ECON 136A
Mon & Weds 8:00-9:15AM & 9:30-10:45 AM
North Hall 1110

Instructor: Bob Anderson

12th edition of text!!

Instructor Background

• UCSB Graduate of 1992
• Senior Manager, KPMG, LLP- 1993-2004
• RAFS, Inc.

Why are we here?
Learn foundation in accounting - which is useful for?
• Getting a JOB!
• Doing your job
• CPA exam

What does 136A Cover?

• Refresher on basic accounting;
• Income statement & Retained earnings;
• Balance sheet
  – Cash & receivables
  – Inventory (and valuation issues)
  – Fixed assets, their depreciation and valuation issues
• Time value of money
Course Approach

- Mutually well prepared;
- Lectures to be an expansion of what is in the book
  - Real World
  - Interesting and Layman’s terms
  - Class involvement in discussion
- Of Course: cover the curriculum

Administrative Matters

NOTE: All of the following is in syllabus

- Web-Page address is econ.ucsb.edu/~anderson
- Student preparation for classes
  - Class presentations on the web for review/ printing before class
  - Quizzes and Homework will combine for 11% of your course grade, there will be one per chapter.
  - Two drops allowed
  - Will try my damnest to pace class to the syllabus
- Grade Posting. You must provide me a release form and I will periodically post to the web
- My office: NH 3039. Hours Monday & Weds from 7-8AM, Monday 10:45-11:45AM. Also by appointment.
- I am available by phone and e-mail!! (818)348-5294 & anderson@econ.ucsb.edu

HONORS SECTION

OPEN TO ALL:
- Student directed;
- Participation and some reading of articles are all that are required;
- Pretty Fun

WEDS. FROM 11-12 noon LOCATION TO BE ANNOUNCED

LAB

- MUST DO IT- that is why you get an extra unit
- DO IT SOON, IT HELPS YOU UNDERSTAND THE MATERIAL!
- JUST NEED TO COMPLETE MODULES WITH PASSING SCORE TO GET FULL CREDIT
PASSWORD
CLASS WEBPAGE HAS PROTECTED CONTENT:
Username: anderson
Password: xxxxxx

RESEARCH PROJECT
• LOOKING FOR YOU TO:
  – Gain exposure to research
  – Take a crack at supporting an accounting position
  – This is NOT a business writing class!
  – ACCESS KPMG WEB-BASED RESEARCH TOOL:
    – Login: Anderson@econ.ucsb.edu
    – Password: Presented in class for copyright protection.

WILEY PLUS
Some homework is via new online feature from the publisher. The Syllabus has the instructions for setting up.
There is other useful content there which I encourage you to explore.

POINT ALLOCATIONS
• Combination of multiple choice, short answer and problem solving;
• Very closely match lectures
• Grade allocation (1,000 points):
  – EXAMS 3x (26.5% EACH)
  – Quizzes & Homework (10.5%)
  – Research Project (10%)
  – Lab- Negative Points (Interactive Financial Accounting Lab Book with disks at bookstore)
• DO NOT PURCHASE A USED COPY- CAUSES PROBLEMS IN MY EXPERIENCE!
WHAT IS ACCOUNTING?

• It is NOT posting entries to the general ledger—That is what we call “bookkeeping”.
• It IS taking a lot of transactions (some requiring complex accounting) AND other information and using it to tell users what happened.

Basic Statements

• Balance sheet
  – Where do we stand
  – “As of”
• Income statement
  – What happened
  – “For the Period”
• Stockholder’s equity
  – Equity standing
  – “As of” and with information about “the period”
• Statement of cash flow
  – Where did the money go?
  – Where did new money come from?

BASIS

• ACCRUAL
  – WHEN is the key question in accounting
  – anyone can debit and credit cash as it happens, but that does not necessarily tell the accurate story
• HISTORICAL COST basis
  – General Premise is that historical cost is preferred, which is generally conservative
  – Landscape is changing- FIN 45, various fair value discourses.
• CONSISTENT AND COMPARABLE!!

JUDGMENT

JUDGMENT IS AND ALWAYS WILL BE INHERENT!!
LANDSCAPE

ENRON, GLOBAL CROSSING, ETC…=
PRESSURE = RAPID AND DRAMATIC
CHANGE IMPACTING

• Companies
• Auditors- SOX 404
• SEC, FASB. Rushing to release.
• EVERYBODY--- Do you think that radical
change comes cheap? Who do you think
ultimately pays for that?

KEY NOTES

• 90% OF TRANSACTIONS ARE “ROUTINE"
AND CAN BE ACCURATELY REPORTED BY A
STRONG “SYSTEM”
  – Internal controls
• The other 10% is where you will earn your pay
and is what you read about in the papers.
  – That 10% Does, did and always will require applying
JUDGMENT.
• Accounting is NOT the stereotypical “bean
counter”.
  – You are choosing an interesting profession full of
challenges.