11-8A</td>
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<td>Mar. 2-6</td>
<td>Cash Flows</td>
<td>12</td>
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<tr>
<td></td>
<td>Financial Analysis</td>
<td>13</td>
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<td></td>
<td>PE-3 (p.E-19)</td>
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<td>PE-5</td>
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<td></td>
<td>Managerial Accounting</td>
<td>14 Start</td>
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<td>Date</td>
<td>Topic</td>
<td>Chapters</td>
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<td>Mar. 16-20</td>
<td>Managerial Accounting</td>
<td>14</td>
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<td>Job Order Costing</td>
<td>15</td>
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<td>P14-1A</td>
<td></td>
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<tr>
<td>Mar. 23-27</td>
<td>Cost-Volume-Profit</td>
<td>18</td>
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<td>Budgetary Planning</td>
<td>21</td>
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<td>P14-4A</td>
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<td>P15-3A</td>
<td></td>
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<tr>
<td>Mar.30-Apr3</td>
<td>Incremental Analysis</td>
<td>20</td>
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<td>Capital Investments</td>
<td>24</td>
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<td>P21-2A*</td>
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<td>P21-4A*</td>
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<td>P18-1A</td>
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<tr>
<td>Apr. 6-10</td>
<td>Capital Investments</td>
<td>24</td>
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<tr>
<td></td>
<td>Special Topics</td>
<td></td>
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<td>Apr.13-17</td>
<td>Final Exam: Managerial Accounting</td>
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<td></td>
<td>Chapters 14,15,18,21,20,24</td>
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<td>P20-1A</td>
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<td>P20-2A</td>
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<td>P24-1A</td>
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(Note: The * indicates problems are special spreadsheet assignments. This week’s homework counts for two homeworks or 20 points because of its importance and difficulty.)
Project: Financial Statement Analysis (due the week of March 30 – April 3)

To begin, choose a group of 2-5 students to work together on this project. Next, select a U.S. firm your group would like to study in depth. Your firm should be listed on the New York Stock Exchange or NASDAQ. The firm should use GAAP accounting. Then use the Internet to obtain the most recent annual report for your firm. Avoid a company that is the product of a recent major merger within the last 3 years. Avoid insurance companies and banks.

You can next begin your financial statement analysis as discussed in Chapter 13. Your paper should include your firm’s ticker symbol and several Illustrations that mimic the Kimmel text but you should use all the accounts showing for your firm rather than condensed Illustrations. For your firm, prepare Illustrations 13-10 through 13-14 and 13-16 through 13-18. Number your Illustrations using the same numbers as shown in Chapter 13. For example, your first Illustration is numbered 13-10. Arrange your Illustrations in the same sequence as shown in Chapter 13. You do not need to compare your firm to a competitor or the industry average. You do not need to write an essay.

You can check if your annual report has a section called “Financial Highlights.” This type of section can show many years of data. Normally, one annual report can contain enough data. If you do not have enough years of data for certain Illustrations, then use what you have in your one annual report and abbreviate the Illustrations.

If data is missing, just indicate this in your report using “n.a.” for “not available.” Your report should contain: 1) the firm’s ticker symbol on a title page that includes the name of your firm and the members of your group; 2) Illustrations; and 3) an appendix containing the entire annual report or 10-K report of your selected firm.

You can obtain your annual report and begin constructing your Illustrations well before we reach Chapter 13 on the syllabus. I will be checking your Illustrations to determine whether you have properly analyzed your firm’s data. When data is difficult to interpret, state your assumptions and write notes explaining your decisions.

Your project can be turned in early and I encourage you to finish it early so that you have time to prepare for finals.

During your analysis you have the option of utilizing commercially printed copies of your annual reports. But I also want you to experience accessing a 10-K annual report on the Internet or an annual report on the company website. If you utilize a commercially printed report on your firm, add an Internet annual report to your appendix.

The report counts 100 points and is weighted as shown in the syllabus. Reports lose 10 points for each business day they are late. Reports that are more than five business days late receive a grade of zero. If your report is not handed in during class, please mail it to me following the same rules as shown in the syllabus for homework.

We will discuss this project in class and I will answer any questions you might have. You may feel your analysis of your firm is somewhat incomplete because you have not yet taken Finance.

You should keep a copy of your report because I will retain the original.
Project: Accessing Annual Reports on the Internet

This page describes ways to access annual reports on the Internet. There are of course many other ways to access annual reports. If you do not find your annual report in 30 minutes, stop, avoid frustration, and obtain help from a classmate or me.

1.
Start Internet Explorer
You can use Google for your search (www.google.com)
Enter keywords for a search. (e.g. Microsoft)
There are then typically many choices. Select a choice that leads to the firm’s home page and the firm’s financial information. Follow the links until you find the most recent annual report, assuming it is available. Print out the annual report.

2.
Start Internet Explorer
You can use Google for your search (www.google.com)
Enter Edgar SEC as the keywords for your search.
There are many choices.
Choose the link indicating SEC Filings and Forms (Edgar). (Edgar is a database that collects filings with the SEC.)
Search for company filings.
Enter your company’s name as the keyword(s) for your search.
Select your firm.
Look for “annual report” or “10-K report” along the left edge.
Choose 10-K document.
Print out the 10-K document.

* * * * *

I have recently used these methods myself. But because Internet steps can change over time, you might have to modify your steps. Check with a classmate or me if you are having difficulty. Avoid frustration.
Project – Special Comments

Here is one thing to learn from your project: the analysis of actual financial statements can involve unexpected obstacles. By the end of the project, it is useful to see that financial statement analysis is not necessarily an easy task. Some parts can be easy, while other parts are not. You will start to see whether you like this kind of work and whether you might be interested in a Finance Emphasis.

When I spot check your Illustrations, I tend to check those parts that are straightforward rather than the parts that are unusual. For example, everyone should be able to compute most of the ratios in Illustrations 13-16 to 13-18. Note that some firms do not have preferred dividends and some firms do not pay dividends at all.

If you wish to see a sample project, please ask.

Based on common questions over the years, here are some additional comments.

1. Income tax expense

Firms sometimes use “provision for income taxes” on the Income Statement in place of “income tax expense.”

2. Credit Sales

Firms often do not show credit sales. Be sure to check the notes to see if you can find the data. If you need data for credit sales and your firm does not show the information, then one choice is to mark “n.a.” for not available. A second choice is to assume sales are on credit if that is a reasonable assumption for the firm and its industry. Explain your assumption.

3. Net income

A synonym for net income is net earnings.

4. Net sales

For many firms, net revenue equals or nearly equals sales revenue. Check the types of revenue.

5. Illustration 13-10

If you do not have five years of data, then two or three years can be sufficient.

6. Ratios

Please show your computations by indicating the definition of the ratio and the numbers you have inserted into the numerator and denominator.

7. Illustration 13-17

For capital expenditures, check the Statement of Cash Flows.
8. Illustration 13-18

For preferred stock dividends, check the Statement of Cash Flows. In addition, you can check the footnotes.

Many firms do not have preferred stock. Check the Balance Sheet.

For earnings per share, many firms show the data. Check the Income Statement.

When computing common stockholders’ equity, remove the data for the preferred stockholders.

9. Consolidated financial statements

When a firm shows consolidated financial statements, it means the firm has a parent corporation and subsidiaries.

10. Total liabilities

Firms sometimes show totals for Assets (A) and Stockholders’ Equity (E) but do not show a total for Liabilities (L). You can use the equation \( A = L + E \) to solve for L.

11. S&P 500 firms

If you want to see a list of S&P 500 firms, you can use Google on the key term “list of S&P 500 companies.” There will be several links. Select one that leads to a list of the firms.