

ACCT 5110-01: Intermediate Financial Accounting I

Faculty: Professor Carlos A. De Mello e Souza (*carlosms@seattleu.edu*)
Office: Pigott 426
Class meetings: Tuesdays, 6:00 - 8:40 PM, Pigott 200
Office hours 1: Tuesdays, 8:00-8:45 AM and 5:00-5:45 PM (no need for an appointment)
Office hours 2: By appointment, either on Skype (“cmeluz”), or on campus.

1. Course Description and Objectives

The sequence of intermediate financial accounting courses that begins with ACCT 5110 helps to prepare you for a career in professional accounting. These courses are also very relevant for those planning careers as financial analysts and in corporate financial management. Upon conclusion of the intermediate accounting sequence you should: (1) understand the issues involved in accounting policy choice; (2) understand the processes and the conceptual framework according to which accounting standards are set in the United States as well as internationally, and (3) have in-depth knowledge of accounting for transactions, events and adjustments affecting assets, liabilities, shareholders' equity, revenues, expenses, gains and losses.

ACCT 5110 begins with an in-depth review of the conceptual foundation of accounting and the principal elements of the accounting model (the accounting cycle, financial statements and their linkages) and breaks new ground with in-depth coverage of the assets side of the balance sheet, and preparation of the statement of cash flows.

To succeed in the course, it is fundamental that you keep up with the assignments and come to class prepared.

2. Prior Knowledge Required

ACCT 5110 has ACCT 5000 as a prerequisite. Therefore, I assume that students enrolled in this course have studied before the foundations of the financial accounting model, including:

- basic mechanics of a double-entry accounting system
- essential differences between accrual- and cash-basis accounting
- the accounting information system (or *mechanics*)
- linkages across financial statements
- meaning and information content of financial statements (balance sheet, income statement, statement of cash flows, statement of changes in shareholders' equity)
- preparation of the income statement and balance sheet
- familiarity with a “menu” of basic transactions

If your knowledge of one or two of these areas is weak, but you have seen them before, you can probably keep up with the pace of the course. But if you feel unsure about many of these topics, please come see me as soon as possible.

3. Materials

Required:

- Kieso, Weygandt and Warfield (2016) Intermediate Accounting, 16th ed, Wiley. Student Companion Site (free access to lots of great resources):
<http://bcs.wiley.com/he-bcs/Books?action=index&bcsId=10170&itemId=1118742974>
- FASB Accounting Standards Codification. (Login details provided in class.)
- Microsoft Excel.

I expect that you will have read carefully the assigned chapters, cases and problems before we meet for class (except for the first day of class). Students who prepare for class by reading the relevant chapters in the textbook tend to learn more, get more out of the time spent in class, and their grades will most likely reflect this. I urge that you not fall behind in your readings and assignments. Once you fall behind it is very difficult to catch up. Students are encouraged to bring assigned reading materials to class.

4. Grades

Grades will be based on seven homework assignments, two exams, and an optional final project. Exam make-ups will be given only under extraordinary circumstances, such as documented health problems and family emergencies.

The weight of each item in the final grade depends on whether you decide to turn in the final project, as follows:

	<u>No Project</u>	<u>Project Included</u>
Homework	40%	40%
Exam I	30%	20%
Exam II	30%	20%
<u>Term Project</u>	-	20%

Homework will be done and submitted by teams of 2-3 students (not 1, and not more than 3). Team composition may vary throughout the course, so it's important that team members write their names on their assignments. Late assignments lose 20% of their full score per day or fraction of day late, until reaching zero.

I will not grade homework assignments (or term projects) that show carelessness in presentation quality or that I have difficulty understanding. If your handwriting is difficult to read, be sure to type your papers. Even if your handwriting is good, it's a good idea to type your paper, because at least 10% of the grade in every assignment is about presentation. Assignments that I do not grade because of poor presentation quality cannot be resubmitted.

The term project will be an analysis of Tesla. This is an individual assignment. Your 10-page (max.) report will include: (1) A description of the company, its opportunities, and the challenges it has faced; (2) an analysis of Tesla's recent performance and exposure to risk, including the return and risk ratios introduced in Appendix 5A, pages 231-232; (3) a discussion of recent events involving Mr. Elon Musk, Twitter, and the SEC; (4) your conclusions about Tesla's case. Your report will be turned in through the Canvas website and is due on the day of the final exam. Please let me know if you decide to turn in this project, and we will meet to discuss further. You don't need to decide until I return your grade on the second exam.

The following rules apply:

- If the best **three** grades in the most recent **four** homework assignments average between 70% and 80%, you will have a chance to resubmit any questions in an exam with missed points to recover **one third** of those points.
- If the best **three** grades in the most recent **four** homework assignments average 80% or more, you will have a chance to resubmit any questions in an exam with missed points to recover **half** of those points.
- If your grade in Exam II is higher than your grade in Exam I, I will drop the first grade and make both grades equal to the highest. This recognizes effort in learning throughout the course, and rewards meeting the course's learning goals whenever that happens during the course. (If the opposite happens, that is, grade in I higher than grade in II, I will leave the grades as they are.)

An approximate correspondence of numerical scores and letter grades is as follows:

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

The correspondences in the table above are approximate because I wait for significant gaps in scores before changing letter grades.

What about class participation? I hope that every student will contribute to class discussions. I do not assign a grade to positive class participation because it is so strongly correlated with grades in assignments and exams, and so subjective and therefore difficult to evaluate fairly. I do, however, deduct points for negative participation. Negative participation includes non-professional behavior during office hours, class, exams, and in communications with classmates or the instructor. I will discuss any observed instance of negative participation with the students involved as soon as possible and will send them a written message. The first instance of negative participation reduces the final grade by 0-10 points. The second instance reduces the grade by another 10-20 points. By the way, this has never happened!

5. Honesty

I expect that all students 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." (See link to policies below.) If you are not sure about whether an action is acceptable per the Academic Honesty Code, you should check with me *before* engaging in it.

As required by University regulations I must report to 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.

6. Class Conduct

I always expect the highest level of professional conduct. Reading of non-class materials must stop once class begins. Cell phones must on silent mode during class. Laptops, netbooks, iPads, and similar devices may be used for class-related activities, but please ask before video or

audio recording class. All electronic devices, except laptop computers, must be turned off during exams. Emailing, texting, or engaging in any type of communication with third parties is of course forbidden during exams.

7. Scheduling

I have prepared a tentative distribution of topics throughout the quarter. Please check the schedule for assignment deadlines, exam dates, and topics that we will cover in class each time we meet. I may adjust the schedule from time to time as the course progresses due to variations in the time needed to explain each topic. I will announce any scheduling changes by email and in class with enough time for you to adjust.

My office hours are posted in the header of the syllabus. Office hours are a wonderful opportunity for you and me to discuss the course, financial accounting concepts, career choices, or any other topic that you think I may be able to help you with. It is best to come to office hours regularly throughout the course, rather than just before an important deadline, because at that time many of your classmates may want to see me as well. Office hour meetings are on a first-come first-served basis. There is no need to make an appointment to meet with me during regularly scheduled office hours.

8. Notice for Students Concerning 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 Disabilities Services staff located in Loyola 100, (206) 296-5740. Disability-based adjustments to course expectations can be arranged only through this process.

9. Office of Institutional Equity (Title IX)

Title IX of the Education Amendments of 1972 (Title IX) prohibits discrimination based on sex in educational programs or activities that receive Federal financial assistance. This prohibition includes sexual misconduct, which encompasses sexual harassment and sexual violence. Seattle University remains committed to providing a safe and equitable learning, living, and working environment. Seattle University offers emergency, medical, and other support resources, as well as assistance with safety and support measures, to community members who have experienced or been impacted by sexual misconduct.

Seattle University requires all faculty and staff to notify the University's Title IX Coordinator if they become aware of any incident of sexual misconduct experienced by a student.

For more information, please visit <https://www.seattleu.edu/equity/>. If you have any questions or concerns, you may also directly contact the Title IX Coordinator in the Office of Institutional Equity (email: oiie@seattleu.edu; phone: 206.296.2824) University Resources and Policies

10. Academic Resources and Policies

Resources:

- Library and Learning Commons (<http://www.seattleu.edu/learningcommons/>)
(This includes: Learning Assistance Programs, Library Research Services, Writing Center, and the Math Lab.)

- Academic Integrity Tutorial (found on Canvas and SU Online)

Policies:

You will find the following important policies on the Registrar's website, here:

<https://www.seattleu.edu/redhawk-axis/academic-policies/>

- Academic Integrity Policy
- Academic Grading Grievance Policy
- Professional Conduct Policies (program-specific)

11. Online Communications

I expect that you will check Seattle University's email frequently. Please use Seattle University email instead of Canvas mail, as it is easier for me to follow the thread of the conversation. Also, avoid communicating with me by means of the multiple text messaging windows available within Canvas, as it becomes very difficult to monitor multiple sources of messages. I cannot guarantee replying to messages sent by any means other than SU email.

Online communications are not meant to substitute for class attendance. Some materials may be distributed only in class, and many course-related announcements will be made only in class. The fact that you did not receive materials by electronic means is not an acceptable reason for failing to meet assignment deadlines if those materials were distributed in class.

I plan to check email daily on weekdays and will reply to your messages within 24 hours except during weekends and holidays. *Do* write to me if you must miss class. *Please include the* course title in the subject line of your messages to me. Due to the threat of viruses, I often delete without reading messages without a subject, or with a subject that I find suspicious.

12. Tentative Class Schedule

(Attached below.)

13. Homework Assignments (and their due dates)

(Attached below.)

12. Tentative Class Schedule (#)

Date	Topic	To study	In-class activities
10/2	The big picture: Institutions and the mechanics of accounting. Ch 2-3 (36-59; 78-113).	Syllabus; Ch 2-3	TESLA: What happened and what does it mean? Write a memo replying to your friend who is majoring in Music. CA2-4; KO/Pepsi (72) P3-1; KO/Pepsi (145), FY 2017-18
* 10/9	I/S: Explaining wealth creation. Ch 4 (152-177).	Ch 4	P4-1 and P4-7; FSA Case 1 (bankruptcy), (193) IFRS 4-5
* 10/16	B/S: Financial position. Ch 5 (200-216)	Ch 5	P5-4 and CA5-4
* 10/23	SoCF: Where's cash going to and coming from? Ch 5 (217-232)	Ch 5 (cont.)	P5-7 and KO/Pepsi (255)
* 10/30	EXAM 1 (Chapters 2-5)		
11/6	Receivables (...and not so much! ☹️) Ch 7 (324-325; 329-352)	Ch 7	P7-2 and P7-4
* 11/13	Inventories: Stuff to sell and resell. Ch 8-9 (387-418; 442-458)	Ch 8-9	E8-3 and E8-10 E9-5; E9-7 and E9-15
* 11/20	Investments in Securities Ch 17 (898-923)	Ch 17	TBA
* 11/27	EXAM 2 (Chapters 7-9 & 17)		
12/4	Discussion and feedback on second exam.		
12/11	FINAL PROJECTS DUE (ON CANVAS)		

(*) Homework is due on these dates.

(#) Subject to change.

13. Homework Assignments (and their due dates)

Due Date	Topic	Homework Assignment ^(†)
10/9	Institutions & mechanics of accounting	HW#1: CA2-5; KO/Pepsi case continued (72) P3-4; KO/Pepsi (145) FY 2017-18 TESLA Memo. Single-page, typed, single-spaced. Graded on substance (60%), writing quality (40%).
10/16	Income Statement	HW#2: P4-4 and P4-5 Case 4-2 (earnings mgmt.); IFRS 4-5.
10/23	Balance Sheet	HW#3: TBA
10/30	Cash flows & some ratios	HW#4: TBA
11/13	Receivables	HW#5: TBA
11/20	Inventories	HW#6: TBA
11/27	Investments	HW#7: TBA

(†) Check if you can answer the items labeled “questions”, and “brief exercises” at the end of each chapter which are related to topics we covered. For example, at the end of Ch 2, the items on pages 61 through 65. Since they are relatively straightforward, and for most the answer can be found simply by studying the chapter carefully, I will not include them in homework assignments. But I assume you can answer them. Ask in class or office hours if you have difficulties with any of these.