

Orfalea College of Business
California Polytechnic State University
Accounting 322--Intermediate Accounting II—Fall Quarter 2015

Professor: Dr. Doug Cerf **Office Phone:** 756-2871 (it is best to email)
Office Location: Room 403 **Office Hours:** Monday and Wednesday 4-5 and by appt.
e-mail address: dcerf@calpoly.edu (please include BUS 322 in the subject line and your phone # with every e-mail)

COURSE OBJECTIVE: Comprehensive coverage of financial reporting to external users. Topics covered include: Stockholders' equity, Dilutive Securities and Stock based compensation plans, Statement of Cash Flows, Earnings per share, Intangible Assets, Investments, and Financial Derivatives.

LEARNING OBJECTIVES

The successful student will:

- (1) Acquire an understanding of the concepts and necessary analysis underlying financial accounting measurement, recording and reporting practices for the topics listed in the course objectives.
- (2) Develop the critical thinking skills needed to analyze and comprehend the nature and consequences of economic events which are the subject matter of accounting.
- (3) Gain an appreciation for the behavioral and economic consequences of accounting and reporting alternatives, including ethical considerations.
- (4) Cultivate the communication skills essential to the financial reporting process.

A COMMENT ON ACCOUNTING EDUCATION: The following are quotes about the appropriate way to teach/learn intermediate accounting. I agree with these ideas and they are the underlying theme(s) that I use when I teach this class.

The entire focus of accounting courses must change from technical training and rules memorization to developing a full and deep understanding of the underlying principles, while fostering analytical and conceptual thinking.

..and believe me, without imperfect accounting rules there would not be any at all.

It appears that the assets that really count are the ones that accountants can't count—yet

Be quick but don't hurry. John Wooden

It's the little details that are vital. Little things make big things happen. John Wooden (especially if your goal is to maximize your performance in this class)

Whether you believe you can, or whether you believe you can't, you are absolutely right (Henry Ford)

COURSE REQUIREMENTS: Midterm #1 & #2 and #3 (given during final exam week) 33.3% (each)

PREREQUISITES: Completion of BUS 321 with a minimum grade of C-. If you have not met this requirement, please discuss your situation with me immediately following the first class meeting.

CLASS INVOLVEMENT: The goal is for students to be continuously involved. An “absentee” student will generally not be successful in this course. My goal is to add value each class session.

CLASS TIME: I will start promptly at ten minutes after the hour. Please arrive at class prior to ten minutes past the hour.

TEXT: Intermediate Accounting, 7th ed.; Spiceland, Sepe, Nelson, Tomassini; McGrawHill Irwin Publishers, 2013. (if you own the 6th edition, I can give you a assignment list that will work for the 6th edition).

You have the following options to acquire the textbook if you do not have the text from BUS 321.

- Hard copy version
- E-book rental that includes all the chapters for BUS 321 and BUS 322. This e-book is about half the book store price of print version. This e-book is available from course smart at: http://www.coursesmart.com/0077446526?__professorview=false&__hdv=6.8
- E-book that includes only the chapters that we will use in BUS 322. This e-book is approximately \$40. This e-book is available from McGraw hill at: <http://create.mcgraw-hill.com/shop/>. Insert the ISBN: 9781121813236 in the search box and follow the directions to checkout.

GRADES: Your final grade will be based on a weighted average of your scores on the elements listed in the course requirements section. I will provide you with a scale for each exam which shows the grade cut-offs for that exam. The scales for the individual exams will be based on the difficulty of the exam and the historical grade distribution for this course. The final scale for the course will be a weighted average of the scales for the individual exams. I usually do not use an absolute (90,80,70 etc.) grade scale. I assign letter grades with plus or minus. Please feel free to talk with me at any time during the quarter regarding the status of your grade.

EXAMS: You may use a reference sheet on the exams. The reference sheet must follow the guidelines:

- one sheet, two sided
- notes that you create either by hand or in a software program (e.g. Microsoft word) including homework problems and their solutions (if appropriate).
- the notes may not include electronically reproduced or photocopied portions of the, text, homework or the homework solutions.
- the reference sheet must be turned in with the exam.

Many past students have told me that the process of preparing the reference sheet is more valuable for exam success than the use of the sheet during the exam.

All exams will be based on thought processes discussed in class and/or covered in the homework. It is very important that you have tested and debugged your understanding of the material before the exam. Most students find that reading the chapters and trying the problems is not enough to reach their grade

goals. They need to work the problems and debug their understanding (not to memorize the solutions for the assigned homework).

The midterm exams are two hours and are given on the days shown on the attached homework and exam schedule. The length of the exams are set based on the assumption that the student has thoroughly prepared and has obtained a good understanding of the material. If you are well prepared you will find the exams are fair. If you are not well prepared for the exams, you may find them too long. The final exam will include only the material after the second exam (ie: the final is not comprehensive).

All students receiving a grade lower than they would like on any exam are encouraged to review their exam with me within a week after the exam is returned to determine three specific action items that will help them improve before the next exam. Occasionally, there are students who do not do as well as they would like on an exam and they do not talk to me until just before the next exam when it is too late to implement corrective action. You should always check the accuracy of the grading of the exams by comparing them to the answer key. If you desire, I would like to review your exam with you after you have compared it to the answer key.

Use of test-taking strategies are necessary for many (not all) students that take this class. For example,

- Review the homework with a group of other students and see if you can explain the logic needed to solve the homework problems to the other group members.
- Prioritize the material when you study so you learn the important things well.
- Get your mind rolling just before the exam so when you come into the exam you feel like you start quickly. One way to have your mind rolling when you come into the exam is to simulate the exam environment for 30 minutes just prior to the exam.
- Do not spend the last few hours before an exam going over a bunch of little things without giving yourself a chance to think about them.
- Do not let a few items that you are not totally comfortable with make it so you cannot perform on the rest of the exam.
- When you begin the test, start with the question or problem on the material with which you are most comfortable.
- Do not spend more than the allotted time on a problem.
- Use a timeline, chart or some other method to organize the data.
- Remember your goal on an exam is to maximize your score, not to get a 100% or panic.
- Think of some other test-taking strategies that work for you (please e-mail other test taking strategies that I can tell future students).

Students must notify the instructor at 756-2871 prior to the scheduled exam date if they have conditions beyond their control that prevent them from attending an exam. You may call this number 24 hours a day. No excuse will be accepted if the instructor is notified less than 1 hour prior to the scheduled exam time unless a condition beyond the students control occurred during the this time. The instructor has the right to require documented evidence of the reason for missing the exam. If the student misses an exam for a reason that is out of the students control and has notified the instructor prior to the exam, arrangements for a make-up exam will be made. The student may not make-up more than one scheduled exam and still complete the course. On one hand, I do not want you to take the exam at the scheduled time if you are ill; however, I must discourage students from taking a make-up exam because the regularly scheduled exam is not convenient. If you have two other exams on the same day as our final exam please see me or one of your other instructors regarding rescheduling the final exam.

HOMEWORK: A list of the required homework is provided with the class syllabus. The homework should be attempted before the class in which it will be discussed. Good strategy for deciding when to

study for this class will decrease the total time you spend on the course. For example, if you prepare for lectures, the amount you learn in the lectures will increase dramatically and therefore the amount of learning that you have to do on your own will be reduced. Scientific research shows most people's brains are more tolerant of material for which they are familiar. I encourage students to block out time before the end of the day on the days that we have class to review the lectures and identify the areas that need additional attention. The probability of doing as well as you would like in this class is low if you do most of your preparation in the last 48 hours prior to the exam. The material is too involved to get your mind to a level of comfort with the material if you prepare just before the exam.

It is very difficult to be successful in Intermediate Accounting without **understanding** the homework. Note, there is a difference between **doing** and **understanding** the homework. You should consider the homework an iterative process. I expect you to continue to refine your understanding of the material covered in the homework after the date that the homework is discussed in class. Your goal should be to learn a method to analyze and think about the problems you are assigned, not to memorize the answers. We go over most of the problems in class. If you have not tried the problems ahead of time you may find the discussion of them hard to follow. Do not lull yourself into a false sense of comfort with the material by doing the homework unless you have evaluated your answers against the answer key. Remember, if you have **not** done and debugged the homework, the probability is high you will **not** do problems correctly on an exam that tests your understanding of the topics covered by the homework.

The solutions to the homework will be available on the Poly Learn site for this course.. The solutions include all of the text problems. Please use solutions to annotate your work. **Please do not print solutions.** I strongly suggest that you attempt to work the problems before you look at the solutions. After you attempt the problems, check your answers to the answer key and, finally, be sure you understand the differences between your answers and the answer key. Some students find it helpful to do the homework in one color pencil, make the corrections in another color pencil and then identify the section in the text that explains the resolution to the error. Sometimes students who have access to the answer key will read the problems, look at the answer key and say "I see how that was done, I understand it". Unless you test and debug your understanding, you will not know what you do not know. My goal is to make the answers readily available to you so you can be efficient without taking away the incentive for you to work the problems on your own.

PROBLEM SOLVING TECHNIQUE: Problem solving techniques are needed in a course with complex financial transactions so they can be done efficiently. Time lines and/or diagrams can make it easier to put the details of a problem in perspective. A problem should be approached in the following manner: first identify what you are trying to accomplish in that part of the problem and then go after the data you need to accomplish that objective. Do not look at the data and say to yourself, what do I do with this? Much of your success in this class will depend on your ability to break the problems into manageable pieces and to know when to use the concepts that you have learned.

OPTIONAL (STRONGLY ENCOURAGED) STUDY GROUPS: The best study approach is a combination of individual and group studying. Study groups are not required; however, they are strongly encouraged. A sign-up sheet will be passed around class for those interested in becoming a member of a study group. The completed list will be made available to interested students. I am a believer in study groups. Group studying should not be used instead of individual studying; rather it should be used in addition to individual studying. Group studying is probably the most helpful after the student has read the chapter and has made a concerted effort to do the problems. In other words, a student should not use the groups to learn the material; rather the groups should be used to refine one's understanding of the material. The following is my perception of the advantages of study groups in Intermediate Accounting: (1) Many times students learn what they do not know when they discuss the

concepts with other members of the group. (2) For many students, group studying is an enjoyable addition to individual studying. (3) To be successful in this class it is necessary to debug one's understanding of the material. Group members can help you debug your understanding.

PARTICIPATION/ACTIVE LISTENING: *Learning theorists tell us that we remember little of what we hear and more of what we do and participate in.* Also, if you participate, I can get a better feel for how well the class is following the lectures and discussions. Because significant learning takes place in class, I encourage you to attend all classes and **participate in class discussions**. This is an essential element of this class. The amount that you learn in class is highly correlated with your involvement in class discussions. I do not believe in over use of lecturing (“learn by listening.”) ***Tell me and I'll forget, show me and I might remember. But INVOLVE me and I will understand.***

ACADEMIC INTEGRITY: The College of Business expects all its students to learn, respect, and practice integrity. All acts of dishonesty are unacceptable, including cheating, plagiarism, forgery, misrepresentation, falsification, prohibited collaboration, and prohibited use of files. The college's policy on academic integrity will be adhered to the Campus Administrative Manual (CAM) (Section 684). Violations may result in a failing grade for the assignment and/or for the class or other appropriate action.

DISABILITY ACCOMMODATIONS: For students with physical and/or learning disabilities who require accommodations, please contact the Disability Resource Center (Student Services Bldg 124, phone 756-1395).

NOTE TO THE STUDENTS: This class is manageable and most students get out of it what they put in. If you are in to the course you will enjoy it (enjoy accounting, it is possible). My goal is for the students to leave this class with long term finance/accounting analytical skills.

COURSE SCHEDULE: The list of topics, related chapters and homework assignments are listed on a separate document that is posted on the course Poly Learn site.

In addition to the exercises and problems listed below, I recommend that students prepare the brief exercises related to the topics that we cover.

	Date	Chapter	Pages	Recommended; Exercises(E), Problems (P)
1	Sep 21	18	Ch18: Stockholder's Equity, pp. 1078-1081, 1085-1099	E 4, 5, 7, 11
2	Sep 23	1 18	pp. 30-32 pp. 1082-1084, 1100-1102	E 1, 13, 14; P 2
3	Sep 28	18	pp. 1102-1107	E 10, 16, 18, 23
4	Sep 30	18 14	pp. 1113-1114 Ch14: Dilutive Securities pp. 819-825	Ch 18: P 4, 13 Ch 14: E 10, 21, 22, 23
5	Oct 5	14	Ch 14: Reporting debt at fair value pp. 825-829	Ch 14: E 26, 28
6	Oct 7	14		Ch 14: E 29; P 17
7	Oct 12		Midterm #1	
8	Oct 14	19	Stock based compensation plans pp. 1138-1145, 1147-1151	Ch 19: E 2, 4, 7
9	Oct 19	19	pp. 1177-1181	E 8, 9, 28
10	Oct 21	21	Ch 21: Statement of Cash Flows pp. 1256-1270	E 2, 3, 6, 7, 12, 14, 21
11	Oct 26	21	pp. 1271-1297	E 17, 27, 31; P 3
12	Oct 28	19	Ch19 (section 2): Earnings Per Share pp. 1152-1159	E 10, 11, 12, 15
13	Nov 2	19	pp. 1159-1165	E 17,19; P9
14	Nov 4		Midterm #2	
15	Nov 9	10,11	Ch10,11: Goodwill, Impairment, pp. 539-540, 617-618	Ch 10: E 6, 7 Ch 11: E 26, 28
16	Nov 16	12	Ch12: Investments, pp. 652-678	E 1, 4, 5, 7, 8, 9
17	Nov 18	12	pp. 679-693	E 12, 14, 15, 18
18	Nov 23	12		E 22, 23; P 3
19	Nov 30	A	Appendix A: Derivatives pp. A0-A10 (appendix begins after page 1339)	E 2, 3
20	Dec 2	A		E 4

