

Economics-Accounting

The majors in economics and economics-accounting are part of the academic program of the Robert Day School of Economics and Finance. The purpose of the program in economics-accounting is to offer students an opportunity to learn accounting as the language of business within a liberal arts setting. Emphasis is on developing the analytical, communication, and interpersonal skills of individual students. Students are encouraged to combine study in economics-accounting with other areas of study for a dual or double major. Professor Massoud serves as the Director of the Accounting Program.

Major Requirements

The major in economics-accounting requires eleven courses, distributed as follows:

1. **Economics 86. Accounting for Decision Making**
2. **Economics 150. Asset and Income Measurement (Intermediate Accounting I)**
3. **Economics 191. Business Law**
4. **Core Requirement in Economics** (three courses; see “Economics”)
5. **Statistics Skills Requirement** (see “Economics”)
6. **Economics-Accounting Electives.**

Four additional courses in accounting.

At least two of these courses must be chosen from among **level II accounting electives** (see below).

Elective courses in economics-accounting are arranged in two categories: **Economics 150-152 are level I accounting electives for economics-accounting majors; Economics 154-160, as well as Economics 149, are level II accounting electives for economics-accounting majors.**

Note: All economics-accounting courses, except for 151 and 157, are *level I elective courses for economics majors* (see “Economics”).

Senior Thesis in Economics-Accounting

The senior thesis is a general education requirement and the capstone experience of a student’s undergraduate education. Students must complete a senior thesis in at least one of their majors under supervision of a faculty reader who teaches within that major, unless granted a special exception.

Students pursuing honors in economics-accounting are required to take *Economics 159. Accounting Theory and Research*, or another approved advanced accounting course prior to or concurrent with senior thesis. For further information, see “Honors in Economics-Accounting” below.

Special Options for Majors

Dual Majors

Students with a dual major including economics-accounting must complete the following nine courses:

1. **Economics 86. Accounting for Decision Making**
2. **Economics 150. Asset and Income Measurement (Intermediate Accounting I)**
3. **Economics 191. Business Law**
4. **Core Requirement in Economics** (three courses; see “Economics”)
5. **Statistics Skills Requirement** (see “Economics”), and
6. **Economics-Accounting Electives.**

Two or more additional accounting courses, including at least one level II accounting course.

Students with a dual major including economics-accounting are encouraged to write their *senior thesis* on a topic in economics-accounting. For further information, see “Senior Thesis in Economics-Accounting” above.

Please note the restrictions on honors in the major for students with a dual major under “Honors in Economics-Accounting” below. For further information on dual majors and the requirements for the other discipline of the dual major, please check the appropriate sections of this catalog.

Honors in Economics-Accounting

Requirements for honors in economics-accounting are:

- Complete a major in economics-accounting.
- Meet the College grade point average qualification requirement for departmental honors.
- Complete *Economics 159. Accounting Theory and Research*, during the senior year. In years when Economics 159 will not be offered, candidates may complete an elective course from a list of qualifying courses available from Professor Massoud, Director of the Accounting Program during the senior year; this course must be taken prior to or concurrent with senior thesis.
- Complete and defend a senior thesis on a subject in economics-accounting under direction of a member of the CMC Economics department.

Students with *dual majors* including economics-accounting who wish to be considered for honors in economics-accounting are eligible if they:

- have completed all requirements for a *full major* in economics-accounting and are granted honors, or
- qualify and receive honors in *both disciplines* of their dual major. See “Academic Honors at Graduation” for details.

The Robert Day Scholars Program

The Robert Day Scholars Program identifies students with significant leadership aptitude and strong analytical skills, and cultivates those characteristics through completion of specific coursework and participation in co-curricular activities. The curricular focus is on finance, along with complementary coursework in economics, accounting, and organizational psychology. Robert Day Scholars receive a generous fellowship toward tuition, access to networking opportunities, and customized support from a career services specialist.

There are two parts of the Robert Day Scholars Program—an *undergraduate honors*

program for seniors, and a *one-year Master of Finance program*. Students apply as juniors to become Robert Day Scholars in their senior year, and as seniors for the Master of Finance program. Economics-accounting majors are well prepared to apply for either program and interested students are encouraged to complete the prerequisite courses prior to their senior year. Please contact the Executive Director of the Robert Day School of Economics and Finance for additional information and refer to the website at: www.cmc.edu/rdscholars. For further information on applications to the programs, see “Admission to Claremont McKenna College;” program requirements and prerequisites are detailed in “Special Academic Programs.”

Internship in Economics-Accounting

For information on summer internships in economics-accounting, see “Summer Internship Program in Accounting” in “Special Programs.”

General Education Requirement Information

For information on general education requirements for economics-accounting majors, see “Economics.”

Study Abroad

All CMC students are encouraged to apply for study abroad during their junior year. Students planning to study economics-accounting abroad should consult with the Director of the Accounting Program to determine which off-campus courses will be accepted for the major. Please consult the Director of the Accounting Program for further information.

Courses

86. Accounting for Decision Making. Staff

Principles of financial accounting. Analysis of business transactions and their effect on the three principal financial statements: the balance sheet, the income statement, and the cash flow statement of changes. Prerequisite: Economics 50. Offered every semester.

149. International Accounting, Taxation, and Transfer Prices. *Massoud and J. Taylor*

An introduction to global accounting, cross-listing on national exchanges, the Foreign Corrupt Practices Act, the cost of capital and international accounting standards, the U.S. taxation of international transactions and the allocation of international income among members of a controlled group. Prerequisite: Economics 150. Offered every other year.

150. Asset and Income Measurement (Intermediate Accounting I). *Bergevin, Rosett*

This course examines both conceptual foundations and practical measurement of assets and income. The course mainly takes the financial statements preparer's perspective using generally accepted accounting principles. However, a second theme in the course emphasizes interpretation and analysis of accounting information from a user's perspective. Prerequisite: Economics 86. Offered every semester.

151. Strategic Cost Management. *Ganguly*

Explores different systems for measuring organizational costs. Topics include traditional cost measurement systems, such as Job-Order, Process, and Standard Costing Systems, and newer cost measurement systems such as Activity Based Costing and Target Costing Systems. Emphasis is placed upon the use of cost data for managerial decisions. Prerequisites: Economics 86 and 101. Offered every year.

152. Tax Planning. *J. Taylor*

Surveys the consequences of a variety of tax plans based on discretionary principles of tax recognition and treatment. Basic planning concepts are introduced for addressing the tax interests of business units and individual investors. Prerequisite: Economics 86. Offered every year.

153. Corporate Governance Systems. *Staff*

This course integrates knowledge about ethical values and control systems with the role of accounting and auditing in producing transparent financial information. To this end, the course provides theoretical and practical analysis of different corporate governance systems in the U.S. and around the world with particular attention to the implications of financial report information for the financial markets. Prerequisite: Economics 150 or permission of instructor. Offered every year.

154. Financial Statement Analysis. *Batta, Rosett*

Combines finance and accounting in a user-oriented, financial statement analysis approach. The goal is to expose students to the usefulness of accounting information for valuation and bankruptcy prediction. Part I introduces ratio analysis and discusses accounting information strengths and limitations. Part II is decision model oriented. It deals with the uses of accounting information for valuation of common stocks and corporate bonds in an efficient market. Prerequisites:

Economics 86 and 150, or permission of instructor. Offered every year.

155. Valuation and Reporting of Financial Liabilities and Equity (Intermediate Accounting II). *Ganguly*

This course examines both conceptual foundations and practical measurements of liabilities and equity. The course emphasizes the effects of alternative valuation and measurement techniques on the financial statements and the related impact on financial markets. An important theme of the course is the preparation and use of financial information for interpretation and analysis. Prerequisite: Economics 150. Offered every semester.

156. Advanced Topics in Financial Accounting. *Staff*

Various topics in advanced financial accounting including consolidations, foreign operations, financial derivatives, and accounting for the environment. Prerequisites: Economics 150 and 155, or permission of instructor. Offered every other year.

157. Design of Adaptive Management Systems: Management as a Liberal Art. *Staff*

Develops a systematic process for managing organizations in the information economy under conditions of both rapid change and stability. Develops procedures for measuring relevant changes occurring outside and inside an organization so that management may respond successfully to these changes. Emphasizes the broad range of skills that are necessary to manage complexity including technical, measurement, analytical, and leadership skills. Connects performance measurement and technology with knowledge acquired in the liberal arts. Prerequisites: Economics 86 and 101, or permission of instructor. Offered every other year.

158. Auditing. *Staff*

A study of standards and independent verification procedures for business, government, and tax-exempt organizations; methods for surveying adequacy and effectiveness of accounting systems and internal controls; practice in applying auditing procedures and preparing working papers. Prerequisite: Economics 150. Offered every year.

159. Accounting Theory and Research. *Massoud*

An intensive study of the evolution and development of accounting standards, with emphasis on the normative rather than the descriptive model as well as enhancing the student's research capabilities. Prerequisite: Economics 150 or permission of instructor. Offered every year.