



**California Polytechnic State University**  
***Accounting 322--Intermediate Accounting II – Spring 2009***

**INSTRUCTOR INFORMATION**

**Professor:** Dr. Andreas Simon  
**Office Hours:** Mondays and Wednesdays 12.00-1.30pm, and 6pm-6.30pm  
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**COURSE OBJECTIVE**

The overall objective of this course is to enhance your understanding of:

- Accountants' role in providing financial accounting information,
- Theories and processes underlying that information and
- The relevance of that information to various user groups.

The presumption is that you will likely pursue a career in accounting, that you are in charge of developing that career, and your goal is to be a vital member of the management and decision making team in a public accounting firm, private industry, government or a not-for-profit organization. Although the development of your technical skills is critical, it is not the only skill necessary for you to be successful. Interpersonal skills, analytical and problem solving skills and written and oral communication skills are critical success factors and will be emphasized.

With respect to BUS 322 specifically, the focus will be on the following:

- Build on the foundation of accounting knowledge, research and thought processes gained in BUS 321.
- Gain in-depth knowledge of the underlying economic impact of specific, complex transactions.
- Understand the conceptual basis of the accounting and reporting for these transactions.
- Develop an understanding of the mechanical aspects of accounting for the transactions in line with the underlying concepts.
- Learn how to interpret corporate financial reports, primarily from the perspective of an investor

Topic coverage is shown on attached lecture and homework schedule.

**PREREQUISITES**

Completion of BUS 321 with a minimum grade of C-. If you have not met this requirement, please discuss your situation with me immediately following the first class meeting.

## LEARNING OBJECTIVES

The role of financial accounting is to communicate information that supports business decision-making. Without understanding how decision makers use accounting information, it is difficult to fully understand financial accounting issues or, more importantly, to critically evaluate accounting method alternatives. Keep this perspective in mind as you study each topic. To assist you, in each class we will cover real world cases, which offer insights into how the information discussed in the chapters affect decisions made by investors, creditors, managers, and others. Also, avoid memorizing. A true understanding of **how** a particular procedure is applied demands a clear understanding of **why** it is applied. As you learn procedures presented in the text, be sure to make sure you understand **why** those procedures applied.

The successful student will:

- (1) Acquire an understanding of the basic concepts and principles underlying financial accounting measurement and reporting practices.
- (2) Develop the critical thinking skills needed to analyze and comprehend the nature and consequences of economic events which are the subject matter of accounting.
- (3) Gain an appreciation for the behavioral and economic consequences of accounting and reporting alternatives, including ethical considerations.
- (4) Cultivate the communication skills essential to the financial reporting process.

## CLASS POLICIES

### Organization of the Lectures:

We meet for four hours each week. I will lecture for the majority of the class, but I will also give you problems in lecture to work on. During that time I will serve as a freelance consultant for you. So this part of the lecture will constitute the “learning-by-doing” component of our course. Active involvement with the course material inside and outside of class is one of the keys to mastering this subject. I would encourage you to adopt Cal Poly’s 25-35 study approach. The grade for class participation will be based on the quality of your contributions to the in-class discussions. You also can earn class participation points by sending e-mails to me with good observations about the material and by calling my attention to articles in the business press that apply course concepts.

### Academic Integrity

The Orfalea College of Business expects all its students to learn, respect, and practice integrity. All acts of dishonesty are unacceptable. The college’s policy on academic integrity will be adhered to the Campus Administrative Manual (CAM) (Section 684).

### Resources:

Intermediate Accounting, 12th ed.; Kieso, Weygandt and Warfield; Wiley Publishers, 2007. **Please bring your text to class.**

Course syllabus, class notes, solutions etc. will be available on Blackboard. Students are expected to download the class notes and other materials from Blackboard in a timely manner. Please access Blackboard from: <http://my.calpoly.edu> using your Cal Poly username and password.

### Grading

Grades will be allocated as follows:

Professional conduct/in-class contribution (non-negotiable)	5%
Case study	20%
<u>2 Mid-terms (20% each) and final exam (35%)</u>	<u>75%</u>
Total	100%

Your final grade will be based on a weighted average of your scores on the elements listed in the above table.

*This class uses the relative scale based on a normal distribution.* I prefer this method because it assigns grades based on your actual performance as a class, as opposed to the absolute scale, which uses an abstract and arbitrary standard.

In the **absolute scale** method, your score is compared to a pre-determined scale, such as A=90-100%; B=80-89%; C=70-79%; etc. This evaluates you based on a pre-determined set of criteria.

In the **relative scale** your score is evaluated by comparing it to other scores in the class. Thus the relevant issue is not your percent score but your *percentile* score.

A *percentile* score measures where your grade falls compared to other grades in the class. For example, a score of 85<sup>th</sup> percentile means your score is higher than 85% of the class, and lower than 15% of the class. A score of 85<sup>th</sup> percentile is **not** the same as an 85%.

Since this class uses the relative scale, the grading scale uses percentile scores rather than percent scores. The grading scale for this class is:

Grade	Percentile (not percent)	Percent of class	
A	90 —100	23%	Mean + 1.5 $\sigma$
A-	78 – 89.9999		Mean + 0.8 $\sigma$
B+	67 – 77.9999	40%	Mean +0.5 $\sigma$
B	50 – 66.999		Mean
B-	37 – 49.9999		Mean - 0.4 $\sigma$
C+	30 –36.999	24%	Mean – 0.6 $\sigma$
C	25 – 29.999		Mean – 0.75 $\sigma$
C-	13 – 24.999		Mean – 1.1 $\sigma$
D	3—12.9999	10%	
F	0—2.9999	3%	

The probable median GPA for the class, which is the same as the 50<sup>th</sup> percentile, is 2.86 (B/B-).

If you have a dispute with a grade, you must submit your original exam and a written explanation of the dispute within one week of receiving the exam back. I will re-grade the entire exam and will change the score to zero if the exam has been tampered with.

Class participation will decide marginal cases and I will give negative class participation points for coming to office hours without having attempted to understand the material.

#### **Class involvement:**

The goal is for students to be continuously involved. An “absentee” student will not be successful in this course. My goal is to add value each class session.

#### **Class time:**

I will start promptly at ten minutes after the hour. Please arrive at class prior to ten minutes past the hour. Late arrivals to class are disruptive. As a courtesy to me, and your colleagues, please make every attempt to arrive before class begins. Sometimes this is unavoidable, but *frequent late arrival is unprofessional* and inconsiderate behavior. If there is a unique situation that will result in arriving late frequently, please discuss it with me at the beginning of the semester.

**Services for Students with Disabilities:**

If you think you need an accommodation for a disability, please let me know at your earliest convenience. Some aspects of the course, the in-class activities, and the way I teach may be modified to facilitate your participation and progress. As soon as you make me aware of your needs, we can work with the Disability Resource Center (Student Services Bldg 124, phone 756-1395) to help us determine appropriate accommodations. I will treat information you provide as private and confidential.

**ROLE OF ASSIGNMENTS****Reading**

The reading assignments are designed to provide a foundation and a basis for your understanding of the issues involved. The classroom activities will build on that foundation to enhance your understanding and comprehension of the critical factors that need to be considered in dealing with those issues. Therefore, if you do not read the assigned materials **in advance** or do not dedicate sufficient time to them you will not be prepared for the classroom experience.

**Class Discussion**

You will notice that various assignments are included in the Class Schedule for discussion in class. These assignments, which will not be collected and graded, will help you develop a foundation for understanding the topic. Given the emphasis in the classroom on the conceptual issues and their application, your participation is critical. You are responsible for asking penetrating questions, not those that could be readily answered by reading the textbook, for providing well conceived alternatives to those proposed in the literature or by your colleagues, by challenging me and your colleagues to support their positions. These types of activities stimulate thinking, develop your analytical and problem solving skills and create a learning experience that is exciting and memorable.

**Case Study**

**Background and Purpose:** The primary objective of this assignment is to begin to integrate the many concepts we have studied and to give an opportunity to apply our intermediate accounting in a real-world setting. Using Appendix 5A (ratio analysis) and Chapter 24 (full disclosure) as a starting point as well as information obtained throughout our study of intermediate accounting, a team of individuals will evaluate the financial (and nonfinancial) condition of a publicly traded company. Cases not completed in a team will be graded for half credit. Cases turned in late will receive no credit.

I will provide a guideline (example) for organizing your responses to the cases. You should use this as a basis for preparing the response. Your responses should generally fall between three and five pages. Anything less could not deal effectively with the issues; if you feel you need more than 5 pages to adequately deal with the issues that is acceptable. Your work will be graded based on the guidelines mentioned above with emphasis on the identification of the appropriate issues, quality and perceptiveness of thought, ability to discuss the accounting options and the rationale for each, and the clarity of presentation.

**Exams**

Exams will be designed to assess whether you have grasped the materials to date and are able to apply the knowledge comprehensively. The exams will emphasize technical competence and critical thinking ability and will include application-oriented problems.

You may use a reference sheet on the exams. The reference sheet must follow the guidelines:

- one sheet, one sided
- it must be original work, it can not be photocopied.

- the sheet may not include a list of the solutions to the homework
- the reference sheet must be turned in with the exam.

Many past students have told me that the process of preparing the reference sheet is more valuable for exam success than the use of the sheet during the exam.

### Homework Assignments

Homework assignments should be completed when you arrive for class. I encourage you to use Excel wherever it seems appropriate since that tool will prove invaluable in your professional life. I will attempt to cover all homework assignments in class. Copies of the solutions will be available on Blackboard after the homework is covered in class.

### NOTE TO THE STUDENTS:

This class is manageable and most students get out of it what they put in. If you are in to the course you will enjoy it (enjoy accounting, it is possible). My goal is for the students to leave this class with long term finance/accounting analytical skills.

If you have chosen to protect your Directory Information (which includes name and email), it is important you communicate this to your instructor prior to or on the first day of class. This course uses Blackboard tools that will display students' full names and email addresses.

### COURSE OUTLINE:

The attached outline shows the topics covered, the homework assignments for each class and the exam schedules. All of the homework is optional but highly recommended. It is virtually impossible to learn the material without practicing it. I have listed in-class cases with the chapter reading assignments. We will cover these in class so please read them prior to class and be prepared to answer the questions.

## BUS 322 – Spring 2009 TENTATIVE<sup>1</sup> CLASS SCHEDULE (ALL CLASSES HELD IN 03-209 2-4pm [03-206 4-6pm])

Week	Date	Reading	Topic	Homework*
1	30 Mar	Ch. 17	Course Overview Fair Value Accounting	
	1 Apr	Ch. 17 pp. 837-850	Investments in Debt and Equity Securities <i>Financial Statement Analysis Case Union Plant</i>	E 3, 4, 7, 9, 15
2	6 Apr	Ch. 17 pp. 851-853, pp. 858-859	Investments Impairment of Value <i>Research Case Bank One</i>	E 16, 17, 19
	8 Apr	Ch17A: Derivatives pp. 863-874	Investment in Derivatives and other issues	E 22,24;P18

Week	Date	Reading	Topic	Homework*
3	13 Apr	Ch. 23 pp. 1211-1224	Statement of Cash Flow's <i>Research Case Tyco</i>	E 2, 5, 6
	15 Apr	Ch. 23 pp. 1225-1242	Sources of Information for Cash Flow Statement	E 11, 13; P 2
4	20 Apr		Review	
	22 Apr		<b>MIDTERM #1, WEEKS 1 -4</b>	
5	27 Apr	Ch. 15 pp.726-733	Shareholder Equity and the Issuance of Stock	E 2, 4
		Ch. 15 pp. 734-740	Treasury Stock and Preferred Stock <i>Financial Statement Analysis Case 1</i> <i>Comparative Analysis Case Coke and Pepsi</i>	E 6; P 5,6
	29 Apr	Ch. 15 pp. 741-749	Dividend Policy and Stock Splits <i>Research Case AT&amp;T</i>	E 8, 11, 14; P 3, 8
6	4 May	Ch. 15 pp. 750-753	Presentation and Analysis of Equity  The Residual Income Model	Ch. 15: E 16, 19
	6 May	Ch. 16 pp. 777-785	Dilutive Securities <i>Research Case AES</i>	Ch. 16: E 3, 7
7	11 May	Ch. 16 pp.786-792	Stock Compensation Plans <i>Financial Statement Analysis Case Kellogg</i>	E 6 (a & b), 10 P1 (pars 1 -4, a )
	13 May	Ch. 16 pp. 807-811	Other Stock-Based Compensation Plans and Review	E 11, 13; P 2
8	18 May		<b>MIDTERM #2, WEEKS 5-7</b>	
	20 May	Ch. 12	Intangible Assets	E 2,6,10,12,14
9	25 May		Academic Holiday – George Washington's Birthday observed	
	27 May	Ch. 12	Intangible Assets	E 13, 16, 19; P 5

Week	Date	Reading	Topic	Homework*
10	1 Jun	Ch. 18 pp. 906-922	Revenue Recognition <i>Financial Statement Analysis Case Westinghouse</i>	E 1, 3, 4
	3 Jun	Ch. 18 pp. 923-933 pp. 935-938	Revenue Recognition after delivery <i>Research Case 1 and 2</i>	E 7, 11, 20

<sup>1</sup> I call it tentative, as I reserve the right to change what we cover based on how efficiently we are progressing.