

Accounting 380K.1– Spring 2013 Financial Accounting Standards and Analysis (MPAs)

 Unique #
 Day(s)
 Class Time
 Location

 Unique #
 02670 MW
 12:30-2:00pm
 UTC 3.102

Professor: Florence Atiase Office: CBA 2.218 Phone: (512) 471-5329

Office Hours: Wednesdays 11:00-12:00 noon

Thursdays, 11:00-12:00 and by appointment

Website: http://courses.utexas.edu (Blackboard)
E-mail: Florence.Atiase@mccombs.utexas.edu

<u>Course</u> The course examines issues in financial reporting from both preparer and user

perspectives.

Objectives: The basic objectives of the course are:

(1) to learn about current U.S. financial reporting, including international financial reporting standards (IFRS),

- (2) to consider the economics of transactions and events, and understand whether and how financial reporting captures those economics. This sort of thinking is the foundation for understanding how equity and credit analysts use financial reports (and how they might make adjustments to them). This sort of thinking also allows you to learn about business (i.e., broadens your thinking beyond just debits and credits).
- (3) to learn how to reason about financial reporting problems in a forward direction, similar to what preparers normally do (i.e., work forward from the data to journal entry to financial statement) **and** to learn how to reason about financial reporting problems in a backward direction, similar to what financial report users do (i.e., work backward from financial statement and footnote data to journal entry).

TA: E-mail: Office: Office Hours:

- 1. Aiying Wang
- 2 Angel Cabrera
- 3.Matt Rao

Required Text

INTERMEDIATE ACCOUNTING, by Kieso, Weygandt & Warfield (14th edition)

Optional Supplements

ANSWERS TO HOMEWORK PROBLEMS: Available on Blackboard.

Student Companion Website for Intermediate Accounting, (Keiso, weygandt and Warfield, 14th ed)

http://bcs.wiley.com/he-bcs/Books?action=index&itemId=0470587237&bcsId=6326

Grades

Your course grade will be based on quizzes, two midterm exams and a final made up of both multiple-choice and computational questions. No make-up exams will be given Medical or family emergencies are the only valid reasons that will be accepted for missing an exam. You must provide supporting documentation (e.g., a signed note from a physician) for me if you do miss an exam. In these cases, a weighted average of the other exams will substitute for the missed exam. If you do not have a valid reason for missing an exam, you will receive a grade of zero, which usually implies failing the course. You have to take the final exam in order to receive a grade for the course

2/25	Exam 1	20%
4/8	Exam 2	25%
5/9	Comprehensive Final	30%
	Quizzes and 2 Assignments	15%
	Team Case Project (Due: Monday, April 22nd ^t)	<u>10%</u>
		100%

Quizzes

There will be 6 quizzes over the course of the semester and you will be able to drop your lowest score. Quizzes will be given on the days indicated by an asterisk on pages 5 and 6. You are required to take the quiz in the class in which you are enrolled. **There will be no make-up quizzes.**

Class Attendance and Homework

In my opinion, class attendance and homework are the two most important components of this course. Based on prior experience, those students who generally do very well in this class are those who attend class and those who don't do as well are those who tend to skip class. Importantly, there is a lot of material in ACC 380K and I make every effort during class lectures to indicate what is important and should be emphasized. Plus, some of what I cover in class is not in the textbook. Consequently, knowing what to study for the exams is much easier if you've been in class on a regular basis.

HOMEWORK

Since intermediate accounting is problem oriented, doing the homework problems on a timely basis is a necessity. Exam performance is directly related to systematic preparation, which includes timely completion of the homework assignments. *****Because this course moves very quickly, you should make every effort not to fall behind on homework.****

Working on the homework assignments with other students who are currently enrolled in ACC 380K.1 is encouraged.

Cases

There will be one case assignment they are done in four-person teams. These cases are real world situations (names have been changed) where there is no right answer. These cases complement the other material in the course which, for the most part, has right answers. As you progress in your accounting career, the "right answer" situations will become uninteresting and the "no right answer" situations will become much more interesting. Thus, part of your training in this class is to help you deal with (i.e., solve) unstructured, no-right-answer situations.

The cases for this class will be distributed about two weeks before the assignment is due. Your (three-page) case write-up should describe alternative solutions, cite references to relevant accounting standards, precedents, etc., and recommend a course of action.

Where to get your teams? On Monday, March 4th, you will be re-randomly assigned to teams for the case and, DO NOT MISS CLASS ON MARCH 4th..

Deficiencies

I would highly recommend that those of you who feel nervous in any way about your skills at making journal entries read through Chapter 3 of Kieso, Weygandt and Warfield and work some problems. Work as many as you need to until you feel comfortable with journal entries. The solutions to the following exercises and problems are in the Answers to Homework Problems packet that is available on Blackboard: E3-1, E3-6, E3-7, E3-10, E3-11, E3-13, P3-3, P3-6 and P3-9.

E-mail

The use of e-mail is <u>required</u> for this course. Any outside-of-class announcements that I make (e.g., corrections or clarifications on cases or homework, syllabus changes, etc.) are likely to be sent to you via e-mail and/or posted on Blackboard. Questions that you may have at times other than office hours can be e-mailed directly to me.

Communication Channels

Webpage: I have a course page on Blackboard. To access it, you'll need a UT-EID. Go to http://courses.utexas.edu. Homework solutions and revision of class schedules will be posted on the Course documents portion of Blackboard for the course.

Email: As needed, I will send an email containing announcements, upcoming events, etc. Doing so will avoid my spending time in class on these matters. I will use your email account registered in the Blackboard system.

Class Conduct

If for some reason you are running late, do not feel you should skip class. Please come in quietly and take a seat at the side of the classroom.

If you must leave class early, please tell me before class starts. I will appreciate it greatly.

Please be sure your cell phones are off or on silent before class begins.

Electronic Class Rosters

Password-protected class sites will be 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/gi02-03/app/appc09.html.

Students with disabilities

The University of Texas at Austin provides, upon request, appropriate academic accommodations for qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471-4641 TTY.

PROFESSIONAL CONDUCT

The Department of Accounting is making a concerted effort to focus students' attention on their professional conduct. Why? We are the #1 program in the country, but this ranking can easily be undermined by a lack of professional conduct.

Developing and protecting the value of an MPA degree influences everything I do and should influence your behavior as well. The McCombs MPA brand will open doors for you, but it does not provide you with entitlements. You will still have to <u>earn</u> the benefits of being branded as a McCombs MPA. Because you are a McCombs MPA student, many employers will want to hire you BEFORE they get to know you. It is your responsibility to exhibit professional behavior so that they will want to hire you when they meet you and will be glad they hired you AFTER you begin work. This of course will also ensure that your degree reflects well on you and your fellow graduates throughout your careers.

What does it mean to be professional? *Behaving with the highest level of integrity, respect for others, and ethics.* Stand by your word, make good decisions, and take responsibility for your actions. Respect the views of others. This does not mean that you always need to agree with your colleagues or your faculty, but you must show courtesy and respect for your fellow students and to faculty, TA's, program directors, and staff. In turn, we will show you the same.

For this class

Professional behavior is not only required when interacting with someone outside of the university environment, but it also is expected in your classes. Therefore:

- 1. I expect students to arrive to class on time. It is very disruptive to me and other students when you enter the classroom after class has begun. You distract us in your search for a vacant space and interrupt the flow of the lecture/discussion. I do not expect you to waste my time or the time of other students in this fashion.
- **2.** I expect that all electronic devices will be turned off once class begins. Laptops, cell phones, smart phones, etc. are to be turned completely off (including turning off "cell phone vibrate mode" during class

time.) Getting up in the middle of class to "take a call" outside is unnecessary, absent truly extraordinary circumstances. Further, I expect that reading of non-class materials will stop once class starts.

- **3.** I expect students to not take personal breaks during class. Of course from time to time a student must leave class for one important reason or another, but students leaving and returning during class is very disruptive, so please keep these disturbances to an absolute minimum.
- **4.** I expect that you will not have conversations or write notes back and forth with other students during class.
- 5. I expect that you will be respectful of me, my team of TA's, and of the other students in the class. If someone asks an odd question during class, think about how you can later help that student understand the material rather than expressing your displeasure with various facial contortions. Practicing a professional response in the classroom will serve you well in the future.
- **6.** I expect you to be diligent in working with your teams for the case assignments and to be a team player, not a problem member.
- **7.** I expect you to be responsible for getting the course notes and in-class handouts on any day that you must miss class. It is not my responsibility to secure missed material for you.

In return, you can expect me and my team of TA's to:

- **1. Be in class and office hours on time.** If I cannot be in office hours (rarely occurs), then I will reschedule and double my office hours for the time missed, to compensate for your inconvenience.
- **2.** Be respectful of your need to learn the material in this class. Thus, we will provide timely and enthusiastic responses to questions made in person or on Blackboard and keep you up to date on changes in the syllabus or homework solutions, again on a timely basis. You can expect us to return homework, cases, and exams in a timely fashion to enhance your learning experience.
- **3. Provide you with an education** that will prepare you well for the long-term.

BEING A BUSINESSPERSON

Being a businessperson involves knowledge. One source of knowledge involves knowing what is going on in the business world. Thus, I encourage you to get access to a business publication and to read it on a regular basis. I realize that time is a scarce commodity but even a little bit of reading here and there (easy to do with the various portable devices almost all of us have now) is much better than no reading. I recommend:

- 1. The Wall Street Journal. It's THE newspaper of business.
- 2. Financial Times. It's equivalent to the international version of Wall Street Journal.
- 3. Fortune. It comes out every couple of weeks and has longer and more in-depth articles.
- 4. Forbes.

- 5. The Economist.
- 6. Bloomberg Business Week.
- 7. Barron's

Departmental Policy on Scholastic Dishonesty

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.

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.

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.
- 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.
- 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

Monday and Wednesday Course Schedule

Date	Day	Chapter	Topic	Exercises	Problems and Cases
1-14	M	Ch 1	Syllabus The Bigger Picture Financial Accounting and Reporting and the capital markets.	Assignment #1 Accounting Standards Research Exercises Due: M 1/21	CA1-1, CA1-3 CA1-6, CA1-8, CA1-9
1-16	W	Ch 4	Income Statement Comprehensive Income and Related Information.	6,12, 15	P7, CA-5, CA-8
1-21	M	Ch 4 cntd	Discontinued Operations, Extraordinary Items		
1-23	W	Ch 23	Statement of Cash Flows (direct and indirect)	1,2,3,4,7,8,9,10	P2, 5
1-28	M*	Ch 23 cntd.			CA23- 1, 3, 4
1-30	W	Ch 22	Accounting Changes and Errors	8, 10	P1, P6
2-4	M*	Ch 22 cntd.			CA22-1, 2,3
2-6	W	Ch 13	Risks and Uncertainties Current Liabilities and Contingencies	2,3,7,8,10,13,16	P11
2-11	M	Ch 13 contd.	C		CA13—5,6
2-13	W	Ch 14	Long-Term Liabilities	1, 5, 12, 19	P5,8, 9
2-18	M*	Ch 14 cntd.	Liabilities and Fair Value Option	Assignment #2 Fair Value and Fair Value Option Due M 3/18	CA22-1, 4
2-20	W	Catch Up and Review			
2-25	M	Exam 1	7:00 – 9:00 PM		
2-27	W	Ch 19	Accounting for Income Taxes	1,2, 3, 4, 7, 9, 12,	P1, P2, P3
3-4	M	Ch 19 contd.	Net Operating Losses	23, 24, 25	P5
3-6	W	Ch 21	Leases – Lesseee	1,2,3,8,9,10	P2, 3
3-18	M*	Ch 21	Leases – Lessor		P10, 11, 16
3-20	W	Ch 15	Stockholders' Equity	1, 2, 4, 5 9,14, 22	P3,4, 6,
3-25	M	Ch 16	Hybrids and Dilutive Securities	1,7, 15	
3-27	W	Ch 16	Stock-based Compensation Stock Options Restricted stock	10, 11, 14	P3
4-1*	M*	Ch 16	Earnings per share Basic and Diluted EPS	13, 15, 16,25, 26	P5

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Date	Day	Chapter	Topic	Exercises	Problems and Cases
4-3	W		Catch up and Review		
4-8	M	Exam 2	7:00 – 9:00 PM		
4-10	W	Ch 20	Defined Benefit Pension Plans	1, 2, 3, 4, 6	P1
4-15	M	Ch 20 cntd.		11	P2, 6
4-17	W	Ch 20 cntd		16,17	P10
4-22*	M*	Ch 17	Introduction to Derivatives Fair Value Hedge	Concept Questions 28-35 (P1028) E22, 23	
			*** Submit Case Project at the		
			beginning of Class		
4-24	W	Ch 17 cntd	Cash Flow Hedge	E27	P13, 14
4-29	M	Ch 17 cntd	Interest Rate Swaps	E 25	16
5-1	W	Catch Up and Review			
5-9		Final Exam		Thursday, May 9, 2:00-5:00 pm Location: TBA	