



Accounting 326 - Financial Accounting Standards and Analysis - Fall 2018

Professor: Dain Donelson

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Overview: The course examines financial reporting issues, mainly from a user perspective. The objectives are:

- (1) To learn about current U.S. financial reporting;
- (2) To understand whether and how financial reporting captures the economics of transactions and events, and;
- (3) To learn how to reason about financial reporting problems as users do (i.e., to understand the relations between financial statements, including footnotes, and journal entries).

Required Text: Financial Reporting and Analysis by Revsine et al. (7th Edition)

Prerequisites: ACC 311(H), ACC 312(H), FIN 357(H)

Communication Channels: The class webpage is Canvas. I may send email containing announcements.

Exams and Homework: There will be four exams, each worth 25% of your grade. Exams may include multiple-choice, short answer and computational questions. You may have 1-page (8.5" x 11", front/back, your own handwriting) of notes for use during the exam, which must be turned in with your exam. Electronically prepared exam notes will receive a LARGE penalty. Any request for a re-grade must be made IN WRITING no less than two days and no more than seven days after the exam is returned. The request must state, in detail, the reason you believe the grade is in error. Requests that do not conform to this policy will not be honored.

Any missed exam must be approved either in advance or through Student Emergency Services. Makeup exams will be given only in extraordinary circumstances (at my discretion). For ordinary absences, the weight will be assigned to the other exams. If you do not have a valid reason, you will receive a grade of zero. I reserve the right to adjust grades for extraordinary class contribution. I also reserve the right to give quizzes, and collect homework, which will substitute for part of the exam. There will be no makeups for quizzes.

You should work homework problems to prepare for the exam. Working on the homework assignments with other students is encouraged. When homework is collected, it will be on the day of the exam and must be stapled, with each question clearly presented. Office hours tend to be crowded right before exams and thus keeping up with homework is to your advantage.

Curved Grades: GRADES WILL BE BASED ON A CURVE.

I cannot stress enough that a curve means that you cannot assume ANYTHING about what a **score** means as far as a **grade**. In other words, a score of 20 might be an "A," or a score of 70 might be an "F," although neither of these events has ever occurred in the past. Further, a score of 90 does not guarantee an "A," nor does a score below 60 guarantee an "F." In general, scores in the 60s receive a "B," although, again, this is not a guarantee.

Despite repeated explanations of this concept, many students make false assumptions that they are failing the course or getting very low grades when they are (often) performing in the average range. Again, it all depends on the distribution. While most students seem to understand the curve, there are misunderstandings EVERY semester on this issue. The class average is generally expected to be between 3.2 and 3.4, although this may vary based on my assessment of overall class performance. Plus/minus grading will be used.

Class Conduct: Professional behavior is required. In particular, **please put away cell phones**. If you have unusual circumstances, speak with me about it **before** class. If I say nothing, this does not mean that I did not notice it – the use of a cell phone is one of the most obvious activities to observe from the front of the room.

Please note that you may step out of the room at any time, provided you do so in a non-disruptive manner. If you cannot live without your cell phone during class, this is not the course for you. I will impose a substantial grade penalty for those who distract other students through cell phone use.

Class Attendance: Class attendance is important, but I do not track attendance. YOU DO NOT NEED TO NOTIFY ME UNLESS YOUR ABSENCE WILL BE FOR AN EXTENDED TIME. Please note that if you miss class, I will not photocopy or scan a copy of that day's notes - you may copy them (by hand) during office hours or get a copy from a classmate.

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.

Detailed Schedule

Expected Date	Chapter, pages	Topic	E = exercise P = problem
8-30 9-4	CH. 1, 1-20 CH. 11, 607-11	1: Financial Reporting Overview; Disclosure and Risk	E 7, P 14 (1. only)
9-6 - 9-13	CH. 2, 47-82	2: Income Statement Overview; Earnings Management & Restatements	E 2, 7, 8, 12, 13, 14 P 3, 5, 12, 13
9-20	CH. 4, 173-85 CH. 17, 1005-19; 1024-31	3: Cash Flows	Ch. 4: E 5-10; P 8, 9
9-25	First Exam – In Class		
9-25 - 10-2	CH. 13, 715-62	4: Deferred Taxes	E 1, 2, 7, 8, 9 P 1, 2, 5
10-4 10-9	CH. 11, 561-587	5: Debt	E 1-6, 8, 9 P 2, 3, 5, 15
10-11	CH. 15, 863-878 CH. 15, 878-884	6: Equity; Earnings Per Share (EPS)	E 2, 3, 5, 8; P 4 E 10, 13-15; P 7, 12
10-16	Second Exam – In Class		
10-18 10-23	CH. 11, 587-606	7: Derivatives	E 12; P 6, 22, 23, 26
10-25 10-30	CH. 15, 884-902	8: Stock-Based Compensation	E 16; P 17, 18
11-1	CH. 15, 903-08	9: Compound Financial Instruments	P 2, 5
11-6	Third Exam – In Class		
11-8 11-15	CH. 12, 645-68; 671-88	10: Leases	P 1, 2, 3, 6, 7
11-20 – 12-4	CH. 16, 937-64; 972-78	11: Intercompany Equity Investments	E 4, 5, 9, 10, 12 P 1, 4
12-6	Fourth Exam – In Class		