ACCT431/533 ADVANCED ACCOUNTING  
Spring 2015: KIMBRO

INSTRUCTOR AND CLASS INFORMATION
Instructor: Marinilka B. Kimbro
Office: PIGT 505
E-Mail: kimbrom@seattlleu.edu
Lecture times: PIGT 202 Tuesday 6:00 PM – 8:45 PM
Office Hours: Monday 2:15 – 5:45 PM; Online Content: CANVAS and www.mybusinesscourse.com
Final Exam: Friday, June 12 at 6:00PM

COURSE OBJECTIVES
• To understand the theory and development of financial accounting practices associated with international transactions and business combinations.
• To understand the role of financial reporting in the development and functioning of efficient capital markets and optimal capital allocation processes.
• To understand the issues associated with the development of multi-entity structures through business combinations and other forms of ownership and control.
• To learn the conceptual framework for the study of consolidated financial statements.
• To understand the procedures used to develop a complete set of consolidated financial statements for the combined entity.
• To understand the nature of inter-company transfers of non-current assets and inter-company inventory transactions.
• To understand the role of the SEC and its regulatory structure.
• To understand the rules, procedures and reporting requirements of the SEC for public listing offerings of equity and debt.
• To review some of the problems associated with special-purpose and variable-interest entities as well as the ethical and legal implications of earnings and accrual management in this context.
• To understand and evaluate the impact of Sarbanes-Oxley requirements.
• To learn how to evaluate the impact of differences in various financial reporting environments (accounting rules and principles) and their influence in the functioning of international markets.
• To understand the movement towards convergence and International harmonization of Financial Accounting.
• To understand the major differences between US-GAAP and International Financial Reporting Standards.
• To analyze ethical dilemmas in financial accounting while developing the necessary analytical skills to recognize them and deal with them.
METHODOLOGY AND CLASS STRUCTURE
The first sessions of this course will give you a general understanding of the issues associated with the development of multi-entity structures through business combinations as well as the reasons why this practice has become more relevant in recent years. These sessions will focus on the theoretical framework of consolidation procedures as well as the practical and technical applications necessary for the preparation of consolidated financial statements. Once you learn how to prepare consolidated financial statements, we will cover the effect of transactions that arise after the consolidation date.

We will also review SEC reporting as well as the regulatory impact of Sarbanes Oxley and we will spend some time reviewing IFRS and the international forces towards harmonization. Specifically, we will evaluate SEC’s Roadmap and the possible outcomes as they relate to IFRS and US-GAAP convergence and their impact on the topics of this course. In this regard we will review the major differences between IFRS and US-GAAP.

The last part of the course will study foreign currency transactions, hedging, foreign exchange risk, translation of foreign currency financial statements and accounting for legal reorganizations and liquidations. Please note that accounting for State and Local government, not-for-profits, focusing on GASB financial model and financial reporting requirements for government financial statements and its comprehensive annual financial reports will not be discussed in this class and will be covered in ACCT 545 Not-for-profit accounting course.

In general, the class discussions will follow the order of the textbook. However we will discuss current media articles related to advanced accounting topics as well as new FASB pronouncements that could change reporting guidelines. Of course, this material will also be part of the course and therefore will be a component of the exams.

The class will evolve according to the level of discussion and interaction, based on the order of the program. Thus, the schedule is just a framework in which the course will develop. At the end of the course there will be a practical, objective and comprehensive final exam.

TEXTBOOK & REQUIRED READINGS

ADVANCED ACCOUNTING, 2nd Edition 2014
with mybusinesscourse access code
by Halsey and Hopkins
Cambridge Publishers
ISBN: 978-1-61853-042-4

Textbook Web Site:

Mybusinesscourse: https://mybusinesscourse.com/
You are strongly encouraged to buy the textbook, with the code for Mybusinesscourse. First you need to complete all the online quizzes through the site. Also, as stated above; there will be an open book section in the final exam. Again, please remember that all take home quizzes can only be completed through mybusinesscourse. Please note that I will not accept the illegal use of photocopied material, without proof of copyright permission by the authors and/or the publishers as per Law.

**REGULAR READINGS:**
You must keep abreast of the general business news and read the *Business Section* of the local newspaper as well as *The Wall Street Journal*, or *Financial Times*. Occasionally I will bring to class additional readings of local news that we will discuss in class as they relate to the class coverage.

We will discuss accounting issues as they relate to this class such as: new FASB proposed standards, Sarbanes-Oxley, SEC mandated restatements and IFRS conversion issues, among others.

**COURSE EVALUATION**
Your final grade in this course will be based on class assignments and participation, one partial exam, a case, and a final COMPREHENSIVE exam, as stated below.

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exam 1</td>
<td>35%</td>
</tr>
<tr>
<td>Daily class participation</td>
<td>10</td>
</tr>
<tr>
<td>Take home, mybusinesscourse quizzes</td>
<td>20 (highest 4)</td>
</tr>
<tr>
<td>Final Comprehensive Exam</td>
<td>35</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

The final grade will be assigned according to the following scale:

- **A** 92-100 % 4.00
- **A-** 90-91 3.70
- **B+** 88-89 3.33
- **B** 83-87 3.00
- **B-** 80-81 2.70
- **C+** 78-79 2.30
- **C** 72-77 2.00
- **C-** 70-71
- **D+** 68-69
- **D** 65-67
- **F** 0-64
CLASS ASSIGNMENTS
The assignment for each class meeting consists of some reading as well as some recommended practice problems. You are encouraged to practice with additional problems.

The book’s website provides you with a great online resource of accounting working papers and excel worksheets to complete homework. Also, we will be using MyBusinessCourse to practice assignments and for “take-home” quizzes. You should register at: www.mybusinesscourse.com

Since we have limited time, most assigned problems will not be discussed during the class sessions, although we will discuss some problems in class. The solutions to the assignment and homework will be provided after we have finished discussing the Chapter. Of course, if you have a specific question about an assigned problem that we have not discussed in class, you can contact me and I will arrange a meeting to discuss it during my office hours.

This is a rigorous and demanding course, and you should plan to spend some time per week in advance preparation. Working assigned problems is a critical factor in successful completion of this course. A copy of the solutions manual is available in my office and assigned problems will be posted on the class website in the lesson section. Collaborative learning is used in this course to deal with assignments. Students are encouraged to discuss all assignments with their classmates.

Please note that assignment exercises and problems could require two to three hours for completion, in addition to the regular time required to read the theory. The importance of homework is highly emphasized. You MUST practice as much as possible.

CLASS PARTICIPATION
Intelligent, relevant and to-the-point discussion is expected of each student and will be an important part of the general evaluation of the course. I view class participation as both an opportunity and a responsibility. Class participation provides an opportunity for students to practice important career skills in a low-cost environment. Among other skills, these include the ability to express and defend one’s ideas. The cost of not having developed these skills will increase as you progress in your career (e.g., lost promotions). Class participation is also a responsibility, because students who attend class expect to learn from the viewpoints of their classmates (I also expect to learn from you!). Non-participating students do not provide their classmates and instructor with this important benefit. I therefore reserve the right to “cold call” students who are not participating in class discussions. My intent is not to embarrass you; rather, it is to help you get involved in the discussion where all of us can benefit from your comments. Unexcused absences will definitely affect your class participation grade. Please be aware that just coming to class is NOT class participation.
I will focus primarily on the quality of your input in grading class participation, however, it usually takes at least some quantity of participation to make that evaluation. I grade participation each session. A no-show attracts a zero. You are expected to attend ALL classes. You cannot make-up a class discussion that you have missed.

**GRADING CRITERION FOR CLASS PARTICIPATION** (all conditions apply)

90% or more  Extremely involved in almost all class discussions;
Helped create an exciting class discussion on a regular basis;
Occasionally provided relevant OUTSIDE of class reading material.

80% or more  Involved in almost all class discussions;
Typically helped create an exciting class discussion;
Once provided relevant outside reading material with some comments;

70% or more  Occasionally got involved in class discussions;
Did not detract from creating an exciting class discussion;

60% or more  Had some participation in classes: 50 – 60% of classes
Did not detract from creating an exciting class discussion;

50% or less  Had a few interventions in class: 30 – 40% of classes
Did not detract from creating an exciting class discussion;

40% or less  Had only two or three interactions in class 20-30% of classes
Did not detract from creating an exciting class discussion;

**QUIZES**

The quizzes will be administered online through the mybusinesscourse platform and are due on the scheduled date. I will open the quiz at least 24 hours before the date and time that it is due. All quizzes are timed so please make necessary arrangements to make sure that you can start and finish the quiz on time. **I will not provide any extensions.** I will only count the highest 4 grades.

**EXAMS**

*Everything* discussed in class will be examinable material. Please note that our class discussions will go *beyond* the book’s theory, since we will discuss contemporary class related news as well as US-GAAP and IFRS developments. So, you must keep up with these additional class discussions.

There will be one partial exam and one comprehensive final exam. All exams will reflect the coverage on the new-format of the CPA examination. The nature of the exams will be a mix
of: a small matching section, multiple-choice questions and one or two problem/small cases: that test you analysis, judgment, communication and understanding of the theory. **You must show all your work to receive credit on a computational problem. No credit will be given for an unsupported answer, even if the answer is correct.**

You must bring pencils, erasers, calculator, etc, to each exam. I will not permit calculator *sharing* during the exam, phones or “programmable” calculators.

There will be a 10 minutes **open book section at the end of the partial exam** and a 15 minutes open book section at the end of the **final comprehensive exam.** At that time, you will be advised that you can use your book. The open book section will be strictly for **ONE bounded book** during the specific time allowed. No loose pages or documents will be permitted.

Makeup exams will be given only under extraordinary circumstances and with my prior permission. Please do not book tickets (or have your parents book tickets) for travel prior to the completion of the final exam week. Please plan family events after the final exam week.

**COMMUNICATION**
I will communicate through **CANVAS** and e-mail, and I’ll post frequent announcements, so please check your e-mail and Blackboard on a daily basis. I also check my e-mail many times during the day, so **PLEASE** use e-mail to communicate with me. Try not to leave phone messages in my voice mail. If you need to talk to me, outside of office hours, please send an e-mail with your phone number and I’ll try to call you ASAP.

**LAPTOPS, PHONES, ETC,**
The use of laptops, netbooks, IPads or PDAs in class to take notes, view PowerPoints or work on class projects is allowed. However, **you are not allowed** to use laptops, netbooks, IPads, PDAs or phones during exams or in class for any other non-class activity (including instant messaging, web-browsing, etc.) unless specifically instructed.

**AUDIO AND VIDEOTAPING**
Audio and videotaping for any class session is strictly prohibited without prior approval.

**ACADEMIC HONESTY STANDARDS**
I expect that you will abide by the University’s Academic Honesty Code. “Seattle University is committed to the principle that academic honesty and integrity are important values in the educational process and that violations in this area should be dealt with in the appropriate manner.”

Link: [https://www.seattleu.edu/registrar/Policies.aspx](https://www.seattleu.edu/registrar/Policies.aspx)

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. Verified instances
of plagiarism, cheating and the usage of unauthorized sources in exams, papers and other academic projects will lead to a severe penalty.

All written work must be your own except when an assignment explicitly states that teamwork is acceptable or required. Moreover, all your work must be original to this class. To avoid plagiarism, you must correctly cite the source of any idea that is not your own (from books, magazines, newspapers, Internet sites, etc.) using APA reference style, or other similar citation styles. You may reference the APA style online at:

http://www.apa.org/elecref.html

and at

http://humanities.byu.edu/linguistics/Henrichsen/APA/APA01.html

**STUDENTS WITH DISABILITIES**

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

Seattle University is committed to providing students with disabilities an equal opportunity to participate in all its classes and activities.
READINGS AND MUSINGS…

For students who like “serious” bedtime reading
- Against The Gods: The Remarkable Story of Risk, by Peter Bernstein
  * History of our understanding of risk and probability as it relates to financial markets
- The Black Swan, by Nassim N. Taleb
  * A Black Swan is an event that is deemed improbable and yet has the potential of having huge consequences. He brilliantly examines the perils of empirical conclusions.
- Irrational Exuberance, by Robert Shiller
  * A Yale economist discusses market bubbles.

For students who like “fun” bedtime reading
- The (Honest) Truth about Dishonesty, by Dan Ariely
  * Arieli takes an insightful look at how we are all dishonest and explores how unethical behavior works in the personal, professional and political worlds. Extraordinary.
- Predictably Irrational
  * Ariely refutes the assumption that we behave rationally and through short examples and studies convinces the biggest skeptic. A MUST read.
- Fooling Some of the People All the Time, by Joel Greenblat
  * A tale of deceit, fraud and misinterpretation. Amazing…
- The Big Short, by Michael Lewis
  * Lewis is a superb writer. This book IS the story of the financial crises.
- Liar’s Poker: Rising through the Wreckage on Wall Street, by Michael Lewis
  * First-hand account of bond trading on Wall Street
- Barbarian’s at the Gate: The Fall of RJR Nabisco, by Bryan Burrough
  * The story of the hostile acquisition of RJR Nabisco by KKR

For students who, like me, prefer watching movies
- Smartest guys in the room: The story of ENRON
- Margin Call
- Too Big to Fail
- The Insider
- Wall Street: The classic tale of fear and greed on Wall Street
- Trading Places: Orange juice futures and all that you need to know about finance
- Barbarian’s at the Gate: The fictionalized story of the RJR Nabisco acquisition
**ADVANCED ACCOUNTING**  
*Tentative* Course Schedule **SPRING 2015**

This class schedule should follow according to this plan; however adjustments and changes will probably happen and will be announced in class. Please note this since you are responsible for keeping up with any changes.

<table>
<thead>
<tr>
<th>DATE</th>
<th>TOPIC</th>
<th>HOMEWORK DUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>T March 31</td>
<td>Introduction Ch 1 Accounting for Intercorporate</td>
<td>- Read Syllabus &amp; Chapter 1 BEFORE the Sept 24</td>
</tr>
<tr>
<td></td>
<td>Investments</td>
<td>class</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Read Ch 2 BEFORE next class</td>
</tr>
<tr>
<td>T April 7</td>
<td>NO CLASS</td>
<td>MBC Quiz 1 Ch.1 DUE April 7</td>
</tr>
<tr>
<td>T April 14</td>
<td>Ch2 Business Combinations</td>
<td></td>
</tr>
<tr>
<td>T April 21</td>
<td>Ch 2 Ch 3 Consolidation after acquisition</td>
<td>MBC HW Chapter 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MBC Quiz 2 Ch.2 DUE April 27</td>
</tr>
<tr>
<td>T April 28</td>
<td>Ch 3 Consolidation after acquisition Ch 4</td>
<td>MBC HW Chapter 3</td>
</tr>
<tr>
<td></td>
<td>Consolidation and intercompany transactions</td>
<td>MBC Quiz 3 Ch.3 DUE May 4</td>
</tr>
<tr>
<td>T May 5</td>
<td>Ch 4 Consolidation and intercompany transactions</td>
<td>MBC HW Chapter 4</td>
</tr>
<tr>
<td></td>
<td>Ch 5 Minority interests</td>
<td>MBC Quiz 4 &amp; 5 Ch.4 DUE May 11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Study for midterm</td>
</tr>
<tr>
<td>T May 12</td>
<td><strong>Midterm Chs. 1, 2, 3, 4 and 5</strong></td>
<td></td>
</tr>
<tr>
<td>T May 19</td>
<td>Discuss Midterm Consolidation wrap-up:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Intercompany transactions</td>
<td></td>
</tr>
<tr>
<td>T May 26</td>
<td>Intercompany transactions Ch 7: FOREX, hedging</td>
<td>Ch 7 MBC HW Ch 7</td>
</tr>
<tr>
<td></td>
<td>IFRS</td>
<td>MBC Quiz 6 Ch.7 DUE May 31</td>
</tr>
<tr>
<td>T June 2</td>
<td>Catch-up</td>
<td></td>
</tr>
<tr>
<td>T June 9</td>
<td>Final Comprehensive Exam</td>
<td></td>
</tr>
</tbody>
</table>