

Department of Accounting ACC 311 -- Fundamentals of Financial Accounting Fall 2012: Syllabus

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Office Hours: To be determined.

Class time and Unique #02570 Unique #02605

location: Tuesday-Thursday Tuesday-Thursday

12:30-2:00 2:00-3:30 UTC 3.134 GSB 5.142A

Teaching Assistant: Caroline Sisemore

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Office: CBA 4.304A
Office Hours: To be determined.

In this class we will cover accounting from the very basics through the creation and use of financial statements. The goal of the class is to help you understand accounting as a system of business and economics so that later you can use and apply this knowledge. A cliché is that accounting is the language of business. As much as I hate clichés, this one is useful.

A solid knowledge of accounting will ensure that you are equipped to begin to understand the way and manner in which businesses make economic transactions, the implications of these transactions, and the various ways in which you can use this information to: understand firms, analyze firms, inform decisions, make decisions, and, ultimately, work through and solve more challenging problems and applications.

If you put the time in, this class will help you understand accounting, provide you with the ability to better understand various aspects of businesses and help lay the foundation for future success as a student and in your career.

Game plan for how to do well (in order of importance):

- 1. Attend class and be active!
- 2. Do all of the homework, whether or not it is required
- 3. Review the class material in the 24 hours that follow class
- 4. Read the text, especially for the areas that you find more challenging

Things that may not help you:

- 1. Not paying attention during class or, worst of all, skipping class
- 2. The fact that you were an A student in high school
- 3. Not preparing for class nor reviewing the material and attempting to cram for exams

Financial Accounting is relatively straightforward... if you do the day to day work you will do well. If you do not...

Required Materials and Equipment:

- <u>Textbook</u>: *Financial Accounting*, 7th Edition, by Libby, Libby, and Short, (McGraw-Hill/Irwin, 2011).
- Accounting Cycle Supplement: *Solid Footing: Building an Accounting Foundation*, 6th edition, by Dan Wiegand, (Micro Solve, Inc., 2011). [This is a text with accompanying software and files.]

NOTE: There is a special distribution system for *Solid Footing* to save students money and to ensure that every student has the necessary tools to do Solid Footing Assignments on a timely basis. This information is posted to Blackboard and will be discussed on the first day of class.

<u>Calculator</u>: <u>A financial calculator is required</u> for this course. A financial calculator is one that has dedicated keys for convenience in working problems involving the time-value of money. The keys typically are labeled N (number of periods), I/Y (required interest rate per period), PV (present value), PMT (payment per period), and FV (future value). If you already have such a calculator, you do not need to buy a new one. <u>However, if you do not already have such a calculator, you should buy an HP 10bII+</u>. This calculator is recommended by both the accounting and finance faculty of the McCombs School of Business. It will be supported in ACC 311 classes. If you have another kind of financial calculator, you will have to learn how to use it outside of class (the faculty will supply you with a list of things you must be able to do).

Note: You may NOT use calculators that have text memory (e.g. for programs) or cell-phone calculators on quizzes or examinations. Examples of PROHIBITED CALCULATORS are the TI-83, 84, 86 and 89 that many of you have used since high school. You may use simple 4-function calculators if an exam or quiz does not require TVM calculations.

Supplements

- Homework solutions (to be made available on Blackboard)
- Instructor PowerPoint Slides (handed out, also made available on Blackboard)
- Sample 311 Exams (to be made available on Blackboard)
- Blackboard Website: courses.utexas.edu
 - o It is essential that you access Blackboard for this class.

Publisher Supplements (these are NOT required for the course)

- <u>Student CD ROM</u>: *Financial Accounting*, Seventh Edition (Generally only available with <u>new</u> textbook purchases)
- <u>Study Guide</u>: *Financial Accounting*, Seventh Edition (may be packaged with <u>new</u> textbooks or may be purchased separately)
- Website for the text: www.mhhe.com/libby7e

Prerequisite:

The prerequisite for this course is twenty-four semester hours of (prior) college credit. If you do not satisfy this prerequisite, you should drop ACC 311, or the Office of the Dean of Undergraduate Programs will drop you from the course. Instructors may not waive prerequisites to their courses.

Quantitative Reasoning Flag

This course carries the Quantitative Reasoning flag. Quantitative Reasoning courses are designed to equip you with skills that are necessary for understanding the types of quantitative arguments you will regularly encounter in your adult and professional life. You should therefore expect a substantial portion of your grade to come from your use of quantitative skills to analyze real-world problems.

Objectives of the course: To learn the following:

- A. The nature and purpose of accounting for businesses, organizations and society in general, with emphasis on corporate business entities.
- B. Accounting methods and their use as an orderly means of recording, classifying, and presenting *useful* information from a mass of data derived from transactions and events affecting businesses.
- C. The basic language of business as represented by business and accounting terminology.
- D. The concepts and standards underlying the measurements used in accounting to develop the financial statements of businesses.
- E. The creation, use and interpretation of financial reports (i.e., income statements, balance sheets, statements of cash flows) prepared for users external to businesses (i.e., owners, creditors, government and investors).

Course Routine

I will conduct the course by giving lectures, facilitating solutions to in-class exercises and conducting discussions in a manner that encourages class participation by students, consistent with the objectives of the course and the time available. Students are expected to study the chapter readings before topics are introduced in class and to complete assigned homework questions, exercises and problems to reinforce what they learn. Students are encouraged to ask questions and to request that particular points be explained in more detail if they remain confused or uncertain about items discussed or if concepts remain unclear.

There is no way around it; you can't effectively learn accounting without doing exercises and problems. Please allow me to stress the importance of your efforts and focus. If you want to do well in this class, master the material and be able to apply these lessons in your future, it is critical that you:

- (1) Attend class and focus during class. Our class is entirely designed to facilitate YOUR learning. We will cover the concepts of each lesson, the application of the concepts and also work through problems. If you have prepared beforehand, our class will help you understand how to work through specific problems and facilitate the application of these lessons to other scenarios.
- (2) Complete all of the homework, even when it is not collected. This does not involve simply copying answers or skimming; rather, the value of homework is derived from your ability to focus on each problem and work towards a solution. Even if you do not get the exact answer for a problem, your efforts will pay off more than obtaining the correct answer without any effort.
- (3) Prepare for class before class. This involves completing the homework (see above) and reading the material to ensure you have an understanding of the concepts that will be discussed during class.
- (4) Review the material after class. When the material is still fresh in your mind, you have a critical day or two in which you can review it to ensure you can move more closely towards ownership and mastery of the material.

Homework

There are two types of homework in the course, *Solid Footing* homework and homework from the textbook.

During the first four weeks of the course, you will be learning about the accounting cycle, the process with which companies capture transaction data, record them, summarize them and transform them into financial statements that conform to Generally Accepted Accounting Principles (GAAP). It is essential that every student develop a solid understanding and ability to do accounting cycle tasks because these accomplishments early in the course are the foundation for learning the remaining content of the course. Accordingly, the faculty adopted *Solid Footing*, a semi-interactive tool for learning the accounting cycle. It is meant to present, reinforce and test progress in the accounting cycle in a way that leads to more consistent and deeper understanding among our students, leading to less attrition and disappointing grades in ACC 311. To be sure that all students keep up with the lessons during this phase of the course, we require that *Solid Footing* homework assignments be uploaded through Blackboard to be graded. See the Solid Footing column of the attached course schedule for the assignments and dates on which they must be uploaded before the start of class of the day they are assigned.

<u>Textbook homework</u> is assigned from all chapters we cover. As the name implies, homework is meant to be done outside of class. <u>You will not turn in textbook homework</u>; solutions will be available on Blackboard. This component of the course is intended to be a learning experience rather than a grading device. You should develop your best solution for each of the questions, exercises and problems assigned. Working with fellow students on this homework is fine. If you have questions about how to solve the exercises or problems after looking at the solutions, you should consult with the TA or me during office hours, by appointment or by email.

Ouizzes

I will give quizzes throughout the semester to ensure that students have incentives to keep up on the work and material before the exams (and to identify any major areas of weakness). Because of this, the quiz dates are not listed on the syllabus. Quizzes may precede or follow class. The quizzes will consist of multiple-choice and/or short-answer questions. Our quizzes will either be on Blackboard or in class.

E-mail and Blackboard

The use of email and Blackboard is <u>required</u> for this course, and <u>I will use the email</u> <u>addresses that are supplied to me on Blackboard</u>. These are the email addresses that you have given the University for directory purposes. <u>If you need to update your email address</u> with the University go to your UT Direct page and, under personal info/all my addresses, change your email address. Any major outside-of-class announcements that I make (e.g., corrections or clarifications of items discussed in class, syllabus changes, quiz announcements, etc.) will be sent to you via e-mail.

Questions related to the class, homeworks, or material should be posted to the <u>Discussion Board</u> in Blackboard. I will review this board and post answers when necessary. (You are free to answer each other's questions and good answers and good questions work towards class participation.) There is a cliché "there are no bad questions." This is true, with one exception: questions that have already been asked. <u>It is your responsibility to regularly check both your e-mail and the class website on Blackboard.</u>

For any personal matters (exam conflicts, etc.), please email me directly.

Handouts

Answer keys, supplemental material not covered in class and any of the past exams will be available via Blackboard.

Electronic Class Rosters

A recent opinion from the US Department of Education states that the University must inform students in advance if their name will be appearing on an electronic class roster: Since Fall 2001, web-based, password-protected class sites have been available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on restricting directory information see: http://www.utexas.edu/student/registrar/catalogs/gi00-01/app/appc09.html

Class Protocol

If for some reason you are running late, do not skip class. I prefer that you come late (and respectfully than not at all). If you must leave class early, please tell me in person before class starts. If you are not attending the entire class it is important that you come in or depart quietly and, in either case, take a seat closest to the exits. Such comings and goings during class should be rare—do not let them become a habit.

If you need to miss a class or other required activity, including an examination, for the observance of a religious holy day, please inform me as far in advance of the absence as possible, so that arrangements can be made to complete any missed work within a reasonable time after the absence.

Personal Electronic Equipment Policy

Due to abuse by those who came before you, I regret to announce you may not use a LAPTOP, CELL PHONE, PDA, MUSIC PLAYER or any electronic device connected to a network or source of entertainment/distraction during class time. All such equipment should be turned off and put away. I will let you know when it is best to bring a calculator to class.

Cell phones should not be left on vibrate; they must be off. If you text during class, I reserve the right to take your phone and read aloud whatever texts you made during class. Do not text during class as it is embarrassing, distracting and unprofessional. In the same way, I will not text any of you when you are hanging out with your friends or engaging in activities outside of class.

Academic Standards

<u>A high academic level will be maintained with respect to (a)</u> the quality of the course and (b) grading. Semester grades will be determined using the following factors and relative weights:

Solid Footing homework	5%
Exam I	25%
Exam II	25%
Final Exam (comprehensive)	30%
Quizzes	14%
Class performance	<u>1%</u>
	100%

The ACC 311 the faculty have adopted the University's plus/minus grading as the standard for all sections of the course. The faculty believes that plus/minus grading permits us to better distinguish gradations in performance and provides better feedback to students on their performance.

Course grades will be such that the class average will be in the range of 2.7 - 2.9. No grades will be associated with scores on exams or quizzes during the semester. At the end of the semester, I will calculate composite scores, rank students according to their composite scores and assign final grades. I do not curve grades, but I also do not require fixed grade cutoffs—cutoffs are determined based on my judgment of each semester's class performance after ranking the total scores of students enrolled in my classes. I also reserve the right to make score revisions (upward only) to previously graded work for improvement in performance on subsequently graded work of like kind. For example, I might recognize an improvement in performance on a subsequent examination and adjust the score on an earlier examination upward to add weight to the improvement factor.

Incompletes will be given only in the RAREST of circumstances and according to university policy. There will be no opportunity to raise your course grade by doing "extra credit" work during or after the end of the semester—that would violate University policy.

Examinations

There will be two midterm examinations and a comprehensive final examination.

Exams I & II will be uniform (all sections at the same time).						
Exam I: Tues	day, October 9th	7-9 PM	Rooms TBA			
Evam II.	Tuesday November 13th	7-9 PM	Rooms TRA			

All examinations are scheduled for all sections of ACC 311 on the same dates and times. Alternate exam opportunities will be provided for students with conflicts with other classes, medical or other documented emergencies and special needs. If you have a job or extracurricular activities at the times of the exams, this is notice that you are responsible to be excused, miss or work around those other activities.

<u>Unexcused absence from a midterm</u> will result in a score of zero. If you miss a mid-term exam due to an illness or other emergency reason, you should notify me as soon as possible and provide me with written documentation (e.g., a note from the attending physician) after you return. I have final authority to determine if your absence should be excused and if I can give you a make-up exam. If you have an <u>excused</u> absence from a mid-term exam and I cannot give you a make-up exam, you will receive extra weight on your final to compensate for the missed examination.

The <u>Final Exam</u> will be uniform (all sections at the same time) and comprehensive (covering the entire course). It will <u>NOT</u> be given on the dates and times listed in the UT course schedule. We have asked the University for Thursday, December 13th, 7-10 PM, as our primary exam date and time. We have requested our make-up exam to be scheduled Friday, December 14th, 7-10 PM. Although we usually get the dates we request, we cannot guarantee these dates. The actual dates and times will be announced later in the semester.

¹ Under the traditional grading system an undergraduate student needs a D or better to receive credit for a course; under the plus/minus system an undergraduate student needs a D- or better to receive credit.

<u>Unexcused absences from the final</u> will result in a score of zero. <u>If you need to make early travel reservations</u> for the end of the semester, you should make them for travel on Wednesday, December 19th or later—because we will not know until well into the semester exactly when our examination will be scheduled by the University. If you make non-refundable (or non-cancelable) arrangements for travel before May 16th they will not be an acceptable reason for taking the final exam early.

Grading Quizzes

There are no make-up quizzes. At my discretion, in the event of one low quiz and solid performance on all others, I will consider dropping one quiz grade. This consideration cannot be used for students who miss a quiz as missed quizzes will be dropped. I do not return graded quizzes, but they are kept in my office and you may come and examine yours and ask questions (see the next section). The quizzes and the answers to the quizzes will be available on Blackboard.

Grading Questions or Appeals

DO NOT WAIT UNTIL THE END OF THE SEMESTER TO TAKE ACTION ON GRADING ISSUES. BY THAT TIME IT WILL BE TOO LATE!

If you feel there exists a grading error on any of the above grade components, or if you feel you need to bring to the attention of our Teaching Assistant or me other facts or circumstances that might affect the grade for that item, you will have ONE week from the end of the day of the date the grade is posted on Blackboard or the graded item is redistributed back to the class (whichever is later) to take such action and have the matter resolved. That is, if a grade is posted and returned on a Monday, you have until the end of the standard business day (5pm) the following Monday to address any issues. If for whatever reason you are not in class on the day the graded item is available for pickup, the one-week period will still begin on that day.

Religious Holy Days

You will be given excused absences for observance of religious holy days. By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence. If more than two days lapse between the exam and your return, the missed exam will be dropped as a requirement for you. Missed quizzes will not be made up, but will be dropped in determining your quiz score.

Dropping the Course

Students must go through the official procedures to drop the course. A student who stops attending the class and fails to officially drop will receive a grade of F. Consult the Academic Calendar on the Registrar's website (http://registrar.utexas.edu/calendars/) for specific deadlines.

Students with Disabilities

Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, http://www.utexas.edu/diversity/ddce/ssd/.

Policy on Scholastic Dishonesty

Don't cheat as (1) it is wrong; (2) the costs far outweigh the benefits: you don't want to get kicked out in a short-sighted attempt to make a B a B+; and (3) there is a very good chance that your cheating will be revealed and we will all be extremely disappointed. Moreover:

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program's Statement on Scholastic Dishonesty at http://www.mccombs.utexas.edu/BBA/Code-of-Ethics.aspx. By teaching this course, I have agreed to observe all faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all student responsibilities described in that document. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at http://deanofstudents.utexas.edu/sjs/ to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

Campus Safety

Please note the following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, http://www.utexas.edu/safety/:

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform their instructor in writing during the first week of class.
- o In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire
 Department, the University of Texas at Austin Police Department, or Fire Prevention
 Services office.
- o Behavior Concerns Advice Line (BCAL): 512-232-5050
- Further information regarding emergency evacuation routes and emergency procedures can be found at: www.utexas.edu/emergency.

ACC311: Libby, Libby, Short, Financial Accounting, Seventh Edition Textbook Material Excluded From the Course

Chapter 1

Chapter Supplement B: Employment in the Accounting Profession (p 25-26)

Chapter 2

Key Ratio Analysis: Current Ratio (p 68-69)

Chapter 3

Key Ratio Analysis: Total Asset Turnover Ratio (p 127)

Chapter 4

Key Ratio Analysis: Net Profit Margin (p 182-183)

Chapter 5

A Closer Look At Financial Statement Formats And Notes (pp. 240-249)—continue reading at bottom of p. 249.

Chapter 6

Reconciliation of the Cash Account and the Bank Statement (p 295-301)

Chapter 7

Inventory Methods and Financial Statement Analysis (p 350-351)

Chapter Supplement A: LIFO Liquidations (p 357-358)

Chapter Supplement B: Additional Issues in Measuring Purchases (p 358-359)

Chapter 8

Key Ratio Analysis: Fixed Asset Turnover Ratio (p 390-391)

Repairs, Maintenance and Additions (pp. 394-395)===== Read the supplemental reading provided by the faculty instead of these pages.

Chapter 9

Key Ratio Analysis: Quick Ratio (p 458)

Working Capital Management (p.467-468)

Chapter Supplement A: Present Value Computations Using Excel (p. 478-480)

Chapter Supplement B: Deferred Taxes (p 480-481)

Chapter 10

DO NOT READ Chapter 10 in Libby, Libby & Short.

Read the supplemental Chapter 10 reading provided by the ACC 311 faculty.

Chapter 11

Key Ratio Analysis: Dividend Yield (p 560) Stock Dividends and Stock Splits: (p. 563-564)

Preferred Stock: (p. 565-567)

Chapter Supplement A: Accounting for Owner's Equity for Sole Proprietorships and Partnerships (pp 576-579)

Chapter 12

Key Ratio Analysis: Economic Return from Investing: (p. 609)

Investments for Significant Influence: (p. 609-614)

Controlling Interests: Mergers and Acquisitions: (p. 614-616)

Chapter 13

Key Ratio Analysis: Quality of Income Ratio (p 651)

Key Ratio Analysis: Capital Acquisitions Ratio and Free Cash Flow (pp 654)

Chapter Supplement B: Adjustment for Gains and Losses on Sale of Long-Term Assets—Indirect Method (p. 664-665) Chapter Supplement C: Using a Spreadsheet to Prepare the-Statement of Cash Flows--Indirect Method (p. 665-666)

Chapter 14

Financial Statement Analysis (pp. 698-end)

The University of Texas at Austin Department of Accounting

				chedule for ACC 311 — Funda					
TTh				Solid	Libby, Libby and Short Textbook Assignments				
Date	Day	TextCh	SFch	Topic	Footing	Questions	Exercises	Problems	
8/30	Th			Course Policies, Syllabus, Introduction	Upload to Bb	Don't hand in			
9/4	T		1,2	Accounting Cycle	1-1,2-1				
9/6	Th		3,4,5	Accounting Cycle-Continued	3-1,4-1,5-1				
9/11	T	02		Investing and Financing Transactions		1,2,3,5,7,10,11,12	1,2,3,4,6,8,10,17	2(R1-4)*,3(R1-4)	
9/13	Th	03	6	Operating Decisions and the Income Stmt	6-1	1,2,4,6,7,8,11	2,3,4,6,7,10,11,17	1,2,3(R1)	
9/18	T	04	7,8	Adjustments and Financial Statements	7-3,8-2	2,3,4,6,7,8,11,13	M2*,2,6,8,13,16,18	6,7	
9/20	Th	04	9,10	Continued	9-1,10-1				
9/25	Т	01,A*		Financial Statements & Business Dec.	ACP	4,8,9,12,13,15,17,18,19	1,7,9	1,3	
9/27	Th	13,A		Statement of Cash Flows (Indirect method)		1,3,4,5,6,10,11,12	1,7,10,15,18(R1)	4(R2),AP1	
10/2	T	*01,A m		Continued			*M2 means	*R1 means	
10/4	Th	Ch1+Su	ppl A	Review for Exam I (voluntary)			Mini-exercise 2	Requirement 1	
10/9	T	Day	off		EXA	AM I7:00-9:00 PM			
10/11	Th	06,A		Sales Revenue, Receivables, and Cash		1,2,3,4,7,8,9,10	1,6,11,13,16,18,21	1,2,5	
10/16	T			Continued					
10/18	Th	07,C		COGS and Inventory		2,3,4,6,8,9,10,11	1,2,3,4,5,10,13,17,19	3,5,6	
10/23	T			Continued					
10/25	Th	A,80		Tangible long-lived assets		1,3,4,5,7,10,12,13,14	1,4,6,7,11,14,17,23	1,6,7(R1-2),10,11	
10/30	T			Intangibles					
11/1	Th	09,C		Liabilities		1,3,7,8,9,10,12,13,15	M3,3,4,8(R1-2),15,16,22,25	3,7,11, CP3(R3-4)*	
11/6	T			Continued				CP refers to	
11/8	Th			Review for Exam II (voluntary)				cases and projects	
11/13	T	Day	off	EXAM II7:00-9:00 PM					
11/15	Th	10		Bonds (Effective Interest method only)		1,5,7,8,9,10,11	1,2,4,6,10,12,18,19,21,22	7,CP3,CP4	
11/20	T			Continued					
11/22	Th	Day	off			Thanksgiving			
11/27	T	12		Passive investments		1,3,4,5	1,3,4,5,6,	AP12-1	
11/29	Th	11		Owners' Equity		1,3,5,7,8,10,11	2,4,5,8,12,16,23	1(R1-5),5,8	
12/4	T	5/14		Financial statement analysis		Ch. 5, Q1,2,3,4,5,6,7	E5-1,2,18	CP5-3	
12/6	Th			ReviewFinal Exam (voluntary)					
TBA				Final Examthe faculty have requested Thursday, December 13, 7:00-10:00PM					
TBA				Final Exammakeupthe faculty have requested Friday, December 14, 7:00-10:00PM					