Accounting 380K.1 – Fall 2015
Financial Accounting Standards and Analysis I for MPA’s
Unique 03010 08:00 - 09:30 a.m. TTH in GSB2.120
Unique 03020 09:30 - 11:00 a.m. TTH in GSB2.120
Unique 03030 12:30 - 02:00 p.m. TTH in GSB2.120

Course: The course examines issues in financial reporting from both preparer and user perspectives. The basic objectives of the course are:

(1) to learn about current GAAP financial reporting.

(2) to consider the economics of transactions and events, and understand whether and how financial reporting captures those economics. This way of thinking lays the foundation for understanding how equity and credit analysts use financial reports. This way 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).

Professor: Shuping Chen
Email: shuping.chen@mccombs.utexas.edu
Web page: http://www.mccombs.utexas.edu/dept/accounting/facultypages/Chen/Chen08.asp
Office: CBA 4M.230 Tel: 512-471-5328
Office Hours: Tuesdays 2:30-4:00 p.m.
Fridays 3:30-5:00 p.m.
Any time on Canvas discussion groups

FOR HOMEWORK AND EXAM CONSULTATIONS
Assistants: Brooke Voytoski  Andrew Goldwait
Email: brooke.voytoski@bba12.mccombs.utexas.edu  Andrew.goldwait@bba11.mccombs.utexas.edu
Office: CBA 4.304B  CBA 4.304A
Office Hours: Wednesdays 9:00am - 11:00am  Mondays 9:00am –11:00pm

FOR CASE CONSULTATIONS
Assistant: Morris Truong
Email: morris.truong@bba11.mccombs.utexas.edu
Office: CBA 4.304A
Office Hours: Thursdays 2:00pm - 4:00pm

Brooke, Andrew, and Morris will each be attending one of my classes. You can always catch one of them before or after class.

PLEASE BRING YOUR NAME PLATES TO CLASS
COURSE MATERIALS


CLASS NOTES & OLD EXAM QUESTIONS: These are essential, cannot-do-without class notes. Bring the relevant parts to class each day. The class notes will be available for purchase at Jenn’s Copy & Binding (http://www.jennscopies.com/), 2200 Guadalupe. These notes contain (1) my class notes, (2) the "Additional Problems in Class Notes" indicated on the assignment sheet, and (3) my old exams.

The class notes will be your PRIMARY source of studying the topics covered in this course.

SOLUTIONS TO ADDITIONAL PROBLEMS: This packet contains the solutions to the unassigned additional homework problems. It does not include those to be turned in for course credit. (Solutions to the latter problems will be available on Canvas.) Available for purchase at Jenn’s Copy & Binding, 2200 Guadalupe.

The above two packets (Class Notes and Solution Manual) cost approximately $40 total.

The three primary sources of studying topics in this course are: class notes, solution packet to (unassigned) homework problems (see above), and the textbook. Previous students have indicated that they rely very heavily on the class notes and the additional HW problem solution packet to study for exams. You are encouraged to use the textbook as a reference tool or a starting point; read excerpts from the textbook as necessary. However, spending time reading every word in the textbook would not be productive for several reasons: (1) we cover the topics very quickly in class and there is not much to spend reading the textbook, (2) the textbook contains many accounting details that are not that important (and will not show up on exams), (3) the textbook forces students to think only about current GAAP; many aspects of this course involve thinking about alternative perspectives, some of which are not GAAP, and (4) some important topics are not discussed in the textbook. For topics you’ve never been exposed to before (such as derivatives), reading the notes and related sections in the textbook before class can prove very valuable. Reading the textbook on an as-needed basis can save you valuable time and maximize efficiency. DO WHAT WORKS BEST FOR YOU.

ACCOUNTING STANDARDS: Your course fees allow us to purchase a site license to the FASB standards. The internet address is: http://aaahq.org/FASB/Access.cfm

Login Information: Before September 1, 2015: USER ID: AAA51055 PW: F33KYUv
After September 1, 2015: USER ID: AAA510155 PW: 3avPE7A
COURSE REQUIREMENTS

EXAMS: There will be two mid-term exams and one final exam. With the exception of the final exam, each exam will only cover the materials in that portion of the course. The final exam is not cumulative, with the following important exception: statement of cash flows and deferred taxes will be covered in all three exams.

For each of the three exams, you can bring a 4 x 6 inch index card “cheat sheet.” Writing/typing on both sides is acceptable.

HOMEWORK: There will be 13 homework assignments. These homework assignments help you stay up to date on the material (it’s easy to let things slide and somewhat disastrous in this class if you do). Solutions to these assigned homework problems will be made available on 5:00 pm on the Canvas course website.

Homework can be: (1) turned in (paper copy) before or after class, (2) turned in (paper copy) to a homework box in CBA 4M.202 (accounting department office) on day homework is due (before 5:00 p.m.), or (3) emailed to the homework TAs, Brooke (brooke.voytoski@bba12.mccombs.utexas.edu) and Andrew (andrew.goldwait@bba11.mccombs.utexas.edu).

If you turn it in via paper copy, please make sure to write your MPA MAILBOX # on your copy and the graded copy will be returned to your MPA mailbox within a day. If you turn it via electronic copy, the TA grading it will notify you of the grade by return email within a day.

CASES: There will be two group cases. These cases are based on real world situations and are designed to help you solve unstructured problems that require searching accounting standards. While textbook and exam questions have one ‘right’ answer, the real world cases usually do not have one right answer and are therefore more challenging. Part of your training in this class is to help you tackle unstructured, no-single-right-answer situations that are more reflective of the real world.

I will post the cases assigned about two weeks before they are due in the “Course Documents” folder on Canvas class website. Your (three-page) case write-up should describe alternative solutions, cite references to relevant accounting standards, precedents, etc., and recommend a course of actions. Solutions to group cases are limited to three single-spaced typed pages. You can attach your supporting documents to your group reports, such as Excel worksheet, in an Appendix attached to your reports.

On the 3rd day of class (9/3), my case TA Morris Truong (morris.truong@bba11.mccombs.utexas.edu) will assign you to project groups consisting of no less than 3 and no more than 4 students to work on the first project. Morris may assign you to work with students in the other sections that I am teaching.

COURSE GRADES

Course grades are determined by the following weighting scheme:

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Exam 1</td>
<td>210</td>
<td>21%</td>
</tr>
<tr>
<td>Exam 2</td>
<td>250</td>
<td>25%</td>
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<tr>
<td>Final Exam</td>
<td>290</td>
<td>29%</td>
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<tr>
<td>Homework</td>
<td>110</td>
<td>11%</td>
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<tr>
<td>Team cases</td>
<td>140</td>
<td>14%</td>
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<tr>
<td>TOTAL POINTS</td>
<td>1,000</td>
<td>100%</td>
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</table>
EXAMS: Exams are problem based and so we do assign partial credits. To the extent we can tell that you made a pure math mistake (i.e., you wrote $10 \times 5000 \text{ units} = \$5,000$), we do not take points off. Hence, showing your work is important!

I grade on a curve based on all three sessions I am teaching.

No make-up exams will be given. Medical emergencies and family emergencies are the only valid reasons that will be accepted for missing an exam. You must provide supporting documentation (e.g., signed note from a physician) if you do miss an exam. If you are excused from an exam, the other two exams will be re-weighted (e.g., if you miss the first exam, the second and final exams will be re-weighted). If you miss two exams, you automatically fail this course and no re-weighting will be granted. If you do not have a valid reason for missing an exam, you will receive a zero on the exam, which usually implies failing the course.

HOMEWORK: Unless otherwise noted, the homework will be graded on an effort, and not accuracy, basis. Homework is scored on a 0, 1, 2, 3 basis. You will receive full credit for a problem if the grader concludes that you made a reasonable effort.

I will drop the two lowest homework scores in calculating your final grade. Homework solutions are made available on the course Canvas website at 5:00 p.m. on the homework due date. Homework is considered late (score of 0) if received after 5:00 p.m. on the due date (no exceptions).

CASE: Because there is no single “right” answer to these cases, case will be graded on a relative basis (i.e., your case relative to other teams’ cases). When grading, we are looking for coherent and logical arguments that can support your proposed solution.

How do I deal with the free-rider problem on these cases? For each group project, each group member will provide a confidential evaluation of him/herself and the other group members. I will consider this information and make any necessary adjustments to the case grade for specific individuals in the team (e.g., a group member who provides little help on the cases will get a deduction from the grade on the cases). The maximum downward adjustment is the earned score on the cases.

REGRADING POLICY: My team of TAs and I will make every effort to ensure the accuracy of grading. Should grading discrepancies arise (e.g., not adding up your points correctly, etc.), you must submit a TYPED-UP, WRITTEN request for re-grading, on one page, and turn in your written request along with your exam within 3 calendar days (72 hours) after the exams are given back to you.
STRATEGIES FOR SUCCESS

I. GETTING OFF TO A SOLID START:
I would highly recommend that those of you who feel in any way nervous about your skills at making journal entries to read through Chapter 3 of the textbook and work some problems. Work through as many as you need to feel comfortable with making journal entries. Suggested: E3-1, E3-8, E3-20 (don’t do Part B), P3-1, P3-5, P3-6, P3-8, P3-9, P3-11, and P3-12. Solutions to these problems are in your solutions to homework packet.

II. CLASS ATTENDANCE AND HOMEWORK:
In my opinion, class attendance and homework are the two most important components of this course. Based on my prior experience, those students who generally do very well are those who attend class and those who don’t do as well are those who tend to skip class. Why?

Reason #1: There is a lot of material in ACC 380K.1 and the course moves quickly. If you miss class, you will typically spend at least triple the class time to learn the materials on your own. Trying to figure out on your own some of the course material is just too tough. Maximizing in-class learning is the most efficient way to learn the materials.

Reason #2: Much of what I cover in class is not in the textbook.

If, for some reason, you have to miss class, I recommend that you obtain the class notes from someone else and, if possible, also have them audio record the class. It’s an easy way to ensure that you can get up to speed on the material you missed.

Reason #3: Since the content of ACC380k.1 is largely problem oriented, doing the homework problems on a timely basis is a must for good performance. Exam performance is directly related to systematic preparation, which includes timely completion of the homework assignments.

There are homework problems from the textbook and in my class notes. What is the difference? Problems in the class notes supplement the textbook when the textbook is deficient in a particular type of problem. So you should view the two as complements and not substitutes. If you don’t do all of the problems for a particular topic, be sure to scan all problems and make sure you get coverage on all types of problems/subtopics within a particular topic.

III. USE THE RESOURCES PROVIDED:

CANVAS: The course Canvas site will be an integral part of my teaching tool and your learning tool.

Solutions to homework that is turned in for credit will be available on Canvas typically a day after you turn them in (Why a day later? Answer: Because I’m coordinating homework with another ACC 380K.1 professor who teaches on Tuesdays and Thursdays.)

Discussion groups are available on Canvas (organized by topic). The TA’s and I will monitor these discussion groups, providing timely answers to questions. I have no problem with your answering questions too (the easiest way to learn something is to try to explain it to somebody else); we’ll monitor those posts as well, to ensure that nothing erroneous gets posted.

The only kind of question you should not post on Canvas are case-related questions as those need to be privately communicated to me or the case TA via email (you don’t want to give away your case insights on Canvas!).

TA’S: I have hand-picked the TA’s because (1) they have taken the class previously, (2) they are bloody smart, and (3) they are eager to help you too.
IV. THINKING LIKE A BUSINESS PERSIION:

Your in-class understanding of the accounting issues will be much enhanced if you train yourself at the same time to think like a business person. In a lot of topics we cover, such as banks’ securitizations of mortgaged backed securities, a solid understanding of the underlying business transactions is a must before you tackle the accounting issues. Understanding the business transactions and the business environment are also important for fulfilling our class objectives, i.e., understanding the economics of the transactions and reasoning backward from the financial statements to infer firms’ performance.

Where do you start? One great starting point is to acquire knowledge about 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 is much better than no reading. I recommend:

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.
5. The Economist.
7. Barron’s

OTHER

Academic accomodation for 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, http://www.utexas.edu/diversity/ddce/ssd.

Religious holy Days: Per university policy, you must notify me of an absence related to a religious holy day observance no later than 14 days prior to the observance of that holy day. If your religious holy day falls on one of the exam dates, I will reschedule you to take a ‘make-up’ exam before the class exam date.
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 a McCombs 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 earn the benefits of being branded as a McCombs MPA. 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. Show courtesy and respect for the views and times of 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 and in situations related to this class. Therefore:

1. **I expect you to attend the section in which you are enrolled.** If there is a particular reason that you must miss class (e.g., only time you could get for a doctor’s appointment), please let me know of your need to attend the other section before that class meeting. If there is a last-minute emergency, call me in my office and let me know.

2. **I expect students to arrive to class on time.** It is very disruptive to the class when a student enter the classroom after class has begun, as it interrupts the flow of the lecture/discussion and distracts the other students.

3. **I expect that all electronic devices will be turned off once class begins.** Laptops, cell phones, pagers, Blackberries, and other communication devices are to be turned completely off (including turning off “cell phone vibrate mode” during class time.) I expect that reading of non-class materials will stop once class starts.

4. **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.

5. **I expect that you will not have conversations or write notes back and forth** with other students during class.

6. **I expect that you will be respectful of me, my team of TA’s, and of the other students in class and in office hours.**

7. **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.

8. **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.**

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 Canvas 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. **Be courteous to you in our interactions with you in and outside of class.**

4. **Provide you with an education** that will prepare you well for the long-term.
Departmental Policy on Scholastic Dishonesty

The Department of Accounting 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 department’s Policy Statement on Scholastic Dishonesty in the MPA Program. By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all of the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification.

Application of Departmental Policy to Writing Assignments in this Course

CASES
Each team’s case solution should be independently prepared. Each team should not refer to other students, other team’s solutions, or to solutions prepared in previous semesters. All questions on cases are to be directed to me or the case TA for my sections. Violation of this policy will be treated as an act of “scholastic dishonesty.” Evidence of non-independent work will be forwarded to the Dean of Students with a recommendation that a grade of “F” be assigned in the course.

GRADED HOMEWORK
Working on the homework assignments with other students who are currently enrolled in ACC 380K.1 is permitted (and encouraged). However, merely copying the work of another student who has previously completed the homework assignment is not permitted. Copying homework solutions from the solutions manual, another instructors’ solution packet, a previous semesters’ solution packet, or any other source also is not permitted. Violation of this policy will be treated as an act of “scholastic dishonesty.” Evidence of violation of this policy will be forwarded to the Dean of Students with a recommendation that a grade of “F” be assigned in the course.

EXAMS
Each student is expected to independently complete the exams during the designated exam period. Each student should not refer to other students’ exam solutions or discuss the exam with other students during the exam period. Violation of this policy will be treated as an act of “scholastic dishonesty.” Evidence of non-independent work will be forwarded to the Dean of Students with a recommendation that a grade of “F” be assigned in the course.
### Class Schedule on One Page (Details on the following pages, pages 10-14)

<table>
<thead>
<tr>
<th>Class #</th>
<th>Date</th>
<th>Topic/Task</th>
<th>Class #</th>
<th>Date</th>
<th>Topic/Task</th>
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<tbody>
<tr>
<td></td>
<td>8/27</td>
<td>Introduction, syllabus</td>
<td>16</td>
<td>10/20</td>
<td>Compound financial instruments</td>
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<td></td>
<td>TH</td>
<td></td>
<td>17</td>
<td>10/22</td>
<td>Stock based compensation</td>
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<tr>
<td>2</td>
<td>9/1</td>
<td>Risk + Uncertainties</td>
<td>18</td>
<td>10/27</td>
<td>EPS</td>
</tr>
<tr>
<td>3</td>
<td>9/3</td>
<td>Statement of Cash Flows</td>
<td>19</td>
<td>10/29</td>
<td>No Class on Exam Date</td>
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<tr>
<td></td>
<td>TH</td>
<td></td>
<td></td>
<td>10/29</td>
<td>Second Exam</td>
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<tr>
<td>4</td>
<td>9/8</td>
<td>Deferred Taxes</td>
<td>20</td>
<td>11/3</td>
<td>Inventory</td>
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<tr>
<td>5</td>
<td>9/10</td>
<td>Deferred Taxes</td>
<td>21</td>
<td>11/5</td>
<td>Receivables/Securitization</td>
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<tr>
<td>6</td>
<td>9/15</td>
<td>Deferred Taxes</td>
<td>22</td>
<td>11/10</td>
<td>Receivables/Securitization</td>
</tr>
<tr>
<td>7</td>
<td>9/17</td>
<td>Acc ∆, Restatements</td>
<td>23</td>
<td>11/12</td>
<td>Receivables/Securitization</td>
</tr>
<tr>
<td></td>
<td>TH</td>
<td>Case #1 Due</td>
<td>11/13</td>
<td>F</td>
<td>Case #2 Due</td>
</tr>
<tr>
<td>8</td>
<td>9/22</td>
<td>Acc ∆, Restatements</td>
<td>24</td>
<td>11/17</td>
<td>Leases</td>
</tr>
<tr>
<td>9</td>
<td>9/24</td>
<td>Equity</td>
<td>25</td>
<td>11/19</td>
<td>Leases</td>
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<tr>
<td>10</td>
<td>9/29</td>
<td>No Class on Exam Date</td>
<td>26</td>
<td>11/24</td>
<td>Pension</td>
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<tr>
<td></td>
<td>9/29</td>
<td>First Exam</td>
<td>27</td>
<td>11/26</td>
<td>Thanksgiving Day. No Class.</td>
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<tr>
<td>11</td>
<td>10/1</td>
<td>LT Liabilities</td>
<td>28</td>
<td>12/1</td>
<td>Pension</td>
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<tr>
<td>12</td>
<td>10/6</td>
<td>LT Liabilities</td>
<td>29</td>
<td>12/3</td>
<td>Catch up</td>
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<tr>
<td>13</td>
<td>10/8</td>
<td>LT Liab./Review OPTIONS</td>
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<tr>
<td>14</td>
<td>10/13</td>
<td>Derivatives</td>
<td>12/TBD**</td>
<td>Final Exam** (see note)</td>
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<tr>
<td>15</td>
<td>10/15</td>
<td>Derivatives</td>
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</table>

***Final exam date TBD: I will attempt to schedule a common exam for the week of 12/7 to 12/12. The university's scheduling for final common exam does not start till mid-November. I will announce final exam date in class and also post the date on Canvas class website once I am informed of the final exam schedule. Revert back to university final exam schedule if this cannot be arranged.***
## PART I OF CLASS: ESSENTIALS TO SURVIVE AS A CFO

### TH 8/27
**Date:** 8/27  
**Chapter(s):** 3, 8, 11  
**Topic:** Hand out syllabus: introduction of class  
- Review of basic accounting concepts (no class coverage)  
- The Bigger Picture (passed out in class – if you did not get a copy, see Canvas)  
- Searching FASB Codification, EDGAR, etc. and Analyzing/Writing Cases (no class coverage)

**Assignment:**  
- P3-10, P3-11, E8-20, E11-4, Review Problems A and B (Review Problems A and B are located in your class notes)
- (NOTE: If you are delayed in obtaining the textbook and/or class notes, go to my Canvas course page and download relevant materials for these homework assignments.)

**Due Date:** Monday 8/31

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### T 9/1
**Date:** 9/1  
**Chapter(s):** 5, 13, 24  
**Topic:** Risks and Uncertainties  
- Start Statement of Cash Flows with leftover time so bring those notes.

**Assignment:**  
- CA13-4, CA13-5, CA13-6, E13-13, P13-10, P13-11, E24-1, E24-2
- Additional Problems in Class Notes B  
- Additional Problems in Class Notes A

**Due Date:** Thursday, 9/3 (note other homework due on Thursday 9/3 – see above)

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### TH 9/3
**Date:** 9/3  
**Chapter(s):** 5 + 23  
**Topic:** Statement of Cash Flows  

**Assignment:**  
- Additional Problem E in Class Notes  
- Additional Problems in Class Notes A-D.

**Notes:** Problems A through D have deferred taxes in them, so do thee after we have gone through that topic.

**Due Date:** Thursday, 9/3 (note other homework due on Thursday 9/3 – see above)

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**Preparation:** You’ve had the SCF topic before in your accounting classes. Thus, the assigned homework for this topic is due as we are discussing the topic rather than the usual procedure of after we discuss the topic. Read pages 118-123, 228-233, and 1410-1434 from textbook.

**Preparation:** There are a lot of problems here to practice, perhaps more than some of you need (you be the judge). The textbook problems are the place to start, to be sure you’ve got basics down. Then move to the additional problems in Class Notes, which for this topic, are old exam problems.
<table>
<thead>
<tr>
<th>Date</th>
<th>Chapter</th>
<th>Topic</th>
<th>Assignment (both homework to turn in and homework not to turn in)</th>
<th>Due date for homework (indicated by those that are underlined)</th>
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<tr>
<td></td>
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<td>Additional Problem in Class Notes A-E</td>
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<tr>
<td>TH 9/10</td>
<td>19</td>
<td>Deferred Taxes</td>
<td></td>
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<tr>
<td>T 9/15</td>
<td>19</td>
<td>Deferred Taxes</td>
<td></td>
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<tr>
<td>TH 9/17</td>
<td>22</td>
<td>Retained Earnings Statement -- Accounting Method (versus Estimate) Changes and Restatements</td>
<td>E22-1, E22-3, E22-10 (the double declining balance depreciation is $148,395 total up to 1/1/2015), E22-11, E22-12, E22-13, E22-14, E22-15, P22-1, P22-2 (treat the extraordinary item as ordinary income given that the concept of extraordinary items is no longer applicable), P22-6</td>
<td>Wednesday 9/23</td>
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<td>F 9/18</td>
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<td>CASE #1 DUE</td>
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<td>T 9/22</td>
<td>22</td>
<td>Retained Earnings Statement -- Accounting Method (versus Estimate) Changes and Restatements</td>
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</tbody>
</table>

**PREPARATION:** READ PAGES 179-182 AND 1344-1373 FROM TEXTBOOK. NOTE THAT FOR THE 1344-1373 PAGES, THERE IS DISCUSSION OF REVENUE RECOGNITION METHODS THAT WE MAY NOT BE EASILY REMEMBERED BY YOU FROM PREVIOUS CLASSES, SO KEEP THAT IN MIND WHEN READING THOSE PAGES.

**T 9/29**

**NO CLASS – TIME OFF FOR FIRST NIGHT EXAM**

FIRST EXAM to be held from 6:00pm – 9:00pm. Location assignment below:

- 08:00am section: UTC4.102
- 09:30am section: UTC4.103
- 12:30pm section: UTC4.110
# PART 2 OF CLASS: FINANCIAL INSTRUMENTS / EPS

<table>
<thead>
<tr>
<th>Date</th>
<th>Chapter</th>
<th>Topic</th>
<th>Assignment (both homework to turn in and homework not to turn in) CA=case; E=exercise; P=problem from textbook</th>
<th>Due date for homework (indicated by those that are underlined)</th>
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</thead>
<tbody>
<tr>
<td>TH 10/1</td>
<td>13 + 14</td>
<td>Long-Term Liabilities (and the fair-value option)</td>
<td>Use effective-interest method on all problems throughout the course. CA13-2, CA13-3, E13-3, E13-4, E14-9, E14-10, E14-16, E14-19, E14-20, P14-1 (assume interest is paid on December 31, not January 1; also indicate how the balance sheet, income statement, and SCF would look for 2008 and 2015), P14-10 (skip part d), Additional Problems in Class Notes A-B, D, and G-I Additional Problems in Class Notes C, E, and F</td>
<td>Friday 10/9</td>
</tr>
<tr>
<td>T 10/6</td>
<td>13 + 14</td>
<td>Long-Term Liabilities (and the fair-value option)</td>
<td>See above</td>
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</tr>
<tr>
<td>TH 10/8</td>
<td>13 + 14</td>
<td>Long-Term Liabilities/Review of PUTS, CALLS, FUTURES, etc.</td>
<td>See above</td>
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</tr>
<tr>
<td>TH 10/15</td>
<td>17A</td>
<td>Derivatives</td>
<td>See above</td>
<td></td>
</tr>
</tbody>
</table>

**PREPARATION:** READ PAGES 705-706, 764-773, 775-776, and 786-788 FROM TEXTBOOK AND ALSO READ TEXTBOOK UPDATE HANDOUT PAGES 22 AND 27.

**PREPARATION:** READ PAGES 977-998 FROM TEXTBOOK.

**PREPARATION:** READ PAGES 884-890 FROM TEXTBOOK. PAGES 941-944 OF THE TEXTBOOK TALK ABOUT HOW BIFURCATION OF CONVERTIBLE DEBT WORKS. THE TEXT TALKS ABOUT IT IN THE CONTEXT OF IFRS WHERE CONVERTIBLE DEBT IS ALWAYS BIFURCATED. BUT THE GENERAL DISCUSSION WILL BE HELPFUL FOR OUR DISCUSSION OF US GAAP IN THOSE CASES WHERE IT IS BIFURCATED. SO WHY DOESN'T THE TEXT JUST TALK ABOUT THIS BIFURCATION CONCEPT IN THE CASE OF US GAAP? THE TEXTBOOK IS NOT QUITE RIGHT WHEN IT SAYS US GAAP DOES NOT BIFURCATE CONVERTIBLE DEBT—UNDER SOME CIRCUMSTANCES (CASH SETTLEMENT OPTION), IT IS BIFURCATED.
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| TH 10/22 | 16      | Stock-Based Compensation | E16-10, E16-11, E16-12, E16-13, E16-14, E16-29, E16-30  
Additional Problems in Class Notes A-B  
Additional Problems in Class Notes C and D | Tuesday 10/27 |
Additional Problems in Class Notes A-C | No homework due in preparation for your second exam. |
| TH 10/29 |         |                     | PREPARATION: READ PAGES 891-899 AND 913-916 FROM TEXTBOOK. | |
| T 10/27  |         |                     | PREPARATION: READ PAGES 899-912 AND 918-921 FROM TEXTBOOK. | |
| TH 10/29 |         |                     | NO CLASS – TIME OFF FOR SECOND NIGHT EXAM  
SECOND EXAM to be held be held from 6:00pm – 9:00pm. Location assignment below:  
08:00am section: UTC4.102  
09:30am section: UTC4.103  
12:30pm section: UTC4.110. | |
| PART 3 OF CLASS: OPERATING THE BUSINESS | | | |
| T 11/3   | 8 + 9   | Inventory           | CA 8-6, CA 8-9, E8-22, E8-23, E8-25, E8-26, P8-9, P8-10, E9-3  
Additional Problem in Class Notes A  
Additional Problem in Class Notes B | Thursday 11/5 |
|          |         |                     | PREPARATION: READ PAGES 432-443 FROM TEXTBOOK AND TEXTBOOK UPDATE HANDBOUT PAGE 21. | |
| TH 11/5  | 7       | Receivables / Securitization | E7-13, E7-15, E7-17,  
ADDITIONAL PROBLEMS IN CLASS NOTES B, E, F, H-L  
ADDITIONAL PROBLEMS IN CLASS NOTES A, C, D, AND G | Friday 11/13 |
|          |         |                     | (note Case #2 is due on same day) | |

**PREPARATION:** READ PAGES 364-369 AND 371 FROM TEXTBOOK. **DO NOT READ PAGE 370 AS WHAT THE BOOK SAYS IS A BIT OUT OF DATE (ALTHOUGH THEY ACKNOWLEDGE THE NEW ACCOUNTING IN THEIR FOOTNOTE 14 ON PAGE 370).** **IN ANY EVENT, MOST OF WHAT I AM GOING TO TALK ABOUT FOR THIS TOPIC IS NOT IN THE TEXTBOOK (I.E., SECURITIZATION). THE ACCOUNTING FOR THIS TOPIC JUST CHANGED RECENTLY BECAUSE OF THE FINANCIAL CRISIS. WE’LL BE TALKING ABOUT WHAT IT WAS BEFORE THE CRISIS AND HOW IT IS NOW DIFFERENT.**
<table>
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<td>7</td>
<td>Receivables / Securitization</td>
<td>See above</td>
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<tr>
<td>TH 11/12</td>
<td>7</td>
<td>Receivables / Securitization</td>
<td>See above</td>
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<tr>
<td>F 11/13</td>
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<td>CASE #2 DUE</td>
<td>Note: HW for Receivables/Securitizations due on same date</td>
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<td>Additional Problems in Class Notes F, G, J</td>
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<td>TH 11/19</td>
<td>21</td>
<td>Leases</td>
<td>See above</td>
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<td>Additional Problems in Class Notes A-D</td>
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<td>TH 11/26</td>
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<td>NO CLASS.THANKSGIVINGS HOLIDAY.</td>
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<td>T 12/1</td>
<td>20</td>
<td>Pensions</td>
<td>See above</td>
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<tr>
<td>TH 12/3</td>
<td>20</td>
<td>Catch up.</td>
<td></td>
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**FINAL EXAM:** TBD. I WILL ANNOUNCE COMMON EXAM DATE/TIME IN CLASS, MOST LIKELY MID TO LATE NOVEMBER.