Financial accounting is concerned with the preparation and public dissemination of financial reports designed to reflect corporate performance and financial condition. By providing timely, relevant, and reliable information, these reports facilitate the decision-making of investors, creditors, and other interested parties. Financial markets depend on the information contained in these reports to evaluate executives, estimate future stock returns, assess firms’ riskiness, and allocate society’s resources to their most productive uses.

This course provides a base level of knowledge needed by corporate executives to understand and discuss corporate financial statements. The process of learning how various business activities impact financial statements will also give you opportunities to learn and think about the business activities, themselves. In addition, accounting provides a foundation for subsequent courses.

Leadership and this Course

The Texas MBA program is designed to develop influential business leaders. The MBA Program has identified four fundamental and broad pillars of leadership: knowledge and understanding, communication and collaboration, responsibility and integrity, and a worldview of business and society.

In this course, you will enhance your knowledge and understanding of financial reporting (the language of business) and how financial information helps leaders understand and manage their business. Through class discussion and informal study groups, you will enhance your communication and collaboration skills. You will learn how high-quality, credible financial reporting enhances the ability of managers to lead their organizations effectively and with integrity. Finally, many of the cases and examples involve international companies and reporting practices, affording you a global perspective on financial reporting.

Materials

- A calculator that performs basic financial functions (i.e., time value of money calculations)

Optional

- Course notes, slides, solutions to practice problems and sample exams – Available on course website (Blackboard). These are optional, but I strongly advise you to make use of them.
Course Requirements and Grading

Your grade in the course will be determined as follows:

<table>
<thead>
<tr>
<th>Points</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>In-Class Contribution</td>
<td>6</td>
</tr>
<tr>
<td>Written Case Responses (best 12 of 13)</td>
<td>24</td>
</tr>
<tr>
<td>Midterm (Friday, September 14)</td>
<td>30</td>
</tr>
<tr>
<td>Final (Tuesday, October 16)</td>
<td>40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
</tr>
</tbody>
</table>

The MBA Programs Committee approved the following target grade distribution for all Core and Flex Core courses: A (4.0) 25%, A- (3.67) 20%, B+ (3.33) 15%, B (3.0) 35%, B- or below (2.67) 5%. This course uses that target distribution as a guideline for establishing final grades.

Basis for points:

- **In-Class Contribution:** Primarily depends on how well question or comment contributes to the overall class’s learning. Examples include questions that need to be asked (e.g., if I need to explain something again), sharing an answer to a student’s question, and sharing relevant anecdotes that reinforce the concepts we are covering.

- **Written Case Responses:** Aside from the Solid Footing problem, assignments are due by the start of class on the day assigned and submitted individually via Blackboard. For example, if you attend the 10am class, you would upload the Apple assignment (session 5) by 10am on August 28. Please put your name somewhere clearly visible toward the top of the first page of your submission. Solid Footing Problem 6-1 is due for all students on August 15th by 5pm CDT.

  The grading scale is 2: Mostly correct, 1: Mostly incorrect, 0: Not submitted. I take the highest 12 out of the 13 assignments. Please note that if you miss a deadline, you will get zero points and consume your one dropped assignment. The solutions that I post often contain details and explanations. Their purpose is to explain the solutions rather than provide a sample of what a ‘complete’ answer looks like. The solutions to the sample exams provide a better gauge of how exam answers should look; however, they also contain some extra explanations.

- **Midterm and final exams:** Exam format will resemble the samples posted on the course website. I allocate partial credit based on work shown, with most points allocated based on correctly approaching the problem. I take off minimal points for typos if the student shows his or her work. I give zero points for any incorrect answer if the student did not show work.

Students with Disabilities

Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Services for Students with Disabilities (SSD) is housed in the Office of the Dean of Students, located on the fourth floor of the Student Services Building. Information on how to register, downloadable forms, including guidelines for documentation, accommodation request letters, and releases of information are available online at http://deanofstudents.utexas.edu/ssd/index.php. Please do not hesitate to contact SSD at (512) 471-6259, VP: (512) 232-2937 or via e-mail if you have any questions.

If you expect to need an accommodation, please contact SSD as early as possible to facilitate planning for exams.
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic (Read chapters before class)</th>
<th>Assigned problems</th>
<th>Practice problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Solid Footing (pre-semester)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Th 8/16   Introduction (Chapter 1)</td>
<td>Solid Footing 6-1</td>
<td>General Mills; Q1-3 to Q1-7, M1-20, M1-21, E1-28, E1-30, P1-36</td>
</tr>
<tr>
<td>2</td>
<td>Mo 8/20   Balance sheet (Chapters 2 and 3)</td>
<td>Rocky Mountain (b, f, h, j, k)</td>
<td>Q2-1, Q2-5, Q2-9, M2-16; Q3-9, Q3-10, E3-36, E3-38, C3-58</td>
</tr>
<tr>
<td>3</td>
<td>Tu 8/21   Income statement (Chapters 2 and 3)</td>
<td></td>
<td>Q2-2, M2-14, M2-18, M2-20, M2-22, M2-24, M2-25, M2-28, P2-56a, C2-69; Q4-11, Q4-14, E4-44</td>
</tr>
<tr>
<td>4</td>
<td>Th 8/23   Statement of cash flows I (Chapter 4)</td>
<td>P4-46, 47 (textbook)</td>
<td>Q4-16, M4-22, M4-26, M4-28, M4-30; Q6-1</td>
</tr>
<tr>
<td>5</td>
<td>Tu 8/28   Revenue recognition and accrual accounting (Chapters 6 and 7)</td>
<td>Apple (f – i)</td>
<td>M6-24, E6-32</td>
</tr>
<tr>
<td>6</td>
<td>Th 8/30   Receivables and reserves (Chapters 6 and 9)</td>
<td>Pearson (f – h)</td>
<td>M6-15, M6-18, M6-20, E6-31, E6-34, P6-44; M9-18, E9-36, E9-38, P9-51; Q7-4, Q7-5, M7-15, E7-26</td>
</tr>
<tr>
<td>7</td>
<td>Tu 9/4    Inventory (Chapter 7)</td>
<td>Caterpillar (e – g)</td>
<td>Q7-9, M7-24, E7-28, E7-30, P7-34; Q8-3, M8-11</td>
</tr>
<tr>
<td>8</td>
<td>Th 9/6    Long-lived assets (Chapter 8)</td>
<td>Palfinger (g – j)</td>
<td>Q8-4, Q8-7, Q8-9, Q8-10, M8-12, M8-14, E8-22, E8-26, P8-39</td>
</tr>
<tr>
<td>9</td>
<td>Tu 9/11   Intangible assets (Chapter 8)</td>
<td>Volvo (e – g)</td>
<td>Q8-8, M8-17, E8-31, E8-35, C8-42, E12-41, P12-46</td>
</tr>
<tr>
<td>10</td>
<td>Th 9/13   Review</td>
<td>Sample midterm(s)</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Fr 9/14   MID-TERM: Covers classes 1-10. TIME 9a – 12p, LOCATION TBD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Th 9/20   Stockholders’ equity (Chapter 11)</td>
<td>Merck (e – h)</td>
<td>Q11-3, Q11-6, Q11-7, M11-19, M11-37, E11-41, E11-51; Q9-3, Q9-4, Q9-13, M9-28</td>
</tr>
<tr>
<td>14</td>
<td>Th 9/27   Leases (Chapter 10)</td>
<td>Build-A-Bear (d-g)</td>
<td>M10-15, M10-20, P10-36, P10-45; Q12-1, Q12-2, Q12-3, Q12-5, M12-12, E12-36</td>
</tr>
<tr>
<td>15</td>
<td>Tu 10/2   Marketable securities (Chapter 11)</td>
<td>State Street (d – g)</td>
<td>M12-20, E12-24, E12-26, E12-29, P12-44</td>
</tr>
<tr>
<td>16</td>
<td>Th 10/4   Statement of cash flows II (Chapter 4)</td>
<td>Weis (g)</td>
<td>E4-36, E4-38, P4-51, P4-54, C4-59</td>
</tr>
<tr>
<td>17</td>
<td>Tu 10/9   Review</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tu 10/16</strong></td>
<td><strong>FINAL EXAM: Cumulative. TIME 6:30p -9:30p. LOCATION TBD</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Detailed schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Learning Objectives</th>
<th>Book</th>
<th>Exercises</th>
<th>Assigned Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Thursday, August 16</td>
<td>Introduction</td>
<td>Provide overview of course</td>
<td>Chapter 1</td>
<td>General Mills case. Use the 2011 financials posted on the course website ('01 GIS 2011 10-K.pdf) Q1-3 to Q1-7, M1-20, M1-21, E1-28, E1-30, P1-36 (balance sheet only)</td>
<td>Solid Footing, Problem 6-1</td>
</tr>
<tr>
<td>2 Monday, August 20</td>
<td>Balance sheet</td>
<td>Define assets, liabilities and equity</td>
<td>Chapter 2</td>
<td>Q2-1, Q2-5, Q2-9, M2-16; Q3-9, Q3-10, E3-36, E3-38, C3-58</td>
<td>Rocky Mountain Chocolate Factory (parts b, f, h, j, k)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Provide overview of balance sheet content</td>
<td></td>
<td></td>
<td>b and f: Prepare journal entries (spreadsheet optional); h and j: Showing the closing entries (part i) is optional, but you do need to make sure to consider net income when arriving at your retained earnings number on the balance sheet; k: only need to label the cash transactions because this is for the cash flow statement</td>
</tr>
</tbody>
</table>
Learning Objectives

- Define revenues and expenses
- Provide overview of the income statement’s format
- Introduce common income statement ratios
- Introduce statement of cash flows

Book

Chapter 2
- Reporting financial performance: Read carefully (review of Solid Footing material); especially focus on ‘Accrual accounting for revenues and expenses.’
- Reporting on equity: Reread (it is short).
- Journalizing and posting transactions: Focus on understanding debits (expenses $\uparrow \Rightarrow$ income $\downarrow \Rightarrow$ equity $\downarrow$) and credits (revenues $\uparrow \Rightarrow$ income $\uparrow \Rightarrow$ equity $\uparrow$)

Chapter 3
- Adjusting the accounts: Focus on ‘types of adjustments.’ This section presents four types of adjusting entries (p. 104) that applies more broadly, representing the four types of timing differences between net income and cash flow:

<table>
<thead>
<tr>
<th>Timing difference</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue accruals:</td>
<td>• Deferred revenue: Liability representing obligation to deliver merchandise or perform services</td>
</tr>
</tbody>
</table>
| • Receive cash before earning revenue | Cash (CFO↑, A↑) $X$
| | Deferred revenue (L↑) $X$
| | Deferred revenue (L↓) $X$
| | Revenue (NI↑, E↑) $X$
| • Receive cash after earning revenue | Accounts receivable: Asset for future receipt of cash |
| | A/R (A↑) $X$
| | Revenue (NI↑, E↑) $X$
| | Cash (CFO↑, A↑) $X$
| | A/R (A↓) $X$
| Expense accruals: | • Prepaid expense: Asset representing product (e.g., supplies) or service (e.g., prepaid maintenance contract) that can be used later |
| • Pay cash before incurring expense | Prepaid (A↑) $X$
| | Cash (CFO↓, A↓) $X$
| | Expense (NI↓, E↓) $X$
| | Prepaid (A↓) $X$
| • Pay cash after incurring expense | Accounts payable: Liability representing obligation to pay |
| | Expense (NI↓, E↓) $X$
| | A/P (L↑) $X$
| | A/P (L↓) $X$
| | Cash (CFO↓, A↓) $X$

- Constructing financial statements from adjusted accounts: Read carefully.
- Financial statement analysis: Read carefully. It is very important to understand what makes each line on the balance sheet increase and decrease. The textbook shows that for a supplies account. As an exercise, do the same for an accounts payable account.

Chapter 4
- Purpose of the statement of cash flows: Skim.
- Framework for the statement of cash flows: Read carefully.

Exercises
- Q2-2, M2-14, M2-18, M2-20, M2-22, M2-24, M2-25, M2-28, P2-56a, C2-69;
- Q4-4, Q4-9, Q4-11, Q4-14, E4-44

Assigned Cases
- None
4 Thursday, August 23  
**Statement of cash flows I**

<table>
<thead>
<tr>
<th>Learning Objectives</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop understanding of cash from operations</td>
<td></td>
</tr>
<tr>
<td>Discuss interpretation and uses of the statement of cash flows</td>
<td></td>
</tr>
<tr>
<td>Introduce revenue and expense recognition</td>
<td></td>
</tr>
</tbody>
</table>

**Book**  
Chapter 4  
- Framework for the statement of cash flows: Reread.  
- Preparing the statement of cash flows – Operating activities: Read carefully. Take special note of Exhibit 4.5 as a tool for presenting CFO activities using the ‘direct method.’ Read the section on the indirect method especially closely, as this is the most commonly used method. The US and international accounting regulators are considering mandating the direct method; however, companies will still need to report an indirect method statement that reconciles net income to cash from operations.  
- Preparing the statement of cash flows – Investing and financing activities: Skim.  
- Analysis of cash flows: Focus on the ‘Free cash flow’ section. After reading this, revisit the charts on pages 15 and 152 showing that net income tends to be lower than operating cash flow. Think about why that is. Are there accrual-basis items reflected in net income where the cash effect of that item is not reflected in operating cash flow?  
- Appendix 4A: Refer to it if you find it useful for the exercises; otherwise, skip.

Chapter 6  
- Reporting operating income: Read from the beginning ‘Revenue recognition’ subsection on page 260 up to and including the ‘Business insight’ on page 261.

Chapter 7  
- Reporting operating expenses: Read the ‘Expense recognition principles’ subsection beginning on page 307.

**Exercises**  
Q4-16, M4-22, M4-26, M4-28, M4-30; Q6-1

**Assigned Cases**  
P4-46, P4-47. Focus on getting cash from operations, which turns out to be $35K.

5 Tuesday, August 28  
**Revenue recognition and accrual accounting**

<table>
<thead>
<tr>
<th>Learning Objectives</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop understanding of revenue and expense recognition</td>
<td></td>
</tr>
<tr>
<td>Discuss complications that arise in revenue and expense recognition</td>
<td></td>
</tr>
<tr>
<td>Introduce the use of reserves and the accounting for receivables</td>
<td></td>
</tr>
</tbody>
</table>

**Book**  
Chapter 6  
- Reporting operating income: Carefully read this section except for the ‘Installment sales’ and ‘Revenue recognition for long-term projects’ sections, which you can ignore.  
- Analyzing financial statements: Skim.  
- Earnings management: Carefully read.

**Exercises**  
M6-24, E6-32

**Assigned Cases**  
Apple (parts f – i)  
- **f:** For f.i, assume that Apple has the rights to the songs, as opposed to acting as a broker, and that the customer pays at the time of sale;  
- **h:** See ‘bundled sales’ on page 263 in the textbook for an idea of how to approach this;  
- **i:** Instead of the given questions, estimate the total cash collections from customers during fiscal 2010. You need to combine the A/R and deferred revenue accounts to do this and you usually cannot disentangle the source of cash (on account vs. deferred). Use two approaches: i) use changes in reported balance sheet amounts to infer cash collected, and ii) use the changes as reported on the cash flow statement. Bear in mind that cash flow subtracts changes in assets and adds changes in liabilities.
<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Topic</th>
<th>Learning Objectives</th>
<th>Book</th>
<th>Exercises</th>
<th>Assigned Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Thursday, August 30</td>
<td>Receivables and reserves</td>
<td>Develop understanding of accounting for accounts receivable and estimated bad debts&lt;br&gt;Introduce inventory</td>
<td>Chapter 6&lt;br&gt;• Reporting accounts receivable: Carefully read this section. The ‘Determining the allowance for uncollectible accounts’ section is not very important, but when reading it focus on the ‘aging’ method because that more closely resembles what most companies actually use.</td>
<td>M6-15, M6-18, M6-20, E6-31, E6-34, P6-44 (ignore part d – not enough information to adequately answer); M9-18, E9-36, E9-38, P9-51; Q7-4, Q7-5, M7-15, E7-26</td>
<td>Pearson (parts f – h)&lt;br&gt;• f: Don’t spend too much time puzzling over the “allowance” versus “provision” terminology. Companies use both words in various ways. Some companies use “provision” on one report to describe the adjustment to the A/R balance sheet line, and also use “provision” in another report to describe the bad debt expense. In order to understand accounting terms, you must be used to inferring a lot from the context. For example, when you see an adjustment in cash from operations that says “provision for doubtful accounts,” the fact that it is a CFO adjustment tells you that this refers to the noncash bad debt expense. It cannot refer to the balance in the bad debt allowance, because that would make no sense in that context.</td>
</tr>
<tr>
<td>7</td>
<td>Tuesday, September 4</td>
<td>Inventory</td>
<td>Develop understanding of reporting of inventory and cost of goods sold&lt;br&gt;Discuss the use of LIFO disclosures to ‘undo’ LIFO accounting&lt;br&gt;Introduce accounting for property, plant, and equipment</td>
<td>Chapter 7&lt;br&gt;• Reporting operating expenses: Review&lt;br&gt;• Inventory costing methods: Review&lt;br&gt;• Financial statement effects and disclosure: Read carefully&lt;br&gt;• Financial statement analysis: Skim</td>
<td>Q7-9, M7-24, E7-28, E7-30, P7-34; Q8-3, M8-11</td>
<td>Caterpillar (parts e – g)&lt;br&gt;• f: Also compute 2007 ROA for both companies. For Caterpillar, compute using reported and using adjusted-to-FIFO numbers.</td>
</tr>
</tbody>
</table>
8 Thursday, September 6  Long-lived assets

**Learning Objectives**

Develop understanding of accounting for PP&E, including depreciation and impairments
Introduce intangible assets

**Book**

Chapter 8
- Property, plant, and equipment (PPE): Review through “Depreciation” (page 355); carefully read remainder of section.
- Analyzing financial statements: Skim.
- Intangible assets: Read carefully
- Natural resources: Skim. For those interested in extraction industries, you should be aware that, in addition to depreciating the value of a mine as extraction occurs, companies typically must accumulate a liability for the expected cost of land reclamation.

**Exercises**

Q8-4, Q8-7, Q8-9, Q8-10, M8-12, M8-14, E8-22, E8-26, P8-39

**Assigned Cases**

Palfinger (parts g – j)
- See the annual report ’08 PAL 2007.pdf posted on the course website for possibly the only annual report that you’ll see with LEGO graphics.
- The income statement uses a ‘nature of expense’ format, as opposed to the ‘function of expense’ format that shows cost of goods sold. A COGS-type number is interspersed between various line items such as ‘Materials and external services’ and ‘Changes in inventories and own work capitalized.’ These line items also include non-COGS items. For example, the ‘own work capitalised’ refers to expenditures added to PP&E. Net income is the same regardless of format, similar to having identical cash flow from operations with the direct and indirect methods.
- g.iv: ignore any sales related to the ‘non-current assets held for sale’ line on the balance sheet and referred to in the PP&E note; treat as if put into use on January 1, 2007; j: ignore taxes

9 Tuesday, September 11  Intangible assets

**Learning Objectives**

Develop understanding of accounting for Intangible assets, including amortization, impairments and capitalizing development costs

**Book**

Chapter 8
- Intangible assets: Review

Chapter 4
- Preparing the statement of cash flows – Review.

**Exercises**

Q8-8, M8-17, E8-31, E8-35, C8-42, E12-41, P12-46

**Assigned Cases**

Volvo (parts e – g)
- Note that Volvo presents its reports with the most recent on the right, which differs from most of the reports we’ve seen where the most recent year is on the left. This is not an IFRS issue – some IFRS companies report the most recent on the left, and some US companies report the most recent on the right. It does serve as a reminder that you have to pay attention when looking at financial statements.
- There is a typo in the casebook, Note 14 in the ‘Accumulated depreciation and amortization’ section: The “Capital expenditures” line (SEK 63, under ‘Entrance fees’ is the first number on the line) should read “Depreciation and amortization.”
- e.ii: include disposal activity in addition to capitalization and amortization when explaining the changes in the net book value of ‘Product and software development’; f.ii: for the journal entry, treat expenditures as cash and note which section(s) of the cash flow statement will be affected (in reality, ‘expenditures’ on R&D will be from a mix of cash, incurring liabilities such as salaries payable, and using assets such as supplies); g.ii: do your best to make an apples-to-apples comparison between Navistar and Volvo
10 Thursday, September 13 Catch Up and Review

**Learning Objectives**
We will use this day to catch up and review what we’ve covered to date.

11 Friday, September 14 Midterm Exam—location TBD

12 Thursday, September 20 Stockholders’ equity

**Learning Objectives**
Develop understanding of reporting of stockholders’ equity
Discuss accounting for dividends and repurchases
Introduce accounting for debt

**Book**
Chapter 11
- Introduction: Skim, but make sure you understand the distinction between contributed and earned equity.
- Contributed capital: Skim ‘classes of stock.’ Carefully read ‘Accounting for stock transactions.’
- Earned capital: Carefully read through ‘Cash dividends,’ skim ‘Stock dividends and splits,’ Carefully read ‘Stock transactions and the cash flow statement,’ skim ‘Comprehensive income’ (we will cover it with marketable securities), carefully read ‘Summary of stockholders’ equity’
- Earnings per share: Skim
- Appendix 11A: This will not be on any tests, but you should read this if you are pursuing a finance-related career

Appendix A
- Read if you are uncomfortable with basic present value computations, particularly with respect to computing the value and effective rates on fixed coupon bonds.

Chapter 9
- Current liabilities: Carefully read the ‘Current nonoperating (financial) liabilities’ subsection
- Long-term liabilities: Carefully read.

**Exercises**
Q11-3, Q11-6, Q11-7, M11-19, M11-37(a-e), E11-41(a-c), E11-51(a-d); Q9-3, Q9-4, Q9-13, M9-28

**Assigned Cases**
Merck and GlaxoSmithKline (parts e – h)
- Use the 2011 financials posted on the course website (’12 MRK 2011.pdf’ and ’12 GSK 2011.pdf’). Refer to 2011 for any of the 2007 questions in the case. Merck’s closing share price on December 30, 2011 was $37.70, and $36.04 on December 31, 2010 (for use in market cap questions). Glaxo’s was £14.855 on December 30, 2011.
- e and f: focus on dividends to MRK and GSK shareholders (i.e., do not include the dividends paid to noncontrolling interests), in f.ii, show which dividends in the table of Note 16 comprise the dividends that appear on the financial statements; h: note that GSK shows repurchases as a debit to retained earnings. Some jurisdictions and corporate charters require this accounting. This treats repurchases similar to dividends, consistent with the view that the two are substitute means for distributing cash. This is a jurisdiction/corporate charter issue rather than an IFRS issue. For example, Phillips (Dutch company that reports under IFRS) debits repurchases to treasury stock, similar to many US companies. When answering this question, read the entire Note 33 carefully. The rollforward schedule at the top of the page, giving 5,550M shares at December 31, 2011, is for shares issued. The text below the table discusses treasury shares and shares outstanding. The presentation is different from what you would see with a company that shows the treasury stock line on the balance sheet.
Learning Objectives
- Develop understanding of accounting long-term debt at present value (‘effective interest’ method)
- Discuss accounting for the retirement of debt
- Introduce accounting for leases

Book
- Chapter 9
  • Current liabilities: Review the ‘Current nonoperating (financial) liabilities’ subsection
  • Long-term liabilities: Review

- Chapter 10
  • Leases: Carefully read.

Exercises

Assigned Cases
- Rite Aid (parts c – e)
  • d: estimate the expense using the Interest = Payments + ΔLiability formula. The semiannual coupon payments are on June 15 and December 15 (from EDGAR). While there will be an interest payable associated with the June 15 coupon, you can ignore this for the purpose of computing the interest expense. The reason is that the Feb 28, 2009 balance sheet had an identical interest payable so that the ΔInterest payable equals zero and does not affect the interest expense. Writing the journal entry (iv) will suffice for computing the interest (ii and iii) so long as you clearly label the income statement and cash impact. Skip part v; e: instead of answering the questions in the case book, write a journal entry summarizing the effects of the 9.75% notes on the financial statements for the year ended February 2010 (the Feb 27, 2010 balance sheet and corresponding income and cash flow statements). This is basically the same as using the Interest = Payments + ΔLiability formula, where you treat the issuance as a negative payment. Assume that Rite-Aid uses straight-line to accumulate the coupon payments. Assume that the semiannual coupon payments occur on June 30 and December 31, beginning December 31, 2009 (they don’t, but assuming otherwise creates all kinds of complexities that you can cover in your finance course). Because this is a new loan, we cannot skip the computation of interest payable because the prior balance sheet had no interest payable for this loan. As a result, you need to explicitly accrue for the 2 months worth of the June 30 coupon payment.
<table>
<thead>
<tr>
<th>Date</th>
<th>Title</th>
<th>Learning Objectives</th>
<th>Book</th>
<th>Exercises</th>
<th>Assigned Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thursday, September 27</td>
<td>Leases</td>
<td>Develop understanding of accounting for leases, especially how it relates to the accounting for debt and PP&amp;E</td>
<td>Chapter 11</td>
<td>M10-15, M10-20, P10-36, P10-45; Q12-1, Q12-2, Q12-3, Q12-5, M12-12, E12-36</td>
<td>Build-A-Bear (parts d – g)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Discuss cash and income effects of capital versus operating lease treatments</td>
<td>Chapter 12</td>
<td></td>
<td><strong>d.iii:</strong> see the ‘Deferred Rent’ note regarding the spreading of so-called rent holidays. As an aside, this is due to SEC intervention in 2005. It is common for property owners to give ‘free’ rent to retailers during the setup period for a new store. Prior to 2005, many companies showed zero rent expense during this ‘rent holiday’ period. The SEC’s chief accountant requested that companies spread rent expense evenly over the entire period of occupancy; <strong>f:</strong> see the example in the course notes of capitalizing the operating lease payments. The example computes a rate of interest, which is unnecessary for the Build-A-Bear case where the rate is given. For part f.iii, when computing the depreciation entry, assume an eight-year lease term and straight-line depreciation over the lease term.</td>
</tr>
<tr>
<td><strong>Tuesday, October 2</strong></td>
<td><strong>Marketable securities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>----------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| **Learning Objectives** | Develop understanding of accounting for marketable securities  
Discuss comprehensive income  
Review statement of cash flows |
| **Book** | Chapter 12  
• Passive investments: Review  
Chapter 4  
• Preparing the statement of cash flows – Review.  
• Preparing the statement of cash flows – Investing and financing activities: Read carefully.  
• Additional detail in the statement of cash flows: Read carefully. |
| **Exercises** | M12-20, E12-24, E12-26, E12-29, P12-44 |
| **Assigned Cases** | State Street (parts d – g)  
• Use the 10-Q (quarterly filing) for the quarter ended March 31, 2012 (2012Q1) (See file '15 State Street 2012Q1.pdf' on course website). Treat all questions as referring to the March 31, 2012 balance sheet and/or activity occurring during the first quarter of 2012. I’m using the 10-Q because this is the first set of State Street’s financial statements that reflect the new presentation of other comprehensive income. The statements say ‘unaudited’ because only the annual reports are audited. Even though the 10-Q’s are not subject to a formal audit, it is not uncommon for SEC registrants to have their auditors review their quarterly reports. If for no other reason, this avoids any unpleasant surprises that might arise when filing the annual report if the auditor happens to disagree with how the company accounted for something.  
• **d.ii:** Replace with, “Assume that prior to releasing the 10-Q, the balance in ‘Trading account assets’ was $436. What entry would State Street have recorded to arrive at the reported balance?”; **g:** you are looking for the sale, not the maturity of securities. You can find the purchase and proceeds amounts in the excerpts from the 10-Q I provided. Part g.iv is asking for the unrealized gains/losses on AFS during 2012Q1, not as of. You first need to determine the net unrealized gains as of March 31, 2012 and December 31, 2011 (see part f).
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 Thursday, October 4</td>
<td>Statement of cash flows II</td>
</tr>
</tbody>
</table>

**Learning Objectives**
- Review statement of cash flows and articulation of financial statements
- Develop understanding of cash from investing and financing activities

**Book**
- Chapter 4
  - Preparing the statement of cash flows – Review.
  - Preparing the statement of cash flows – Investing and financing activities: Review.
  - Additional detail in the statement of cash flows: Review.
  - Appendix 4A: Refer to it if you find it useful for the exercises; otherwise, skip.

**Exercises**
- E4-36, E4-38, P4-51 (the question does not give enough information about the company’s situation to answer parts c and e; part e has a typo – decrease is $611M and $633.8M is the ending balance), P4-54, C4-59 (not enough information to answer part e)

**Assigned Cases**
- Weis (part g)
  - See ‘16 WMK.xlsx’ spreadsheet on course website for balance sheet with changes and comments on what to look at for different line items on the balance sheet. I lumped the two deferred tax lines together, which works for computing cash flow, but is totally incorrect for presenting a balance sheet. I also combined some other line items, both to reduce steps and to make a balance sheet that will fit on a slide for class. I will provide balance sheet changes and make some simplifications on the exam (comparable to sample exam), but will not give the hints. See ‘CF CheatSheet.docx’ on website for reference on what makes different accounts increase or decrease.
  - **g:** I recommend using the spreadsheet rather than individual t-accounts, but you are free to use whatever method you find most useful.
    - For intangibles (g.2), assume no purchases and no sales.
    - The second journal entry for g.3 (top of page 21 in casebook) explains part of the change in securities (for computing CFI) and tells you that part of the change is deferred taxes is unrelated to the tax expense on the income statement, which you need to consider when computing CFO.
    - You can safely ignore g.4 if you correctly make the other adjustments.
    - g.5 describes an adjustment to retained earnings that you need to consider when computing both dividends (CFF) and the change in taxes payable for CFO, similar to the above comment on deferred taxes. We are not covering adjustments to retained earnings in this course, and we certainly are not covering FIN 48. For this part, you just need to know that Weis posted an entry that decreased (debited) retained earnings by $452, with an offset (increase/credit) to the income taxes payable liability.
  - When computing cash from financing activities, assume that there were no reissuances from treasury stock. Also note that the ‘Shares issued for options’ line in the statement of stockholders’ equity has two entries: a credit of $1,235 for share issuance and a debit of $1,155 for repurchases associated with the stock option plan.
McCombs Classroom Professionalism Policy

The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Texas MBA experience hinges on this.

You should treat the Texas MBA classroom as you would a corporate boardroom.

Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects.

The Texas MBA classroom experience is enhanced when:

- **Students arrive on time.** On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- **Students display their name cards.** This permits fellow students and faculty to learn names, enhancing opportunities for community building and evaluation of in-class contributions.
- **Students do not confuse the classroom for the cafeteria.** The classroom (boardroom) is not the place to eat your breakfast tacos, wraps, sweet potato fries, or otherwise set up for a picnic. Please plan accordingly. Recognizing that back-to-back classes sometimes take place over the lunch hour, energy bars and similar snacks are permitted. Please be respectful of your fellow students and faculty in your choices.
- **Students minimize unscheduled personal breaks.** The learning environment improves when disruptions are limited.
- **Students are fully prepared for each class.** Much of the learning in the Texas MBA program takes place during classroom discussions. When students are not prepared they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- **Students attend the class section to which they are registered.** Learning is enhanced when class sizes are optimized. Limits are set to ensure a quality experience. When section hopping takes place some classes become too large and it becomes difficult to contribute. When they are too small, the breadth of experience and opinion suffers.
- **Students respect the views and opinions of their colleagues.** Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- **Laptops.** Students may use a laptop in class so long as they do not disturb their classmates. Appropriate uses of a laptop in class include taking notes and viewing materials that are relevant to the class’s discussion. The use of a laptop in class is a privilege that may be lost. Students may not use laptops during exams.
- **Phones and wireless devices are turned off.** We’ve all heard the annoying ringing in the middle of a meeting. Not only is it not professional, it cuts off the flow of discussion when the search for the offender begins. When a true need to communicate with someone outside of class exists (e.g., for some medical need) please inform the professor prior to class.

Remember, you are competing for the best faculty McCombs has to offer. Your professionalism and activity in class contributes to your success in attracting the best faculty to this program.

Academic Dishonesty

I have no tolerance for acts of academic dishonesty. Such acts damage the reputation of the school and the degree and demean the honest efforts of the majority of students. The minimum penalty for an act of academic dishonesty will be a zero for that assignment or exam.

The responsibilities for both students and faculty with regard to the Honor System are described on the final pages of this syllabus. As the instructor for this course, I agree to observe all the faculty responsibilities described therein. As a Texas MBA student, you agree to observe all of the student responsibilities of the Honor Code. If the application of the Honor System to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification.

As specific guidance for this course, you should consider the writing of all examinations to be an individual effort. Group preparation for examinations is acceptable and encouraged. Homework assignments are to be turned in individually but I encourage you to work together in answering the questions. You should, however, develop your own answer and not cut and paste the work of others.
Honor Code Purpose

Academic honor, trust and integrity are fundamental to The University of Texas at Austin McCombs School of Business community. They contribute directly to the quality of your education and reach far beyond the campus to your overall standing within the business community. The University of Texas at Austin McCombs School of Business Honor System promotes academic honor, trust and integrity throughout the Graduate School of Business. The Honor System relies upon The University of Texas Student Standards of Conduct (Chapter 11 of the Institutional Rules on Student Service and Activities) for enforcement, but promotes ideals that are higher than merely enforceable standards. Every student is responsible for understanding and abiding by the provisions of the Honor System and the University of Texas Student Standards of Conduct. The University expects all students to obey the law, show respect for other members of the university community, perform contractual obligations, maintain absolute integrity and the highest standard of individual honor in scholastic work, and observe the highest standards of conduct. Ignorance of the Honor System or The University of Texas Student Standards of Conduct is not an acceptable excuse for violations under any circumstances.

The effectiveness of the Honor System results solely from the wholehearted and uncompromising support of each member of the McCombs School of Business community. Each member must abide by the Honor System and must be intolerant of any violations. The system is only as effective as you make it.

Faculty Involvement in the Honor System

The University of Texas at Austin McCombs School of Business Faculty's commitment to the Honor System is critical to its success. It is imperative that faculty make their expectations clear to all students. They must also respond to accusations of cheating or other misconduct by students in a timely, discrete and fair manner. We urge faculty members to promote awareness of the importance of integrity through in-class discussions and assignments throughout the semester.

Expectations Under the Honor System

Standards
If a student is uncertain about the standards of conduct in a particular setting, he or she should ask the relevant faculty member for clarification to ensure his or her conduct falls within the expected scope of honor, trust and integrity as promoted by the Honor System. This applies to all tests, papers and group and individual work. Questions about appropriate behavior during the job search should be addressed to a professional member of the Career Management Office. Below are some of the specific examples of violations of the Honor System.

Lying
Lying is any deliberate attempt to deceive another by stating an untruth, or by any direct form of communication to include the telling of a partial truth. Lying includes the use or omission of any information with the intent to deceive or mislead. Examples of lying include, but are not limited to, providing a false excuse for why a test was missed or presenting false information to a recruiter.

Stealing
Stealing is wrongfully taking, obtaining, withholding, defacing or destroying any person's money, personal property, article or service, under any circumstances. Examples of stealing include, but are not limited to, removing course material from the library or hiding it from others, removing material from another person's mail folder, securing for one's self unattended items such as calculators, books, book bags or other personal property. Another form of stealing is the duplication of copyrighted material beyond the reasonable bounds of "fair use." Defacing (e.g., "marking up" or highlighting) library books is also considered stealing, because, through a willful act, the value of another's property is decreased. (See the appendix for a detailed explanation of "fair use.")
Cheating

Cheating is wrongfully and unfairly acting out of self-interest for personal gain by seeking or accepting an unauthorized advantage over one's peers. Examples include, but are not limited to, obtaining questions or answers to tests or quizzes, and getting assistance on case write-ups or other projects beyond what is authorized by the assigning instructor. It is also cheating to accept the benefit(s) of another person's theft(s) even if not actively sought. For instance, if one continues to be attentive to an overhead conversation about a test or case write-up even if initial exposure to such information was accidental and beyond the control of the student in question, one is also cheating. If a student overhears a conversation or any information that any faculty member might reasonably wish to withhold from the student, the student should inform the faculty member(s) of the information and circumstance under which it was overheard.

Actions Required for Responding to Suspected and Known Violations

As stated, everyone must abide by the Honor System and be intolerant of violations. If you suspect a violation has occurred, you should first speak to the suspected violator in an attempt to determine if an infraction has taken place. If, after doing so, you still believe that a violation has occurred, you must tell the suspected violator that he or she must report himself or herself to the course professor or Associate Dean of the McCombs School of Business. If the individual fails to report himself or herself within 48 hours, it then becomes your obligation to report the infraction to the course professor or the Associate Dean of the McCombs School of Business. Remember that although you are not required by regulation to take any action, our Honor System is only as effective as you make it. If you remain silent when you suspect or know of a violation, you are approving of such dishonorable conduct as the community standard. You are thereby precipitating a repetition of such violations.

The Honor Pledge

The University of Texas at Austin McCombs School of Business requires each enrolled student to adopt the Honor System. The Honor Pledge best describes the conduct promoted by the Honor System. It is as follows:

"I affirm that I belong to the honorable community of The University of Texas at Austin Graduate School of Business. I will not lie, cheat or steal, nor will I tolerate those who do."

"I pledge my full support to the Honor System. I agree to be bound at all times by the Honor System and understand that any violation may result in my dismissal from the McCombs School of Business."

The following pages provide specific guidance about the Standard of Academic Integrity at the University of Texas at Austin. Please read it carefully and feel free to ask me any questions you might have.
The Standard of Academic Integrity

A fundamental principle for any educational institution, academic integrity is highly valued and seriously regarded at The University of Texas at Austin, as emphasized in the standards of conduct. More specifically, you and other students are expected to "maintain absolute integrity and a high standard of individual honor in scholastic work" undertaken at the University (Sec. 11-801, Institutional Rules on Student Services and Activities). This is a very basic expectation that is further reinforced by the University's Honor Code. At a minimum, you should complete any assignments, exams, and other scholastic endeavors with the utmost honesty, which requires you to:

- acknowledge the contributions of other sources to your scholastic efforts;
- complete your assignments independently unless expressly authorized to seek or obtain assistance in preparing them;
- follow instructions for assignments and exams, and observe the standards of your academic discipline; and
- avoid engaging in any form of academic dishonesty on behalf of yourself or another student.

For the official policies on academic integrity and scholastic dishonesty, please refer to Chapter 11 of the Institutional Rules on Student Services and Activities.

What is Scholastic Dishonesty?

In promoting a high standard of academic integrity, the University broadly defines scholastic dishonesty—basically, all conduct that violates this standard, including any act designed to give an unfair or undeserved academic advantage, such as:

- Cheating
- Plagiarism
- Unauthorized Collaboration
- Collusion
- Falsifying Academic Records
- Misrepresenting Facts (e.g., providing false information to postpone an exam, obtain an extended deadline for an assignment, or even gain an unearned financial benefit)
- Any other acts (or attempted acts) that violate the basic standard of academic integrity (e.g., multiple submissions—submitting essentially the same written assignment for two courses without authorization to do so)

Several types of scholastic dishonesty—authorized collaboration, plagiarism, and multiple submissions—are discussed in more detail on this Web site to correct common misperceptions about these particular offenses and suggest ways to avoid committing them.

For the University's official definition of scholastic dishonesty, see Section 11-802, Institutional Rules on Student Services and Activities.
Unauthorized Collaboration

If you work with another person on an assignment for credit without the instructor's permission to do so, you are engaging in unauthorized collaboration.

- This common form of academic dishonesty can occur with all types of scholastic work—papers, homework, tests (take-home or in-class), lab reports, computer programming projects, or any other assignments to be submitted for credit.
- For the University's official definitions of unauthorized collaboration and the related offense of collusion, see Sections 11-802(c)(6) & 11-802(e), Institutional Rules on Student Services and Activities.

Some students mistakenly assume that they can work together on an assignment as long as the instructor has not expressly prohibited collaborative efforts.

- Actually, students are expected to complete assignments independently unless the course instructor indicates otherwise. So working together on assignments is not permitted unless the instructor specifically approves of any such collaboration.

Unfortunately, students who engage in unauthorized collaboration tend to justify doing so through various rationalizations. For example, some argue that they contributed to the work, and others maintain that working together on an assignment "helped them learn better."

- The instructor—not the student—determines the purpose of a particular assignment and the acceptable method for completing it. Unless working together on an assignment has been specifically authorized, always assume it is not allowed.
- Many educators do value group assignments and other collaborative efforts, recognizing their potential for developing and enhancing specific learning skills. And course requirements in some classes do consist primarily of group assignments. But the expectation of individual work is the prevailing norm in many classes, consistent with the presumption of original work that remains a fundamental tenet of scholarship in the American educational system.

Some students incorrectly assume that the degree of any permissible collaboration is basically the same for all classes.

- The extent of any permissible collaboration can vary widely from one class to the next, even from one project to the next within the same class.
- Be sure to distinguish between collaboration that is authorized for a particular assignment and unauthorized collaboration that is undertaken for the sake of expedience or convenience to benefit you and/or another student. By failing to make this key distinction, you are much more likely to engage in unauthorized collaboration. To avoid any such outcome, always seek clarification from the instructor.

Unauthorized collaboration can also occur in conjunction with group projects.

- How so? If the degree or type of collaboration exceeds the parameters expressly approved by the instructor. An instructor may allow (or even expect) students to work together on one stage of a group project but require independent work on other phases. Any such distinctions should be strictly observed.

Providing another student unauthorized assistance on an assignment is also a violation, even without the prospect of benefiting yourself.

- If an instructor did not authorize students to work together on a particular assignment and you help a student complete that assignment, you are providing unauthorized assistance and, in effect, facilitating an act of academic dishonesty. Equally important, you can be held accountable for doing so.
- For similar reasons, you should not allow another student access to your drafted or completed assignments unless the instructor has permitted those materials to be shared in that manner.
Plagiarism is another serious violation of academic integrity. In simplest terms, this occurs if you represent as your own work any material that was obtained from another source, regardless how or where you acquired it.

- Plagiarism can occur with all types of media—scholarly or non-academic, published or unpublished—written publications, Internet sources, oral presentations, illustrations, computer code, scientific data or analyses, music, art, and other forms of expression. (See Section 11-802(d) of the Institutional Rules on Student Services and Activities for the University's official definition of plagiarism.)
- Borrowed material from written works can include entire papers, one or more paragraphs, single phrases, or any other excerpts from a variety of sources such as books, journal articles, magazines, downloaded Internet documents, purchased papers from commercial writing services, papers obtained from other students (including homework assignments), etc.
- As a general rule, the use of any borrowed material results in plagiarism if the original source is not properly acknowledged. So you can be held accountable for plagiarizing material in either a final submission of an assignment or a draft that is being submitted to an instructor for review, comments, and/or approval.

Using verbatim material (e.g., exact words) without proper attribution (or credit) constitutes the most blatant form of plagiarism. However, other types of material can be plagiarized as well, such as ideas drawn from an original source or even its structure (e.g., sentence construction or line of argument).
- Improper or insufficient paraphrasing often accounts for this type of plagiarism. (See additional information on paraphrasing.)

Plagiarism can be committed intentionally or unintentionally.

- Strictly speaking, any use of material from another source without proper attribution constitutes plagiarism, regardless why that occurred, and any such conduct violates accepted standards of academic integrity.
- Some students deliberately plagiarize, often rationalizing this misconduct with a variety of excuses: failing behind and succumbing to the pressures of meeting deadlines; feeling overworked and wishing to reduce their workloads; compensating for actual (or perceived) academic or language deficiencies; and/or justifying plagiarism on other grounds.
- But some students commit plagiarism without intending to do so, often stumbling into negligent plagiarism as a result of sloppy note taking, insufficient paraphrasing, and/or ineffective proofreading. Those problems, however, neither justify nor excuse this breach of academic standards. By misunderstanding the meaning of plagiarism and/or failing to cite sources accurately, you are much more likely to commit this violation. Avoiding that outcome requires, at a minimum, a clear understanding of plagiarism and the appropriate techniques for scholarly attribution. (See related information on paraphrasing; note taking and proofreading; and acknowledging and citing sources.)

By merely changing a few words or rearranging several words or sentences, you are not paraphrasing. Making minor revisions to borrowed text amounts to plagiarism.
- Even if properly cited, a "paraphrase" that is too similar to the original source's wording and/or structure is, in fact, plagiarized. (See additional information on paraphrasing.)

Remember, your instructors should be able to clearly identify which materials (e.g., words and ideas) are your own and which originated with other sources.
- That cannot be accomplished without proper attribution. You must give credit where it is due, acknowledging the sources of any borrowed passages, ideas, or other types of materials, and enclosing any verbatim excerpts with quotation marks (using block indentation for longer passages).

Plagiarism & Unauthorized Collaboration

Plagiarism and unauthorized collaboration are often committed jointly.

By submitting as your own work any unattributed material that you obtained from other sources (including the contributions of another student who assisted you in preparing a homework assignment), you have committed plagiarism. And if the instructor did not authorize students to work together on the assignment, you have also engaged in unauthorized collaboration. Both violations contribute to the same fundamental deception—representing material obtained from another source as your own work.

Group efforts that extend beyond the limits approved by an instructor frequently involve plagiarism in addition to unauthorized collaboration. For example, an instructor may allow students to work together while researching a subject, but require each student to write a separate report. If the students collaborate while writing their reports and then submit the products of those joint efforts as individual works, they are guilty of unauthorized collaboration as well as plagiarism. In other words, the students collaborated on the written assignment without authorization to do so, and also failed to acknowledge the other students' contributions to their own individual reports.
Multiple Submissions

Submitting the same paper (or other type of assignment) for two courses without prior approval represents another form of academic dishonesty.

You may not submit a substantially similar paper or project for credit in two (or more) courses unless expressly authorized to do so by your instructor(s). (See Section 11-802(b) of the Institutional Rules on Student Services and Activities for the University's official definition of scholastic dishonesty.)

You may, however, re-work or supplement previous work on a topic with the instructor's approval.

Some students mistakenly assume that they are entitled to submit the same paper (or other assignment) for two (or more) classes simply because they authored the original work.

Unfortunately, students with this viewpoint tend to overlook the relevant ethical and academic issues, focusing instead on their own "authorship" of the original material and personal interest in receiving essentially double credit for a single effort.

Unauthorized multiple submissions are inherently deceptive. After all, an instructor reasonably assumes that any completed assignments being submitted for credit were actually prepared for that course. Mindful of that assumption, students who "recycle" their own papers from one course to another make an effort to convey that impression. For instance, a student may revise the original title page or imply through some other means that he or she wrote the paper for that particular course, sometimes to the extent of discussing a "proposed" paper topic with the instructor or presenting a "draft" of the paper before submitting the "recycled" work for credit.

The issue of plagiarism is also relevant. If, for example, you previously prepared a paper for one course and then submit it for credit in another course without citing the initial work, you are committing plagiarism—essentially "self-plagiarism"—the term used by some institutions. Recall the broad scope of plagiarism: all types of materials can be plagiarized, including unpublished works, even papers you previously wrote.

Another problem concerns the resulting "unfair academic advantage" that is specifically referenced in the University's definition of scholastic dishonesty. If you submit a paper for one course that you prepared and submitted for another class, you are simply better situated to devote more time and energy toward fulfilling other requirements for the subsequent course than would be available to classmates who are completing all course requirements during that semester. In effect, you would be gaining an unfair academic advantage, which constitutes academic dishonesty as it is defined on this campus.

Some students, of course, do recognize one or more of these ethical issues, but still refrain from citing their authorship of prior papers to avoid earning reduced (or zero) credit for the same works in other classes. That underlying motivation further illustrates the deceptive nature of unauthorized multiple submissions.

An additional issue concerns the problematic minimal efforts involved in "recycling" papers (or other prepared assignments). Exerting minimal effort basically undercuts the curricular objectives associated with a particular assignment and the course itself. Likewise, the practice of "recycling" papers subverts important learning goals for individual degree programs and higher education in general, such as the mastery of specific skills that students should acquire and develop in preparing written assignments. This demanding but necessary process is somewhat analogous to the required regimen of athletes, like the numerous laps and other repetitive training exercises that runners must successfully complete to prepare adequately for a marathon.