

# Financial Accounting Standards and Analysis II

## ACC 380K.2 – Fall 2018

**Professor:** Dr. John McInnis  
**Office:** CBA 3.230  
**E-Mail:** John.McInnis@mcombs.utexas.edu  
**Office Hours:** Mondays and Wednesdays 1:30 – 2:30 pm  
**Class Hours:** 02615 TH 9:30 – 10:45 am GSB 3.138  
02620 TH 11:00 – 12:15 pm GSB 3.138  
02625 TH 12:30 – 1:45 pm GSB 3.138

**Telephone:** 512-232-6791

**Teaching Assistant:** Ryan Ballestero  
Contact Information on Canvas

### Course Summary

ACC 380K.2 is a graduate course covering advanced accounting topics. It largely involves the accounting for more “complicated” entities than you have seen in your prior coursework. We will spend the vast majority of our time on topics related to intercorporate investments, mergers and acquisitions, and consolidation of controlled entities, both domestic and foreign. The remaining material will focus on miscellaneous items like interim and segment reporting.

Compared to ACC 380K.1 (Intermediate), we will examine fewer topics, but those that we do examine will be covered in more depth. Further, the transactions and events we focus on are often complex, which makes the accounting complex, which is why these topics are reserved for “advanced” accounting.

### Required Course Materials

1. **Advanced Accounting, 3<sup>rd</sup> Edition**, by Robert F. Halsey and Patrick E. Hopkins, Cambridge Business Publishers.
2. **Course Packet** – contains lecture notes, background information, and questions and financial statement excerpts we will use in class. You can purchase a printed version of this packet in the GSB copy center.

**Financial calculator** – A calculator with time value of money capabilities is encouraged.

## **Grading**

Course grades are determined by the following weighted average of quizzes, the case, and exams:

<u>Component</u>	<u>Percent</u>
Quizzes	15%
Case	10%
Exam 1	25%
Exam 2	25%
Exam 3	<u>25%</u>
Total	100%

***Quizzes*** – There will be 12 quizzes throughout the semester based on material from lectures and/or the textbook and the course packet. These assignments will be completed and graded online using Canvas. Ten quizzes will be due after we cover the relevant material in class. Two quizzes (quiz 6 and quiz 8) will be completed via Canvas by 9:00 am on the due date before class based upon your assigned reading material. The purpose of these two quizzes is to encourage to read ahead of time. All other quizzes will be due by 5:00 pm (central time) on the due date.

***Case*** – There will be a case graded on the quality and accuracy of your answers. The case will be completed in groups of three. No specific questions as to the application of the material on the case will be answered during office hours or via email. Your discussions and conclusions for the case should be limited to your group members only. No late assignments will be accepted. The due dates for the case is noted below.

***Exams*** – There will be three exams. All exams will be administered in class and no make-ups will be given. Medical and family emergencies and University-sponsored events are the only valid reasons for missing an exam. In such instances, you must provide supporting documentation (e.g., signed note from your physician). If you miss an exam and you have a valid and documented reason for missing it, your grade will be determined by increased weight on the other exams. If you do not have a valid and documented reason for missing an exam, you will receive a zero on the exam.

I will use plus/minus grading (A, A-, B+, B, B-, C+, etc.) for this class. The MPA office has suggested an average GPA between 3.4 and 3.6 for the course. I will keep you updated throughout the semester on where you stand in terms of your total grade.

**Grading Questions or Appeals** – If you feel a grading error exists on any of the above grade components, you will have one week from the date the grade is posted on Canvas and/or available for pickup to let me know and have the matter resolved. After this time there will be no adjustments to your grade.

**Web site and e-mail**

**E-mail.** I encourage you to communicate with me by e-mail (john.mcinnis@mcombs.utexas.edu).

**Web page.** I will use Canvas to post important course materials and announcements. You can log on to Canvas at <http://canvas.utexas.edu/>. I will make course announcements periodically via Canvas, so it is important that you have an active e-mail address with the University.

**Professional Conduct**

I expect you to behave professionally. Professional conduct, as it relates to this class, involves:

1. Arriving to class on time
2. Preparing for class in advance
3. Putting away all cell phones, tablets, and laptops unless told otherwise
4. Keeping personal breaks during class to an absolute minimum
5. Refraining from side conversations or other disruptive behavior
6. Being respectful toward your fellow peers and the McCombs Faculty

**Exam Dates and Assignment Due Dates**

Day	Date	Assignment
WED	9/12/2018	Quiz 1 due (5:00 pm)
WED	9/19/2018	Quiz 2 due (5:00 pm)
WED	9/26/2018	Quiz 3 due (5:00 pm)
TH	9/27/2018	Exam 1 - In Class
FRI	10/12/2018	Quiz 4 due (5:00 pm)
FRI	10/19/2018	Quiz 5 due (5:00 pm)
TUE	10/23/2018	Quiz 6 due (9:00 am - before class)
WED	10/24/2018	Quiz 7 due (5:00 pm)
TH	10/25/2018	Exam 2 - In Class
TH	11/1/2018	Case due – In Class
TH	11/8/2018	Quiz 8 due (9:00 am - before class)
FRI	11/9/2018	Quiz 9 due (5:00 pm)
FRI	11/16/2018	Quiz 10 (5:00 pm)
FRI	11/28/2018	Quiz 11 due (5:00 pm)
WED	12/5/2018	Quiz 12 due (5:00 pm)
TH	12/6/2018	Exam 3 - In Class

**Detailed Course Schedule**

<b>Class</b>	<b>Day</b>	<b>Date</b>	<b>Topic</b>	<b>Course Packet Readings</b>	<b>Textbook Readings</b>
1	TH	8/30/2018	Introduction		
2	T	9/4/2018	Intercompany Investments		pp. 3-17
3	TH	9/6/2018	Intercompany Investments	pp. 1-6	pp. 18-27
4	T	9/11/2018	Business Combinations and Consolidation		pp. 47-63
5	TH	9/13/2018	Business Combinations and Consolidation		pp. 64-88
6	T	9/18/2018	Consolidation After Acquisition		pp. 109-125
7	TH	9/20/2018	Consolidation After Acquisition	pp. 90-96	pp. 126-140
8	T	9/25/2018	Consolidation After Acquisition		pp. 141-150
9	TH	9/27/2018	<b><u>Exam 1 - In Class</u></b>		
10	T	10/2/2018	Intercompany Profits (Go Over Exam 1)		pp. 183-202
11	TH	10/4/2018	Intercompany Profits		pp. 203-226
12	T	10/9/2018	Intercompany Profits/Non-Controlling Interests		pp. 231-233; 277-288
13	TH	10/11/2018	Non-Controlling Interests		pp. 289-307
14	T	10/16/2018	Non-Controlling Interests		pp. 308-326
15	TH	10/18/2018	Intercompany Debt	pp. 289-291	pp. 410-417
16	T	10/23/2018	Variable Interest Entities	pp. 167-171	pp. 392-410
17	TH	10/25/2018	<b><u>Exam 2 – In Class</u></b>		
18	T	10/30/2018	Mid-year and Step Acquisitions (Go over Exam 2)		pp. 337-339
19	TH	11/1/2018	Changes in Ownership		pp. 339-341
20	T	11/6/2018	Changes in Ownership/Preferred Stock		pp. 420-422
21	TH	11/8/2018	EPS / Foreign Currency Transactions	pp. 238-242	pp. 336-337; 457-464
22	T	11/13/2018	Foreign Currency Transactions/ Foreign Currency Financial Statements		pp. 465-471; 476-477; 479-480; 486-487;
23	TH	11/15/2018	Foreign Currency Financial Statements		pp. 511-521
24	T	11/20/2018	Foreign Currency Financial Statements		pp. 522-535

**Detailed Course Schedule, cont.**

Class	Day	Date	Topic	Course Packet Readings	Textbook Readings
	TH	11/22/2018	<b>Thanksgiving - No Class (yay!)</b>		
25	T	11/27/2018	Foreign Currency Financial Statements	pp. 287-288	541-543
26	TH	11/29/2018	Segment and Interim Reporting		pp. 691-701
27	T	12/4/2018	Segment and Interim Reporting		pp. 701-708
28	TH	12/6/2018	<b><u>Exam 3 – In Class</u></b>		

**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

(<https://www.mcombs.utexas.edu/MPA/Student-Codes-of-Ethics>).

One of the faculty responsibilities is “to communicate clearly in writing the instructions for each assignment.” Following are the instructions for each type of assignment in this course.

**Quizzes** – Quiz answers should be based upon your own work. Each student will have similar questions, but the facts and answers will be randomized. Thus, doing the quiz with a friend will likely prove unproductive and may hurt your grade because your answers will differ.

**Case** – You are allowed to consult with fellow group members for this assignment and **NO ONE ELSE**. **Copying solutions from any source is not permitted.** Violation of this policy will be treated as an act of scholastic dishonesty. [On a related note, I am willing to discuss course material with you, but I will not directly apply that material to the case for you in or out of class. The whole point of the case is for you to practice applying your knowledge to a new situation without my help.]

**Exams** – The exams are closed book and closed notes. The only materials that are permitted are blank paper, pen or pencil, a calculator, and a 3x5 card with anything written or typed on it that you want. Students are prohibited from using words or formulas that are stored in programmable calculators. Students who have taken an exam are prohibited from discussing the exam with students who have not yet taken the exam. This prohibition applies to any students in **any** sections of this course. Violation of this policy will be treated as an act of scholastic dishonesty.

**Under no circumstances should you use any materials (course packets, notes, etc.) obtained from students who have already completed this course. Such usage will constitute scholastic dishonesty for both borrower and lender.**

**Evidence of any act of scholastic dishonesty will be forwarded to the Dean of Students and a grade of “F” will be assigned in the course.**

## Additional Disclosures

**Website Privacy Disclosure required by the University:** *Password-protected class sites are available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters are a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on restricting directory information see: <http://www.utexas.edu/student/registrar/catalogs/gi00-01/app/appc09.html>*

**Religious Holy Day procedures:** By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

**Commitment to 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 Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, <http://www.utexas.edu/diversity/ddce/ssd/>

## Campus Safety

Please note the following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, <http://www.utexas.edu/safety/>:

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform their instructor in writing during the first week of class.
- In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.
- Behavior Concerns Advice Line (BCAL): 512-232-5050
- Further information regarding emergency evacuation routes and emergency procedures can be found at: [www.utexas.edu/emergency](http://www.utexas.edu/emergency).