

ACCT IS 302/702

Financial Reporting II

Fall 2008

Class Time and Location:	M/W 11:00 a.m. – 12:15 p.m.; 2180 Grainger
Instructor:	Professor Terry Warfield
Contact Information:	twarfield@bus.wisc.edu , 4133C Grainger Hall, 262-1028
Office Hours:	MW 12:30–2:00 p.m. TR 10:30 a.m.–Noon and by appointment
The course URLs:	WileyPlus: http://edugen.wiley.com/edugen/class/cls62722/ School of Business CMS: http://courses.bus.wisc.edu/course/view.php?id=892

Prerequisite -- Financial Reporting I (ACC IS 301 or 701)

Required Textbook and Class Materials:

- Kieso, Weygant, and Warfield. Intermediate Accounting, John Wiley & Sons Inc. 12th Edition, 2008 FASB Update. (ISBN 9780470285787)
- WileyPlus registration card (this already should have been purchased in AIS 301 / AIS 701).
WileyPLUS Log-in -- You must register and log in at the WileyPLUS course URL with your access code.

I am assuming that all of you have a textbook and/or access to WileyPLUS as a result of your completion of AIS 301. If that is not the case, here are the options:

1. New copy of the textbook. If purchased new at the University Bookstore or the Underground Textbook Exchange, the required WileyPLUS code and access to the FARS online code are automatically included. The price of this option is approximately \$150.

Be careful if you purchase the textbook elsewhere. (The bookstores above have a special arrangement to “bundle” the WileyPLUS and FARS access codes with the textbook. The access codes are typically not included and if you purchase the textbook without the access codes, you would need to make another purchase to get the access codes.)

2. Complete electronic option.

You can purchase the WileyPLUS access code at: <http://www.wiley.com/college/buywileyplus> . Once at this page, you need to click on “Registration Code for WileyPLUS”, and then click on the appropriate links. Select your state and school name. Then click Continue. This will give you the complete hyper-linked electronic textbook with all the resources and supplementary materials (but you will not have a paper copy of the textbook). The price of the WileyPLUS access code is approximately \$60.

If you later decide that you want a hard copy of the text, the publisher has informed us that WileyPLUS access code only purchasers will receive a 50% off coupon via email to buy the hard cover text. To get this coupon, you MUST check the box “Receive information from Wiley regarding other materials” when you register your access code. This MUST be done at the time you register your access code – the 50% off coupon will not be available to you after you have registered.

Your access to WileyPLUS -- whether purchased with the hard copy of the textbook (Option 1) or stand-alone (Option 2)) should be available to you for as long as it takes to complete the 2-semester AIS 301/302 sequence. For most, this sequence will be in consecutive semesters but it doesn't have to be – your registration is valid until you complete AIS 302.

Rather than use FARS in this course, and because the FASB is transitioning to a new delivery platform for its literature, we will use the FASB codification: <http://asc.fasb.org/home>.

3. Used text with electronic option. If you purchase a used textbook or a new copy from someplace other than the bookstores above you must also purchase the WileyPLUS and FARS Online access codes.

Useful links:

- WileyPLUS home page at: http://edugen.wiley.com/edugen/global/post_login.uni includes a tutorial under the Student Quick Start Guide. This would be helpful to review.
- First Day of Class website for WileyPLUS students at: <http://www.wileyplus.com/studentfdoc>
- Wiley Tech Support: <http://hesupport.wiley.com/wileyplus>

Please note that the University of Wisconsin-Madison is not responsible for technical problems with WileyPLUS or FARS Online.

Suggested: You are encouraged to subscribe to the *Wall Street Journal* (or similar periodical, such as *BusinessWeek*, *Forbes*, *Fortune*, *Barons*, etc.). Some students find the Problem Solving Survival Guide to be a good addition to the text (Volume II is available at the Bookstore).

Internet Access To Course Materials – Most materials for this course will be distributed electronically. Please be certain that your email contact information is up-to-date on MY-UW.

Course Objectives

The course continues the study started in Financial Reporting I and focuses on more complex issues of corporate reporting theory and techniques such as long-term obligations, investments, revenue recognition, income taxes, and pensions, among others. While some emphasis is placed on analysis, interpretation, and use of accounting data for investing, credit, and management decisions, the reporting function of accounting to external users (investors and creditors) will be stressed. This will not only entail the study of current financial reporting and disclosure requirements, but will include controversial and emerging practices.

In this course, students need to develop and demonstrate:

Financial Accounting Knowledge

- Learn and evaluate current financial accounting rules.
- Understand complex financial events and their effect on financial statements, cash flows, and accounting based contracts.
- Read and critically evaluate financial statements.

Critical Thinking and Communication Skills

- Develop critical thinking skills by completing research tasks, group learning and interaction tasks, and communication tasks (oral, written, and spreadsheet-based). Critical thinking is a rational response to questions that cannot be answered definitively and for which all the relevant information may not be available. Critical thinking is an investigation whose purpose is to 1) analyze a problem, 2) arrive at a conclusion that integrates all available information, and 3) justify the conclusion convincingly to others. Thus, qualified accounting graduates must develop certain professional competencies,

including the ability to integrate accounting knowledge across other business disciplines, communication skills (both oral and written), and the ability to work in teams.

Learning Activities

To achieve these instructional objectives, we will use various class formats and activities (a mixture of lecture, discussion, and text-based homework problems) in this course to develop students' understanding of the accounting concepts and technical accounting content. Regular class sessions will consist of both lecture and discussion which will examine accounting issues and controversies related to the course content. In addition, the content of each lecture presumes and expects that you have *carefully read* the assigned readings and *completed* assigned problems. Lectures will emphasize the major topics and readings, and you are responsible for **all** assigned material plus any additional materials covered in class. Thus, regular class attendance is important -- missed lectures, discussion, etc. will seriously impede your performance. You are encouraged to ask questions and to stimulate discussion on topics which you have difficulty understanding. The assigned problems are to be completed **before** class. Many of the assignments' solutions also will be provided via WileyPLUS (**after** the material for that chapter has been covered in class) and others are available during office hours (students may review the solution manual during office hours but may not make copies from the solutions manual).

Beyond the traditional lecture / discussion / homework problem format, and to develop the professional competencies discussed above, a number of class sessions and/or assignments will be devoted to group problem solving. There also will be assignments that require accessing computer databases for company data and/or authoritative literature. These assignments (discussed below) will generally contain oral and/or written communication elements.

Group Work: Several of the class-periods during the semester will be partly devoted to small group activities organized around material that is assigned for that class period. The purpose of these activities is to more actively involve students in the learning process and to develop teamwork competencies. Students will be assigned to groups early in the semester; to engender continuity, these groups will remain intact throughout the semester. Activities in these sessions comprise the following sequence:

1. Individual Study (students prepare on their own **before class** for the material to be covered for that day).
2. Individual Quiz (5 - 10 questions over assigned readings and/or problems).
3. Group Test (same questions / problems as the individual test) -- groups will be given immediate feedback on the correct answers.
4. Instructor input / Class discussion.

Individual and group quizzes are closed book / note. The instructor will provide advance notice of class periods that will be devoted to group activities -- these class sessions are indicated as "Group/Quiz" on the course schedule.

The effectiveness of these group activities depends on how well students are prepared individually to contribute to group discussions of the assigned material. Such preparation (reading and studying assigned material before class) should enhance group and class discussions and improve both individual and group performance on quizzes. Ten percent (10%) of the total grade will be based on performance in these group activities (individual quizzes, group quizzes, and peer evaluations). The group will do well only if all members come to class prepared. Because the effectiveness of these activities will be determined by individual and group efforts, (as a starting point), equal weight will be given to individual tests, group tests and peer evaluations. Weights among the different elements may be open to negotiation at a later date.

Homework: Homework will be assigned using WileyPLUS for some exercises and problems. Graded items are denoted as WP-* on the schedule. Elements designated with T-* are suggested preparation but will not be graded. You will be given three attempts to work the exercises and problem where applicable. Five percent (5%) of your course grade will be based on graded WileyPLUS assignments. Solutions to WileyPLUS

assignments can be viewed after submission for grade. The assignments on the course schedule represent a suggested minimum amount of work that is considered necessary to achieve understanding of the course material. If you have difficulty with a topic, it is suggested that you work additional exercises or problems. WileyPLUS is a great resource for this.

Cases: In addition to daily homework, students will prepare 2-3 case analyses to analyze a contemporary accounting issue. These assignments will involve both individual and group elements. Knowledge and use of the FASB Codification will be required. The assignments have also been developed assuming students are proficient in preparing Excel spreadsheets and the use of its financial functions. If this is not the case, the assignment will likely take longer to complete and the student is advised to take advantage of available DOIT resources. Additional detail on this assignment will be distributed in a separate memorandum.

Exams: The exams are designed to extend your thinking through analysis and applications of these concepts in new or unique situations. The exam format may include multiple choice, problems, and short answer. The exams are "closed book/notes". Note that the examinations will be demanding of both your efficiency and effectiveness in addressing corporate accounting measurement and reporting issues. Calculators may be used during exams, but may not be shared. Be sure your calculator works since no allowances can be made if a calculator fails during an exam. The exams will be collected promptly at the end of the exam period. Students should not ask any questions regarding interpretation of the exam questions during the exam. If a question seems ambiguous, you should state any assumption you feel is necessary to answer the question and proceed.

The first two exams are administered in a two-hour late Friday afternoon/evening sessions as indicated on the course schedule (there will be no class on the day before the exam but a open "office hour" will be held during that class session). The final exam (which will be part cumulative) will be administered as scheduled by the University on **Tuesday, December 16, 2008 at 7:45 a.m.** There is no early or late final -- it will only be given at the scheduled time. Since performance on exams comprises the major portion of your grade (70%), you are expected to be present at the scheduled times for the exams. Please make arrangements now so that you can fulfill these requirements.

Grading The final grade in the course will be based on performance on two mid-term exams, a comprehensive final exam (the final exam is approximately 50% comprehensive), homework and case assignments (individual homework), and group work assignments. You must take the final exam to pass this course. Total points will be allocated as follows:

The following table summarizes each component of your grade for this course and the weight assigned to each component.

Component	Points	% of Total
Exam I	100	20%
Exam II	100	20%
Final Exam	150	30%
Case Project	75	15%
Quizzes and In Class Activities	50	10%
WileyPlus Homework	25	5%
TOTAL	500	100%

Letter grades are only relevant with regard to final point totals (that is, I do not discuss whether a score on an exam is an A or B, etc.). Students who earn greater than 90 (80, 70, 60) percent of the final total points possible for the course will earn a letter grade of A (B, C, D respectively). A higher letter grade may be awarded relative to these cutoffs, depending on the distribution of final total points. Historically, 20 percent of students in AIS 302 sections have earned A's, 50-55 percent have received B's, 20-25 percent have earned a

grade of C, and up to 5 percent have received a grade of D or F (thus, the average G.P.A. for AIS 302 historically has been about 3.2). Periodically throughout the semester I will provide feedback on where you stand in terms of total points and relative to your classmates.

Professional Conduct Policy To foster a professional learning environment and to develop habits that lead to success in the business work, all participants must engage in professional behavior, including:

1. Taking responsibility for individual actions.
2. Attending each class session, including arriving promptly and leaving at the designated time.
3. Being attentive and an active participant in group activities and class discussions.
4. Acknowledging the importance of clarity of expression in written and oral communication and understanding that the course grade will be affected by your ability to communicate.
5. Respecting diversity in the classroom and treating everyone involved in the class in a civil manner.
6. Planning outside activities to avoid conflicts with the activities outlined in the syllabus.
7. Agree to abide by the academic misconduct rules and procedures and code of ethics discussed below.

Academic Misconduct:

UW conduct rules describe academic misconduct as "... an act in which a student: (a) Seeks to claim credit for the work or efforts of another without authorization or citation; (b) Uses unauthorized materials or fabricated data in any academic exercise; (c) Forges or falsifies academic documents or records; (d) Intentionally impedes or damages the academic work of others; (e) Engages in conduct aimed at making false representation of a student's academic performance; or (f) Assists other students in any of these acts."

Charges of academic misconduct are taken seriously and actions that can be taken against a student include failure in the course and permanent record in the student's file. See: <http://www.wisc.edu/students/saja/misconduct/UWS14.html>. Please review the UW Academic Misconduct Policy and ask me if you have any questions.

The Department of Accounting has endorsed a statement of values developed by students in the Five-Year Professional Program. Additional information on the statement of values and the student-developed Ethics and Professionalism Program can be accessed at the following link:

http://www.bus.wisc.edu/accounting/resources_for_students/Ethics%20general/ethics%20PwC.asp

Assignment Schedule

Date	Reading (Text and Articles)	Topic	Homework: WileyPlus (WP) and Textbook (T)
9-3-08		Course Introduction	
9-8-08	Chapter 15	Stockholders' Equity	WP: E15-7, E15-9; T: P-15-6
9-10-08	Chapter 15	Stockholders' Equity	WP: E15-19; T: P15-12
9-15-08	Chapter 16 (Pages 777-792)	Dilutive Securities and Stock Compensation	WP: E16-1, E16-7, E16-11
9-17-08	Chapter 16 (Pages 772-805)	Earnings Per Share (Group/Quiz)	WP: E16-13, T: P16-3
9-22-08	Chapter 16	Earnings Per Share	WP: E16-15, E16-20, E16-23, E16-24
9-24-08	Chapter 17	Investments	WP: E17-3, E17-4, E17-7
9-29-08	Chapter 17	Investments	WP: E17-11, E17-18 T: P17-8
10-1-08	Chapter 17	Investments - Appendix	WP: E17-19; T: P17-17, P17-18
10-3-08	Test 1	Chapters 15-17	5:30-7:30 p.m., Location TBA (No Class on 10-6-08)
10-8-08	Chapter 18 (pp. 905-918)	Revenue Recognition	WP: E18-7, E18-8 T: P18-7
10-13-08	Chapter 18 (pp. 923-940)	Revenue Recognition (Group/Quiz)	WP: E18-11, E18-13
10-15-08	Chapter 18	Revenue Recognition	T: P18-8
10-20-08	Chapter 19	Deferred Taxes	WP: E19-1, E19-21, E19-22
10-22-08	Chapter 19	Deferred Taxes (Group/Quiz)	WP: E19-15, E19-16
10-27-08	Chapter 19	Deferred Taxes	WP: E19-24
10-29-08	Chapter 19	Deferred Taxes	T: P19-8
11-3-08	Chapter 20	Pensions	WP: P20-1
11-5-08	Chapter 20	Pensions (Group/Quiz)	WP: E20-2, E20-3 E20-13, E20-14
11-10-08	Chapter 20	Pensions	T: P20-6, P20-8
11-12-08	Chapter 20	Pensions / Review	T:P 20-13
11-14-08	Exam 2	Chapters 18-20	5:30 – 7:30 p.m., Location TBA (No Class on 11-17-08)
11-19-08	Chapter 21	Lease Accounting	WP: E21-3, E21-7
11-24-08	Chapter 21	Lease Accounting (Group/Quiz)	WP: E21-2, E21-4
11-26-08	Chapter 21	Lease Accounting	WP: E21-9, E21-15 T: P21-10
12-1-08	Chapter 21/22	Leases/Accounting Changes	WP: E22-1, E22-2, E22-6
12-3-08	Chapter 22	Accounting Changes	WP: E22-7, E22-8, P22-1
12-8-08	Chapter 24	Full Disclosure	WP: E24-2, E24-3
12-10-08	Chapter 24/Review	TBA	
12-16-08	Final Exam	Chapters 15-22, 24	7:45 a.m., Location TBA