

Accounting 327 - Financial Reporting I Fall 2017

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COURSE OBJECTIVES:

According to your catalog, this course is a “study of the theoretical basis for financial accounting concepts and principles related to financial reporting emphasizing income measurement and accounting for assets.” The primary objective of Accounting 327 is to extend students’ understanding of financial accounting to include advanced topics related to the asset side of the balance sheet and the measurement of revenues, costs, and expenses of operations. The class emphasizes both accounting theory and practice and especially the development of professional judgment and critical thinking skills. We will focus on the information-asymmetry problem faced by outside investors and creditors and discuss how financial reporting helps mitigate that problem. Additionally, in light of the ongoing convergence of U.S. GAAP with International Financial Reporting Standards (IFRS), we will explore key differences between U.S. GAAP and IFRS.

This course will require you to consider the economics of transactions and events and how well financial reporting captures those economics. We will also focus on the value relevance of accounting information. This type of thinking is the foundation for understanding how equity and credit analysts use financial reports. You should be able to work *forward* through a financial reporting problem (i.e., from transactions to journal entries to financial statements) and work *backward* through problems as a financial statement user (i.e., from financial statements and notes to journal entries to underlying transactions). Students should attempt to develop a level of understanding sufficient to practice the profession of accounting and to solve problems at the level tested on the Uniform CPA Examination. This course requires junior classification for all majors.

MATERIALS:

Kieso, Weygandt, and Warfield, 2016. *Intermediate Accounting*. Wiley, 16th Edition. **You must use the 16th edition.** Supplementary materials may be assigned throughout the semester.

For all examinations, students must use a **basic four-function calculator**. Programmable calculators, graphing calculators, smart phones, or calculators with built-in time-value functions are not allowed. You should bring your textbook and calculator to each class period.

TENTATIVE COURSE SCHEDULE:

Week of	Chapters	Suggested Problems
August 29, 31	1 Financial Accounting and Accounting Standards	Q1, Q3, CA1-11, CA1-13, CA1-14
September 5, 7	2 Conceptual Framework Underlying Financial Accounting	Q9, Q10, Q15, E2-3, E2-6, CA2-6
September 12, 14	3 The Accounting Information System (Include Appendix 3A)	Q4, Q11, Q12, E3-3, E3-9, E3-11, E3-20a, P3-10, P3-11a
September 19, 21	4 Income Statement and Related Information	Q2, Q3, Q10, E4-1, E4-13, E4-15, P4-1, P4-3, CA4-2, CA4-6
September 26, 28	Tuesday, September 26 7:15-9:15 PM WCBA #161 Celebration #1 Chapters 1-4 NO CLASS on Tues Sept. 26 5 Balance Sheet and Statement of Cash Flows (we cover <i>only</i> the balance sheet)	Q7, Q9, Q19, E5-3, E5-7, E5-8, E5-12
October 3, 5	6 Accounting and the Time Value of Money (<i>omit</i> p. 332-334 on deferred annuities)	Q1, BE6-2, E6-2, E6-7, P6-5, P6-6
October 10, 12	7 Cash and Receivables (<i>include</i> Appendix 7A) NO CLASS on Thurs Oct. 12	Q9, Q12, Q22, E7-1, E7-5, E7-7, E7-12, E7-13, E7-15, E7-18, E7-19a, E7-22, E7-24, P7-2, P7-8, CA7-8
October 17, 19	17 Investments	Q1, Q17, E17-1, E17-3, E17-4, E17-6, E17-7, E17-16, E17-17, E17-18, P17-1, P17-7, P17-9
October 24, 26	Tuesday, October 24 7:15-9:15 PM WCBA #161 Celebration #2 Chapters 5-7 & 17 NO CLASS on Tues Oct. 24 8 Valuation of Inventories: A Cost Basis Approach	Q12, Q17, E8-1, E8-5, E8-11, E8-18, E8-22, E8-25, CA8-1, CA8-3

Oct. 31, Nov. 2	9 Inventories: Add'l Valuation Issues	Q6, E9-2, E9-6, E9-11, E9-12, E9-14, E9-21, P9-10, CA9-3
November 7, 9	10 Acquisition and Disposition of Property, Plant and Equipment Nov. 9 - Case Due by 5:00 PM	Q8, Q20, E10-1, E10-3, E10-6, E10-7, E10-8, E10-9, E10-14, E10-17, E10-18, E10-20, E10-21
November 14, 16	11 Depreciation, Impairments and Depletion	Q4, E11-2, E11-4, E11-6, E11-13, E11-16, E11-17, E11-23
November 21, 23	Finish Chapter 11 No class Thurs 11/23 (holiday)	
November 28, 30	Tuesday, November 28th 7:15-9:15 PM WCBA #161 Celebration #3 Chapters 8-11 NO CLASS on Tues Nov. 28th 12 Intangible Assets	Q14, E12-1, E12-4, E12-11, E12-12, E12-14, E12-17, P12-4
December 5	"Last Lecture"	
	Dec. 7 - Reading Day	
	FINAL CELEBRATION – WCBA 105 Section 509 (8:00 am) - Mon Dec. 11th 1:00 – 3:00 PM Section 510 (9:35 am) - Fri Dec. 8th 12:30 - 2:30 PM	

IMPORTANT DATES:

September 1	Last day for dropping courses with no record
November 17	Last day to Q-Drop
November 23-24	Thanksgiving Holiday

GRADING:

Grades will be determined as follows:

Celebrations I, II, III (100 points each)	300 points
Final Celebration	150 points
Quizzes	100 points
Group Case	25 points
Participation & Professionalism	<u>25 points</u>
	600 points

After each celebration, I calculate the average grade for all students in my sections. If the average raw score is below 75%, I will add points to everyone's score until the average becomes 75%. Scores are never curved down. At semester's end, the total points accumulated by each student will earn a letter grade based on the following cutoffs:

A:	540 points
B:	480 points
C:	420 points
D:	360 points
F:	Below 360 points

Celebrations will consist of some combination of multiple choice questions, true/false questions, short answer (theory), and longer work-out problems. Celebrations 2 and 3 will primarily emphasize material covered during those units, but some questions will require a solid understanding of topics covered in previous units. **The final celebration will be cumulative.** While memorization is basic to learning, you *will not* do well in this class if you fail to move beyond memorizing. You must be able to think critically and use problem-solving skills to be successful in this class. All celebrations will be based on material in the textbook, any supplementary materials I assign, and class discussions.

If you believe there has been a grading error, it is your responsibility to notify me in writing before a week has elapsed since the celebration or quiz was reviewed in class. In no case will a celebration or quiz be re-graded after this date.

CLASS ATTENDANCE, QUIZZES, SUGGESTED PROBLEMS

Class attendance and working the suggested problems are critical to your success in this course. Although the suggested problems are not submitted or graded, failure to work the problems (before looking at solutions) will be reflected in poor performance on the quizzes and celebrations. Quizzes will be administered in class every week. I will usually give quizzes on Thursdays (except during the week of a celebration). The quizzes will cover textbook readings, readings from the notes packet, and material we have discussed in class up to the time of the quiz. Success on quizzes will require you to read ahead of time, work suggested problems early, and be engaged in class discussions.

GROUP CASE

Working effectively in groups and having a solid understanding of current financial-reporting issues are essential to your professional success. I will assign all students into groups for the purpose of completing a group case project during the semester. The case will require students to research official financial reporting standards on the FASB Codification site to address a financial-reporting problem. The case must be submitted electronically via email to me by 5:00 PM on the due date. Responses submitted after 5:00 PM will receive a five point late deduction per day. Please see me about any group member who is not pulling his/her own weight.

MAKE-UP POLICY:

Quizzes may not be made up for *any* reason except a university authorized absence for which I must receive advance notice. At the end of the semester, I will drop your lowest quiz score. For a university authorized absence and with advance notice only, a student will be allowed to make up a celebration on a date determined by the professor. **To be excused, you must notify me in writing at least two weeks prior to the date of the celebration and provide appropriate documentation.** In cases where advance notification is not possible (e.g., accident or emergency), the student must provide written notification by the end of the second working day after the absence, including an explanation of why notice could not be sent prior to class. Failure to notify and/or document properly may result in an unexcused absence. Under no circumstance will any student be permitted to take more than one makeup examination.

SPECIAL NOTICE REGARDING INTERMEDIATE ACCOUNTING:

A grade of C or better in Accounting 327 is a prerequisite for *all* other upper division accounting courses. Majors are advised to subscribe to the BBA Accounting ListServ. Send an email from your TAMU email account to listserv@listserv.tamu.edu. In the body of the email write: SUBSCRIBE bba-acct-advising firstname lastname.

ETHICS AND SCHOLASTIC DISHONESTY:

Aggie Honor Code: An Aggie does not lie, cheat, or steal or tolerate those who do.

Upon accepting admission to Texas A&M University, a student immediately assumes a commitment to uphold the Honor Code, to accept responsibility for learning, and to follow the philosophy and rules of the Honor System. Ignorance of the rules does not exclude any member of the Texas A&M University community from the requirements or processes of the Honor System. For additional information please visit: www.tamu.edu/aggiehonor/. You are expected to conduct yourself in a manner that is above reproach in all course-related activities. I have zero tolerance for *any* form of dishonesty in my class, including especially plagiarism or cheating. Students should be familiar with Section 39 of the Rules & Regulations. That section provides a clear and concise guide of matters involving scholastic dishonesty. The Department of Accounting fully supports and complies with those guidelines. Dishonest acts include, but are not limited to: copying; sharing or obtaining information from any unauthorized source during celebrations, quizzes, or other assignments; attempting to take credit for the intellectual creation

of another person; falsifying information; or giving any information about a celebration, quiz, or assignment to students in the same or other sections of the course. If you have any question about specific situations or acts that may constitute scholastic dishonesty, please discuss the matter with me.

BUILDING

We have beautiful, state-of-the-art classrooms in the Wehner Building. We want to maintain the outstanding condition of these classrooms for current and future years. The policy of no beverages, food, or tobacco products within the Wehner classrooms will be strictly enforced. Bottled water is the only acceptable beverage in the classroom.

PROFESSIONAL CONDUCT

Most of you will become accounting or finance professionals after you graduate, and you will be expected to act professionally at all times. I expect the same professionalism in my class. Professionalism includes respect for others, integrity, and personal responsibility. You must attend the section you are enrolled in, arrive at class on time, turn off all electronic devices when class starts, be respectful of me, my TA, and other students in the class, and take responsibility for your own performance in the class. It should go without saying that I expect professionalism in all email communication with me, which includes addressing and closing all emails to me in a professional manner.

HOW TO SUCCEED IN MY CLASS

Your chances of performing well on the quizzes and celebrations in my class will be greatly improved if you read the assigned textbook chapter *prior* to our class discussion on the material. It is your responsibility to come to class prepared. Even if you don't understand all the material when you first read the chapter before class, you will get much more out of our class discussion if you have already been introduced to the material through the textbook. We use an excellent textbook in this class; it is well written and you will benefit a lot from reading it. I recommend writing notes and questions in your textbook as you read: in other words, read *actively* not passively. Doing well on celebrations will require that you read the chapters thoroughly and actively, participate actively in our class discussions, take notes in class, work all suggested homework problems (without referring to the solutions until you are finished), work any additional problems I hand out, and review quizzes and class notes. As you work through problems and read the class materials, focus on the *why* at least as much as you focus on the *how*.

STUDENTS WITH DISABILITIES

If you feel you are entitled to special accommodations because of a disability, please see your instructor within the first two weeks of the semester. If you believe you have a disability requiring an accommodation, please contact the Department of Student life, Services for Students with Disabilities in Cain Hall.