

THE UNIVERSITY OF TEXAS AT AUSTIN
ACC 280K.1 and 280K.2
Spring 2014

Class Meetings MW 4:00 a.m. – 6:00 a.m. in GSB 2.126 (unique numbers ?xxxx?)

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COURSE OBJECTIVES

- ✓ Become more familiar with financing, investing, and operating activities of business entities
- ✓ Understand how these activities are treated under general accepted accounting principles
- ✓ Establish the ability to evaluate financial statements

This course is designed for students whose careers are likely to require frequent use of financial statements issued by publicly held corporations. Learning to use financial reports is a two step process: (1) understand how a company's operating and financing transactions create corporate wealth, and (2) develop an intuitive feel for when and how financial reports communicate the prospective and final outcomes of transactions that are either in process or completed. To a large extent, the first step is addressed in introductory business courses (e.g., introductory accounting, economics, and finance courses), but it is also a secondary objective of this course. The second step is also addressed in introductory accounting courses for routine transactions of fairly simple business enterprises. The primary objective of this course is to build upon these introductory courses by learning how more complex business transactions (e.g., Mergers and Acquisitions, Foreign Operations, Obligations for Post Retirement Benefits, Complex Financial Instruments, Hedging with Derivative Securities) affect the Basic Financial Statements and Earnings per Share.

COURSE MATERIALS

Required

Course Notes: Hard copy available for purchase from GSB Central Duplicating and electronic copy available on Blackboard. The notes are a more detailed version of material that we discuss in class – including detailed examples and self-testing exercises.

Intermediate Accounting (7th Edition), by Spiceland, Sepe, and Nelson (McGraw-Hill / Irwin, 2013). Bound version of the textbook is available at the co-op bookstore. Check figures for problems in the textbook, practice exams (written by the textbook author), annual reports, FASB Updates, etc. are available on the textbook website http://highered.mcgraw-hill.com/sites/007802532x/student_view0/index.html. Electronic versions are available from the publisher for 90 days at \$107.76 or 120 days at \$134.70. Click on http://www.coursesmart.com/IR/1724414/0077446526?_hdv=6.8 or go to www.coursesmart.com and search by title.

Advanced Accounting (2nd Edition), by Hamlen, Huefner, and Largay (Cambridge Business Publishers, 2013). We will cover chapters 1 through 5 of this book. The first two chapters are available in electronic form from the publisher without charge. Chapters 3, 4, and 5 are available at the co-op bookstore (ISBN 9781618530509). **This text is used in 280K.2 only.**

Electronic References

The Wall Street Journal

EDGAR The Security and Exchange Commission's financial statement data base. Available under the "Filings" menu at <http://www.sec.gov/>.

FASB Financial Accounting Standards Board (FASB) documents available to UT students at <http://aaahq.org/ascLogin.cfm> with Username AAA51055 and Password HqhxVke.

Blackboard (<http://courses.utexas.edu/>)

Grades and most course-related materials (e.g., problem solutions and WSJ articles) will be posted to Blackboard. In addition, you are encouraged to post questions to the discussion forum. For example, you might post a question about a homework problem or a question about an example that we worked in class. The TAs and I will post answers to your questions.

HOMEWORK

Recommended Problems

There is a lot of material in the textbooks and *Course Notes*. In class, I will emphasize what is important and walk you through illustrative transactions (and related financial statements); but we will not cover enough problem material in class to adequately prepare you for the exams. You are strongly encouraged to work as many problems from the textbooks and *Course Notes* as your schedule permits. The last page of the syllabus lists textbook problems that are related to the materials emphasized in class. *Course Notes* contains problems that I have written, and many of those have appeared on prior exams. Solutions to all recommended problems are available on the course Blackboard site.

Required Problems

To encourage you to develop exam skills, selected problems from the *Course Notes* and the *Hamlen* textbook will be graded (see the list below). You will receive full credit for an assignment if the grader concludes that you made a reasonable effort. Detailed solutions to required problems will be posted to Blackboard after the due dates.

<u>Due Date</u>	<u>Topic</u>	<u>Problems in Course Notes</u>	<u>Exercises (E) & Problems (P) in Hamlen Textbook</u>
January 24	Income Statement	IS2, IS3	
January 31	Income Taxes	IT4, IT5, IT6	
February 7	Accounting Changes	AC2, AC6	
February 7	Cash Flow Statement	CF2	
February 14	Debt Securities	DS5, DS6	
February 21	Securitizations & VIEs	SV5, SV8	
February 28	Equity Securities	ES2, ES3	
March 21	Derivatives & Hedging	DH2, DH4	
March 28	Stock Compensation	SC2, SC3	
April 4	Earnings per Share	EPS2, EPS3	
April 11	Pensions	PN3, PN4	
April 18	Mergers & Acquisitions		E3- 7 and P3- 2
April 25	Post Acquisition Fin St		P4- 1 and P5- 1

Problem solutions are due no later than 5:00 p.m. on the due date.

Late homework is not accepted. We drop the lowest three HW scores.

How to submit homework

- *Place a hard copy of your solution in the homework box on the receptionist counter in CBA 4M.202.*
- *Give your solution to one of the teaching assistants during their office hours.*
- *Upload an electronic solution to the Assignments Folder on Blackboard.*

COURSE GRADE

Course grades are based on the following weighted average of quizzes, homework, and exams.

Quizzes	30
Homework	30
Comprehensive Final Exam	<u>40</u>
Total	<u>100</u>

Exam performance is directly related to systematic preparation, which includes timely completion of suggested homework (including suggested problems that are not turned in for grading). Since this course moves quickly, you cannot afford to fall behind on readings or problems. You will have difficulty solving problems unless you complete the assigned readings and work through the examples in the class notes. ***Skill in solving problems from the textbooks and class notes will be tested on exams.***