

The University of Texas at Dallas
Financial Accounting: ACCT 6305 Section 002
Fall 2014

Professor Contact Information

Ashiq Ali, Ph. D. Phone: (972) 883.6360 Office hours: Thursday 4:00PM-5:00PM
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Teaching Assistant: Hoyoun Kyung Office hours: TBA
Office: MC 1.406

Note: Send all queries related to the course material to Hoyoun Kyung (email: hoyoun.kyung@utdallas.edu). He will get back to you within 24 hours. If he does not do so, then send me an email. Hoyoun will try to address your questions and, if needed, discuss your questions with me and will get back to you with answers.

Course Pre-requisites, Co-requisites, and/or Other Restrictions

There are no pre-requisites for this class.

Course Description

This course provides an introduction to the concepts of financial accounting with an emphasis on the interpretation of financial statements. Specifically it covers how to prepare financial statements (income statement, balance sheet, and statement of cash flows) and how to utilize information contained in financial statements. The course also covers in detail how financial statements report the financial effects of certain important types of transactions that firms commonly undertake.

Student Learning Objectives/Outcomes

- ◆ Summarize the information provided by the balance sheet, income statement and statement of cash flows and interpret individual amounts
- ◆ Compute financial ratios and use financial ratios and other information to compare companies competing in an industry in terms of profitability and liquidity
- ◆ Recognize ethical issues in reporting financial results and assess the impact of these issues on shareholders and other external users of the information

Text: Introduction to Financial Accounting, 11th ed. (ISBN: 0-13-325103-9), C. Horngren, G. Sundem, J. Elliott and D. Philbrick, Prentice Hall.

Other: Articles from business publications. Solutions manual for the Horngren text, sample true/false exam questions, guidelines for the financial statement analysis project, sample reports for the financial statement analysis project, and team member evaluation form for the project are posted on eLearning.
The Wall Street Journal (optional, but highly recommended)

Articles from business publications such as *The Wall Street Journal* and *Fortune* are on eLearning. The purpose of these articles is to relate the concepts we discuss to the real world. I strongly encourage you to do additional reading of this nature. It will not only improve your understanding of the role of financial accounting but will also broaden your knowledge of business.

Course Schedule

Note: Read “**Strategy for Studying for the Course**” on page 6 to understand the meaning of each of the items in the schedule and how to prioritize them.

Meeting 1:	August 28
Topic:	Introduction to the Course
Readings:	Horngren Chapter 1 and 2 Chapter 1: Read carefully and try to understand pages 9 to 17, and glance through the other pages. Chapter 2: Read carefully and try to understand pages 44 to 64, glance through pages 65 and 66, and skip the rest of the chapter.

Meeting 2:	September 4
Topics:	Financial Accounting Basics I
Readings:	Chapter 1

Meeting 3:	September 11
Topics:	Financial Accounting Basics II
Readings:	Chapter 2
Practice:	Ch.1: 40, 48; Ch. 2: 48, 49

Meeting 4:	September 18
Topics:	Financial Accounting Basics III - Mallard Clothing Problems (eLearning)
Readings:	Chapter 4
Practice:	Ch.4: 39

Meeting 5:	September 25
Topics:	Statement of Cash Flows
Readings:	Chapter 5
Practice:	Ch. 5: 64, 65, 66; Problem 5-66 (discussed in the lecture)
Articles:	Burning Up (eLearning) Once Hot Now Toast (eLearning)

Meeting 6:	October 2 Mid-term exam (Comprehensive, closed book, closed notes)
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Meeting 7:	October 9
Topics:	Financial Statement Analysis Accounts Receivables
Readings:	Chapter 12 and Chapter 6
Practice:	Ch.12: 48, 49, 51-55

Ch.6: 50, 54, 55

Articles: Debt Ratio by Industry (eLearning)
Profit Margin and Asset Turnover Ratios by Industry (eLearning)
Return on Equity Example (eLearning)
Managing Working Capital (Horngren, p.162) Warren
Buffet: Nothing to Hide (Horngren, p. 552)

Assignment: Individual Homework:
Reebok and LA Gear - Financial Statement Analysis (About 3 hours) For
this assignment refer to the following items available on eLearning:
Reebok and LA Gear – Questions
Reebok and LA Gear – Financial Statements
Reebok and LA Gear – Stock Price Charts
Reebok's Financial Ratios - Solution
(Read Return on Equity article before doing the assignment.)
Due date: October 16 before class starts.

Meeting 8: October 16

Topics: Reebok and LA Gear – Financial Statement Analysis
Inventory Valuation
Readings: Chapter 7
Practice: Ch.7: 56, 67, 70

Articles: Exxon's LIFO Reserve (eLearning)
Assignment: Individual Homework:

- Keysor Roth Corp. Senior Debenture (eLearning) (About 1.5 hours)
(Answer the accompanying questions. Refer to pages 394-396 of
Horngren for the definitions of some of the terms.)
- Chrysler Corp. (Problem 7-74 of Horngren, p.330) (About 1.5 hours)

Due date: October 23 before class starts.

Meeting 9: October 23

Topics: Chrysler and Keysor Roth – Inventory valuation
Property Plant and Equipment
Readings: Chapters 8 (pp. 338-360)
Practice: Ch. 8: 31, 39, 60, 67, 68

Articles: Earnings Helpers (eLearning)
Assignment: Individual Homework:
Miniscribe (About 3 hours)
Answer the questions accompanying the Miniscribe articles.
Read the following material before doing the assignment:

- Miniscribe articles (eLearning)
- Horngren (pp. 259-264)
- Lies, Damned Lies, and Managed Earnings (eLearning)
- In Corporate America It Is Cleanup Time (eLearning)

Due date: October 30 before class starts

Meeting 10: October 30

Topics: Investors' Reliance on Financial Statements and Miniscribe
Intangible Assets

Readings: Chapter 8 (pp. 360-364)

Practice: Ch.8: 52

Articles: Real Assets, Unreal Reporting (eLearning)

Assignment: Team Assignment: Financial Statement Analysis Project Part I

Due date: November 6 (Email to Hoyoun before midnight.)

Meeting 11: November 6

Topics: Present Value Concepts
Bonds

Readings: Chapter 9 (pp. 422-428, 394-407)

Practice: Ch.9: 60, 63

Articles: Accounting Analysis (eLearning)

Meeting 12: November 13

Topics: Leases
(For this lecture please refer to Continental Airlines on eLearning)
Shareholders' Equity

Readings: Chapter 9 (pp. 408-412), Chapter 10 (pp. 448-461, 467-471)

Practice: Ch.9: 71, Ch.10: 38, 43

Article: Shares and Shares Unlike (eLearning)

Meeting 13: November 20

Topics: Inter-corporate Investments

Readings: Chapter 11

Practice: Ch.11: 32, 38, 44, 45, 46 (These problems will be discussed in class)

Article: Murky Waters: A Primer on Enron Partnership (eLearning)

Assignment: Team Assignment: Financial Statement Analysis Project Part II

Due Date: December 4. (Email project report to Hoyoun by midnight of December 4.)

Peer Evaluation: Email to Hoyoun by midnight of December 4.

No class on November 27 (Fall Break)

Meeting 14: December 4

Topics: TBA

Final Exam: TBA
(Comprehensive, closed book and closed notes)

Grading Policy and Evaluation

Grading Formula

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|--|-----|
| • Individual Assignments | 15% |
| • Team Assignments: Financial Statement Analysis Project | 15% |
| • Midterm Exam | 15% |
| • Final Exam | 55% |

Individual Preparatory Homework Assignments

I've adopted an active learning approach. For most class sessions, you are expected to read some background material and do the required preparatory homework assignment. For most students, this will be the first time you've covered the area and so you may not be able to do the assignments correctly. However, I would like you to give it a good try and make note of your difficulties. These are preparatory assignments, so they address the material covered in the following week. The idea is to make a good effort on the assignment in order to prepare you for the discussion of the material in the next session. I expect that my discussion of the assignment in the next session should address most of your difficulties. I find that this approach is very effective in understanding and retaining new concepts. I will grade your homework based largely on effort and not accuracy.

Homework assignments are due by the date and time indicated in the Course Schedule. NO EXTENSIONS WILL BE GIVEN FOR ANY REASON. Late work will not be accepted. Your work will be graded as follows:

- 5 – There is evidence that you made a serious attempt on all parts of the assignment.
- 2.5 – The work is incomplete.
- 0 – No work (or less than a quarter of the work) is turned in.

Homework assignments are to be turned in individually. Although I would encourage that you work on these assignments in groups, you should write up your submissions individually. That is, you should not have one group member type the solution and share the document, electronic or otherwise, with the other members. Doing so is not only an act of academic dishonesty, but significantly reduces the learning experience. If such cases come to my attention, all parties involved will receive grades of zero for that assignment. Repeat offenses will be dealt with more harshly.

Late Assignments

THERE ARE NO EXTENSIONS FOR HOMEWORKS. Assignments are of varying lengths. Plan well ahead so that you are not surprised by the time needed to complete the assignment.

Individually Written Examinations

There are two exams for this course. Anyone missing an exam will automatically receive a grade of zero for that test. Exceptions for documented emergencies may be permitted. Where possible, either the teaching assistant or I should be contacted prior to the time of the exam. At my discretion, either a make-up exam will be scheduled or a reallocation of the weight to remaining examinations will be made. Exams will be based on the assigned material in the textbook, and class readings.

Team Assignment

Financial Statement Analysis Project. For details of this assignment, please see 'Guidelines for Financial Statement Analysis Project' available on eLearning.

Peer Evaluation

Students need to complete a peer evaluation for the Team Financial Statement Analysis Project. The peer evaluation form is available on eLearning.

Course Evaluation

The completion of a course evaluation is a course requirement.

UTD Policy on Cheating:

Students in this class will be held to the standards established by Regents' Rules and Regulations (Part One, Chapter VI, Section 3, Subsection 3.2, Subdivision 3.22) which states: Candidates are expected to be above reproach in scholastic activities. Candidates who engage in scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and dismissal from the University. "Scholastic dishonesty includes, but is not limited to cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give unfair advantage to a student or the attempt to commit such acts." Professors randomly use "Turnitin.com" to screen papers against other published works on the web to insure against plagiarism.

Strategy for Studying for the Course:

Listen to the **class discussions** carefully and try to understand the material covered. To check whether you have understood the material, try to do the lecture problems once again on your own. Use the **readings** in the Horngren text to clarify any difficulty that you have with the material covered in class. The **practice problems** may be used if you need additional practice in doing problems. If this is the first time you are taking an accounting course, I recommend that you try out the practice problems. The solutions to these problems are available in Horngren's solutions manual (on eLearning). When doing an **assignment**, give it a good try but do not spend too much time on it. I have indicated the amount of time that is reasonable to spend for each of the assignments. Note that I will grade your homework based largely on effort and not accuracy. When preparing for the **exams** make sure that you understand well the material in the lectures and assignments. About 85% of the exam will be made up of problems and about 15% will be True/False type questions covering some of the descriptive material in lectures, assignments, and **articles**. I will not test you on the details in the articles but rather on the major points, which for

each article you should be able to summarize in two to three sentences. **Sample True/False** questions are available on eLearning.

Class Citizenship

All students are expected to participate on teams. Students are expected to follow the student code of conduct at all times. Students should exhibit civil behavior in class.

Technical Support

If you experience any problems with your UTD account you may send an email to: assist@utdallas.edu or call the UTD Helpdesk at 972 883-2911.

Field Trip Policies – Not applicable.

Off-Campus Instruction and Course Activities

Off-campus, out-of-state, and foreign instruction and activities are subject to state law and University policies and procedures regarding travel and risk-related activities. Information regarding these rules and regulations may be found at the website address http://www.utdallas.edu/BusinessAffairs/Travel_Risk_Activities.htm. Additional information is available from the office of the school dean. Below is a description of any travel and/or risk-related activity associated with this course.

Student Conduct & Discipline

The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities. General information on student conduct and discipline is contained in the UTD printed publication, *A to Z Guide*, which is provided to all registered students each academic year.

The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the *Rules and Regulations, Series 50000, Board of Regents, The University of Texas System*, and in Title V, Rules on Student Services and Activities of the university's *Handbook of Operating Procedures*. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU

1.602, 972/883-6391) and online at <http://www.utdallas.edu/judicialaffairs/UTDJudicialAffairs-HOPV.html>

A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.

Academic Integrity

The faculty expects from its students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work.

Scholastic Dishonesty, any student who commits an act of scholastic dishonesty is subject to discipline. Scholastic dishonesty includes but is not limited to cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give unfair advantage to a student or the attempt to commit such acts.

Plagiarism, especially from the web, from portions of papers for other classes, and from any other source is unacceptable and will be dealt with under the university's policy on plagiarism (see general catalog for details). This course will use the resources of turnitin.com, which searches the web for possible plagiarism and is over 90% effective.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted materials, including music and software. Copying, displaying, reproducing, or distributing copyrighted works may infringe the copyright owner's rights and such infringement is subject to appropriate disciplinary action as well as criminal penalties provided by federal law. Usage of such material is only appropriate when that usage constitutes "fair use" under the Copyright Act. As a UT Dallas student, you are required to follow the institution's copyright policy (Policy Memorandum 84-I.3-46). For more information about the fair use exemption, see <http://www.utsystem.edu/ogc/intellectualproperty/copypol2.htm>

Email Use

The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student's U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individual corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at U.T. Dallas provides a method for students to have their U.T. Dallas mail forwarded to other accounts.

Withdrawal from Class

The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, I cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.

Student Grievance Procedures

Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's *Handbook of Operating Procedures*.

In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the

grievance originates (hereafter called “the respondent”). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at that level,

the grievance must be submitted in writing to the respondent with a copy of the respondent’s School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean’s decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the dean will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.

Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.

Incomplete Grade Policy

As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester’s end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of **F**.

Disability Services

The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in room 1.610 in the Student Union. Office hours are Monday and Thursday, 8:30 a.m. to 6:30 p.m.; Tuesday and Wednesday, 8:30 a.m. to 7:30 p.m.; and Friday, 8:30 a.m. to 5:30 p.m.

The contact information for the Office of Disability Services

is: The University of Texas at Dallas, SU 22

PO Box 830688

Richardson, Texas 75083-

0688 (972) 883-2098 (voice or

TTY)

disabilityservice@utdallas.edu

If you anticipate issues related to the format or requirements of this course, please meet with the Coordinator of Disability Services. The Coordinator is available to discuss ways to ensure your full participation in the course. If you determine that formal, disability-related accommodations are necessary, it is very important that you be registered with Disability Services to notify them of your eligibility for reasonable accommodations. Disability Services can then plan how best to coordinate your accommodations.

It is the student’s responsibility to notify his or her professors of the need for such an accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.

Religious Holy Days

The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated.

The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the length of the absence, up to a maximum of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment.

If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.

These descriptions and timelines are subject to change at the discretion of the Professor.