

ACCT 311: Intermediate Accounting I

Faculty: Carlos A. Mello-e-Souza

T, Th, 1:30-3:35 pm, **Pigott 200**

Office hours: **T** 10:00-11:30 am; **Th** 4:00-5:45 pm; or by appointment.

Course Description

The primary objective of the sequence of Intermediate Accounting courses that begins with ACCT 311 is to teach how to map and interpret the financial condition and performance of a profit-oriented business using the accrual accounting model under U.S. GAAP. ACCT 311—Intermediate Accounting I—briefly reviews the conceptual foundation of accounting and the principal elements of the accounting model (the cycle, financial statements and their linkages) and then breaks new ground with detailed introductions to the assets side of the balance sheet, preparation of the statement of cash flows and the important area of revenue recognition.

Two other goals of Intermediate Accounting I are: (1) to introduce selected tools and techniques of financial statement analysis; and (2) to extend your knowledge of worksheet design using Excel. The ability to design effective computer-based models in Excel is a fundamental skill for accounting majors.

In order to meet the challenges of ACCT 311 it is fundamental that you keep up with the assignments and come to class ready to participate. I strongly recommend that you keep abreast of upcoming changes in U.S. GAAP, discussions of accounting policy issues, and current business events in general. One of the easiest ways to do this nowadays is to make a good business web portal your “home” page, and routinely scan their major news links.

Students with Disabilities

If you have, or think you may have, a disability (including an ‘invisible disability’ such as a learning disability, a chronic health problem, or a mental health condition) that interferes with your performance as a student in this class, you are encouraged to arrange support services and/or accommodations through the Disabilities Services staff in the Learning Center, Loyola 100, (206) 296-5740. Disability-based adjustments to course expectations can only be arranged through this process.

Schedule

A tentative distribution of topics throughout the quarter is attached at the end of this syllabus. Deadlines for assignments, exam dates, and the main topics covered in each exam are shown there. The schedule will be adjusted from time to time as the course progresses due to variations in the time needed to explain each topic. Such changes will be announced by email and in class with sufficient time for you to prepare.

I urge you not to fall behind in your readings and assignments. Once you fall behind it is very difficult to recover.

My office hours are shown in the heading above. Office hours are a great opportunity for you and I to discuss the course, financial accounting concepts, career choices, or basically any other topic or issue that you think I could help you with. It is best to come to office hours regularly throughout the course, rather than just before an exam, because at those times many of your classmates will be wanting to see me as well.

Teaching Materials

Required:

- "Intermediate Accounting," 12th edition, by Kieso, Weygandt and Warfield, Wiley. [ISBN: 978-0-471-74955-4]
- Case 1: "Chemalite, Inc." HBS, Case **9-177-078**.
- A chemical engineer who has set up a company to manufacture and market one of his inventions is trying to prepare his state of the corporation report. This case is designed to serve as a vehicle to introduce students to basic bookkeeping and accounting functions.
- Case 2: "Chemalite, Inc. (B)" HBS, Case **9-195-130**.
- Students are asked to use actual and pro forma financial statements to prepare a statement of cash flows under both the direct and indirect methods.
- Case 3: "Microsoft's Financial Reporting Strategy" HBS, Case **9-100-027**.
- Explores Microsoft's overall financial reporting strategy by examining the company's treatment of two accounting issues: software capitalization and revenue recognition. For both issues, the company selects accounting methods that are relatively conservative. Also discusses the issue of managing analysts' expectations and Microsoft's tendency to provide analysts with very conservative expectations for the future. Provides a forum to discuss possible reasons for Microsoft's accounting and disclosure choices and also discusses the Securities and Exchange Commission's recent investigation into Microsoft's accounting practices.
- Case 4: "Wal-Mart Stores: A Case for Teaching Advanced Dupont Analysis." Albers School of Business and Economics.
- The objective of this teaching case is to help develop students' understanding of financial ratios, their ability to "discover" the story told by ratios, and their ability to write a persuasive report on their findings. It illustrates the importance of management's discussion and analysis for explaining the behavior of ratios and alerts students to the fact that official company statements are not necessarily unbiased or complete descriptions of the company's performance. At a time when

Wal-Mart's performance is constantly discussed in the media, the case piques students' interest and invites them to evaluate media commentary.

To obtain your copy of cases 1, 2 and 3: (1) go to Harvard Business Online (http://www.hbsp.harvard.edu/hbsp/case_studies.jsp); (2) enter the case number in the search box on the left; (3) click on the case's title; (4) check the box for electronic download; (5) click on "add to cart". The price of electronic access for 6 months and digital file in pdf format is \$6.95.)

Case 4 will be posted on the course's Angel home page.

Recommended:

- "Intermediate Accounting: Study Guide," Volume I, 12th Edition
- any good reference on Excel

Other useful references:

(Available from Lemieux Library's "Academic Search Premier" and "Business Source Premier" databases.)

- Bellovary, J. L., and Giacomino, D. E. "Earnings Quality: It's Time to Measure and Report." *The CPA Journal* (November 2005.)
- Bradley, H. "Excel Chart Art." *Macworld* (September 2003) : 80-81.
- Freeman, D. "How to Make Spreadsheets Error-Proof." *Journal of Accountancy* (May 1996) : 75-77.
- Huefner, R.J., and Largay III, J.A. "The Effect of the New Goodwill Accounting Rules on Financial Statements." *The CPA Journal* (October 2004.)
- Kreie, J. and Pendley, J. "Spreadsheet Safety: Designing the Perfect File." *Journal of Accountancy* (November 1998) : 31-34.
- Lacher, J. "The Power of Spreadsheets." *Journal of Accountancy* (May 1997) : 66-72.
- Morhrie, S.R., Reynolds-Moehrie, J.A., and Tomlinson, W.L. "Is There a GAP in Your Knowledge of GAAP?" *Financial Analysts Journal* (Sep-Oct 2002.)

To obtain articles from Lemieux Library:

- (1) Go to Lemieux Library's website;
- (2) Under "FIND JOURNALS, MAGAZINES, NEWSPAPERS" select "FULL-TEXT ONLINE J. LIST";
- (3) Enter the title of the journal you need;
- (4) Click on the link;
- (5) Enter your username, password;
- (6) Search for the article;
- (7) Download a pdf copy.

As a professional accountant you should visit the FASB's website often to learn about topics under discussion, emerging issues, and activities of the board. You should also make a habit of checking recent business and economic developments on the web or in

the business section of a good newspaper. Current events mentioned in class are fair game for essay questions on exams.

Students are encouraged to bring assigned reading materials to class.

Evaluation

The course grade is based on eight homework assignments, three case reports, two exams and class participation. Homework assignments and case reports (40% of the grade) are based on group effort. The remaining components of the grade are based on individual effort alone.

The relative weights in the final grade are:

Homework	8 assignments worth 2 pts each (Excel required in selected problems)
Cases	3 case reports worth 8 pts each (Excel required in selected questions)
Midterm Exam	20 pts (or 10 pts)
Final Exam	30 pts (or 40 pts)
Participation	10 pts

An approximate correspondence of final scores with letter grades is as follows:

< 50	> 50	> 60	> 70	> 75	> 85	> 90
F	D	C-,C,C+	B-	B	B+	A-, A

The correspondence is approximate because I wait for significant gaps in the ranked scores before changing letter grades. I also consider the trend in grades and participation in borderline cases. For example, a student with a final score of 89, improving grades over time and excellent participation may get an A-, whereas a student with a final score of 90, worsening grades over time and poor participation may get a B+. (Note: Angel should be used only to verify your grade on each assignment. In order to check your final score and do expected grade calculations you should use the grading formula above.)

Positive participation implies taking on a constructive role in class. Examples of positive participation are: coming to class, arriving on time, not leaving before the end of class, paying attention, making insightful comments, asking relevant questions, answering questions, and getting actively involved in discussions. Asking an excessive number of questions and/or making comments that do not contribute to the topic under discussion interferes with the learning experience of all students and counts as negative participation.

- ♦ *Homework and case reports are due at the beginning of class in hard copy format when indicated in the attached schedule. I expect that you will have read carefully the assigned chapters and cases before we meet for class. Students who prepare for class*

by reading the relevant chapters in the textbook learn more, get more out of the time spent in class, and their grades will most likely reflect this.

When grading homework assignments and case reports I allocate 40/100 points for handing in the assignment in good form and for showing “reasonable” effort. The remaining 60 points are awarded based on the quality of your answers. I consider an answer to be of high quality when it shows diligence, care, and a solid understanding of the issues involved.

Teams: Homework assignments and case reports are done by study groups of at least two, and at most four students. It is helpful—when studying a subject as difficult as accounting—to discuss readings and problems with one or more classmates. It is very important, however, to make sure that every member of the study group is really learning the material. Please submit one paper for the entire study group, with the names of all *contributing* group members listed on the first page. On the last page indicate whether or not all members of the group contributed equally to the report. If the workload was not evenly distributed, indicate the percentage of the work that was done by each member of the group. The composition of any group can be changed during the course, no explanations required.

- ♦ *Exams* are closed book and closed notes. A letter-size reference sheet written on one or both sides is allowed.
 - ✓ Exams must be taken on the day and time scheduled. Make-up exams will be given only in the case of documented medical and family emergencies. If you do not have a valid reason for missing an exam you will receive a zero on that exam.
 - ✓ When studying for an exam, keep in mind that I ask questions about topics covered in class, in readings or in the assigned textbook chapters, *but my questions need not be similar to questions found at the end of each chapter in the textbook*. I formulate questions that test whether you really understood the key concepts and techniques being discussed, not just your ability to memorize solutions and definitions.
 - ✓ Sample exams from previous quarters will be posted on the course’s Angel home page. Although *I do not post solutions*, I can discuss problems included in those exams either in class or during office hours.
 - ✓ The honor code and typical exam instructions are provided at the end of this syllabus. Please read them carefully.

General rules for assignments

- At least 20 percent of the grade in every assignment turned in is related to presentation quality. Clarity, style, grammar and spelling count. (See other guidelines below.)
- Due dates for assignments are given in the schedule. All assignments must be handed in on the due date in class and in hard-copy format. Papers cannot be delivered via e-mail or as an e-mail attachment, except in an emergency to show that your work was completed in a timely manner. Even then I do need a hard-copy in order to assign a grade to your work. Late assignments will not be graded.
- Please observe the following presentation guidelines in all your papers:
 - (1) type your paper using Word, Excel, or a combination of the two (with the exception of exams taken in class, handwritten papers will not be graded);
 - (2) check your spelling, grammar and style;
 - (3) put a staple on the top left hand corner of your paper;
 - (4) separate one problem from the next, and label each problem clearly;
 - (5) number your pages;
 - (6) before stapling verify that all pages are in the right order and that no page is upside down;
 - (7) give credit when quoting the work of others;
 - (8) read your paper one last time before handing it in to check the logic of your arguments and also to see whether you answered the question(s) asked.
- Good written and verbal communication skills are a critical requirement for success in any business endeavor and in any career you may choose to follow, whether in business or not. Remember that your audience (future bosses, customers, etc...) is generally busy, impatient, and WILL choose to read someone else's paper, job application, or business proposal at the very first sign of carelessness. I will not grade papers that show a high level of carelessness in presentation quality. Papers that are not graded for this reason cannot be resubmitted.

Class Conduct

I expect the highest level of professional conduct during office hours and in the classroom at all times. Laptops must be turned off in class unless used for note-taking. Reading of non-class materials must stop once class begins. Cell phones, pagers, MP3 players and any other electronic devices MUST be turned off during class and exam times. The fact that I do not always complain in class about non-professional behavior does not mean I

condone it. It simply means I am more often than not embarrassed to call attention to such behavior in front of the class. Non-professional behavior during office hours and in class will have a strong negative effect on a student's participation grade.

Academic Honesty

I expect that you will abide by the University's Academic Honesty Policy. "Seattle University is committed to the principle that academic honesty and integrity are important values in the educational process. Academic dishonesty in any form is a serious offense against the academic community." [Academic Honesty Policy 2004-01](#)

If you are not sure about whether a particular action is acceptable according to the Academic Honesty Code, you should check with me *before* engaging in it.

As required by University regulations I will report the department's chair all verified instances of plagiarism, cheating and usage of unauthorized sources in exams, papers, projects, homework or any other academic assignment. Depending on the severity and circumstances of the violation I may recommend that the student receive a grade of D or F in the course. According to University policy, "a single instance of plagiarism can be the basis for suspension or expulsion from our programs." (Dean Joseph M. Phillips' letter to students, November 2003.)

Online Communications (Angel, Email, Discussion Forum)

Besides in-class and office hour opportunities for communication, I will often communicate with you via Angel and SU email. But online communications are not meant to substitute for class attendance. Some materials may be distributed *only in class*, and most course-related announcements will be made *only in class*. The fact that you did not receive materials by electronic means is not acceptable as a reason for failing to meet assignment deadlines.

The best way to get in touch with me is via email, but please send email to my Seattle University address, NOT just to the Angel website (if you are using Angel to email, there is a box at the bottom of the screen that needs to be checked so that your message also goes to my regular SU account.) Often I cannot check my telephone answering machine, but I check email several times a day on weekdays. *Do* write to me if you must miss class. *Please include the course title (ACCT 311) in the subject line of your messages to me.* Due to the threat of viruses, I delete without reading messages without a subject, or with a subject that I find suspicious. If regular email stops working, or becomes too slow, I will communicate with the class via Angel.

IMPORTANT: The course's Angel web site has a discussion forum. This forum is for questions related to the content, assignments, grading and conduct of the course. If you wish to ask a question, for example, about the meaning of *conservatism*, or about a course assignment, you should post your question on the discussion forum. ***I will not reply to such questions if they are asked via regular email.*** The discussion forum has several advantages over email: **(1)** all students get to observe and learn from the exchange; **(2)** I don't need to answer the same question several times; **(3)** someone else may be able to answer your question before I can. I will monitor the discussion periodically and intervene when necessary. **Answering** questions in the discussion forum contributes to the class participation grade. Of course I will always address questions of a personal nature by email.

ACCT 311: Winter 2008 Schedule of Classes

class	date	Lecture topic and homework due (for class indicated on left)	Read for class (on left)
1	Jan 8	Introduction: Institutional and conceptual frameworks	Kieso: 1, 2
2	Jan 10	Accounting Elements: (Accounting Model) Information System; Income Statement; Balance Sheet	Kieso: 3, 4, 5
3	Jan 15	Accounting Elements: The Statement of Cash Flows (SoCF) <i>* HW#1 due (on Chapters 1-4)</i>	Kieso: 5
4	Jan 17	Cash and Receivables (Receivables)	Kieso 7 (App)
5	Jan 22	Cash and Receivables <i>* HW#2 due (on Chapters 5, 7)</i>	Case 1
6	Jan 24	Inventories: cost basis (Inventories #1) → Discussion of case 1 (Chemalite)	Kieso: 8
7	Jan 29	Inventories: other methods (Inventories #2) <i>* HW#3 due (on Chapters 8 and 9)</i>	Kieso 9 (App)
8	Jan 31	Prop., Plant & Equipment (ppe1)	Kieso 10
9	Feb 5	Prop., Plant & Equipment (ppe2) <i>* HW#4 due (on Chapters 10 and 11)</i>	Kieso 11 (App)
10	Feb 7	Midterm Exam	Ch: (1-5) 7-11
11	Feb 12	Intangible Assets (Intang) <i>* Discussion of exam</i>	KWW: 12
12	Feb 14	Intangible Assets <i>* HW#5 due (on Chapter 12)</i>	
13	Feb 19	Investments (Invest)	Kieso: 17 (App)
14	Feb 21	Investments <i>* HW#6 due (on Chapter 17)</i>	
15	Feb 26	Revenue Recognition (Rev)	Kieso: 18 (App) Case 2
16	Feb 28	Revenue Recognition <i>* HW#7 due (on Chapter 18)</i> → Discussion of case 2 (Microsoft)	

class	date	Lecture topic and homework due (for class indicated on left)	Read for class (on left)
17	Mar 4	Preparing the SoCF (SoCF)	Kieso: 23 Case 3
18	Mar 6	Preparing the SoCF → Discussion of case 3 (Chemalite B)	
19	Mar 11	Financial Statement Analysis (FSA) * HW#8 due (on Chapter 23)	Kieso: 24, Ap 5a Case 4
20	Mar 13	Financial Statement Analysis → Discussion of case 4 (Wal-Mart)	
	Mar 17	Final Exam (2:00 – 3:50 PM)	Ch: (1-5) 12, 17, 18, 23, 24

Links:

[Academic Calendar](#) ; [Final Exam Schedule](#)

Important dates:

January 13 (Sun)	Last Day to Register, Add/Drop or Change Grading Options
February 1 (Fri)	Last Day to Apply for Graduation: Summer and Fall 2008
February 15 (Fri)	Last Day to Withdraw
February 19-22 (Tues-Fri)	Advising: Spring 2008
February 25 (Mon)	Advance Registration Begins: Spring 2008
March 14 (Fri)	Last Class Day
March 15-20 (Sat-Thurs)	Final Examinations
March 26 (Wed)	Grades due: Noon (Grades posted on SU Online by 6 p.m.)

Reading Details:

Chapter	Pages covered	You are NOT responsible for
1	1-17	
2	27-46	
3	61-93; (3A) 94-98	Appendices 3-B and 3-C
4	125-149	
5	169-198; (5A) 200-01	Appendix 5-B
7	313-338	Appendix 7-A
8	367-397	
9	421-444	Appendix 9-A
10	472-496	
11	521-547	Appendix 11-A
12	571-594; (12A) 596-99	
17	837-861	Appendices 17-A, B
18	905-935	Appendix 18-A
23	1211-1235; 1251	pp1236-1242 topics <u>not</u> covered in 311
24	1281-1315; (24A) all	Appendix 24-B

Midterm and Final Exams

Read the honor code below, and then sign and print your name. Exams **will not be graded** unless the student has read the honor code and signed below agreeing with it.

Honor Code

By signing and printing my name below I affirm knowing that this exam is to be completed by myself and that assistance received from any other individual(s) constitutes cheating and as such will be subject to disciplinary action as deemed appropriate by the Office of the Dean of the Albers School of Business and Economics. I am aware of all the specific instructions that apply to this exam (provided by the instructor on the following page) and agree to abide by them.

Student's signature: _____ Date: _____

Printed name: _____

Midterm and Final Exams

Instructions:

- You will work on this exam without giving or receiving assistance to/from classmates or any other sources. This is a closed book and notes test. One letter-sized reference sheet written on one or both sides is allowed.
- Calculators are permitted. Computers are not permitted. Cell phones, audio players, video players and any other electronic devices **MUST** be turned off during the exam. Any unauthorized usage of such devices will be considered a violation of the University's code of academic honesty and will lead to a grade of zero in this exam.
- Apply U.S. GAAP in your answers unless otherwise indicated.
- Except in the case of typos, I will not answer any question during the exam. If you believe that a question is ambiguous or if any required information is missing, please explain the problem and try to make the simplest possible assumption that allows you to answer the question.
- In order to assist me in giving credit to your answers express yourself clearly and show your work. This includes preparing tables, schedules and reports in good form and clearly indicating your answer to each question. It is not my responsibility to uncover your reasoning, meaning or intent. It is in your interest to make those as clear as possible.
- In order to obtain partial credit, show your work and explain your reasoning.
- **All answers must be given in the appropriate space provided in this exam. Answers written elsewhere will not be graded.** You can use the back of every page for calculations or preliminary drafts of your answers, but those will not be graded.
- You have **1 hour and 45 minutes** to complete this test. I will deduct 20 points from the grade of any student who begins to write before permission is given, or who continues to write after time is up, regardless of what is being written, erased or changed. Exams handed in 5 minutes or more after time is called will not be graded.
- Remember that what is important is providing an answer that addresses fully the question that is actually being asked, not providing a long answer to a question you believe is being asked. Read each question carefully both before *and* after answering it.
- Don't spend too much time on any single item! If you have extra time at the end, **review** your work *trying to find mistakes*. Be confident in your knowledge, skills and intuition. Good luck!