

BOSTON COLLEGE
Wallace E. Carroll School of Management
Department of Accounting Fall 2009
MA 021 Financial Accounting

I. GENERAL

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II. COURSE DESCRIPTION AND OBJECTIVES

This course introduces you to the basic concepts underlying financial statements. Even if you are not planning on becoming an accountant, you will learn that accounting plays a very important role in business and economics. You will learn that financial reports are not just a “*bunch of numbers*” but contain important information that allows you to evaluate a firm’s operating, investing, and financing activities.

The course specifically examines how financial statements are prepared and how they can be used by managers and investors. Throughout the semester, you will be expected to demonstrate a sufficient understanding of the processes leading to the preparation of financial statements. You will also be expected to demonstrate competency in examining and evaluating financial statements and other reported data.

The course has been designed to achieve the following objectives.

- (1) To demonstrate the role of accounting as an information system that supports economic decision making by developing your understanding of the conceptual foundation of accounting and the evolving nature of standards development. The course also seeks to develop your ability to analyze business transactions through understanding the input, processing, and output of the accounting information system. This is accomplished by using financial statements and working with real annual reports to understand a company's business activities and accounting choices, and how these activities and choices affect financial statements and the decision of users.
- (2) To prepare you to work effectively with accounting in different business settings, with particular attention devoted to developing your ability to communicate effectively, to work well with others, and to understand your ethical responsibility in making decisions.
- (3) To facilitate learning in subsequent accounting and management courses and in your future professional careers.

III. COURSE MATERIALS

Libby, Libby and Short. *Financial Accounting*, Sixth Edition. Irwin McGraw Hill, 2009 with access code for Homework Manager.

Hock and Baldwin. *The Financial Reporting Project and Readings*, Fourth Edition. South-Western Publishing Company, 2005.

MA 021/031 Course Packet for Prof. Billy Soo

The Wall Street Journal (recommended). Sign-up sheets will be passed out during the first week of classes. The *WSJ* Interactive is available on the web at www.wsj.com. To access it you will need a subscriber code. You can also access the *WSJ* through the library.

IV. COURSE REQUIREMENTS AND GRADING POLICIES

A. Class Preparation and Participation

It is expected that you will come to each class having read the text or notes and/or ready to discuss the assigned exercises and problems. Homework assignments are detailed in **Schedule A** for the Libby et al. textbook, and **Schedule B** for the Hock workbook.

Problems and exercises from the textbook are integrated into **Homework Manager**, a web-based tool that allows you to complete your assignments and submit them for immediate, automatic grading. Some of the problems are set up algorithmically, which means that the numbers change every time you revisit the problem. This enables you to master concepts by revisiting the same questions with different data.

B. Libby Homework Manager

In order to use this on-line homework management solution, please follow the instructions below:

1. Go to <http://mh6.brownstone.net/classes/Soo-SectMA-021/> to get access to Homework Manager
2. Select **Register as a Student** on the left hand menu.
3. Enter the **access code** that should have come with the textbook. If you purchased a used textbook or one with no access code, you can purchase the access code separately at <http://www.mhhe.com/libby6e>.
4. Complete the **information form** to create a profile with a personal **Login name** and **Password**.

Once you create your account, you can select the assignment from the Student Menu. Enter your login name and password, and click "Enter". Depending on the type of assignment, you may have up to two options:

1. Print it first, work through it off-line, and then copy your answers into the online assignment (only if *not* algorithmic) or
2. Work online right now.

If you choose to print the assignment, you will still need to submit your answers using the system. When you are ready to submit your work, you will select this assignment from the Class Homepage and log in and then enter your answers and select "Grade". Note: this will not work with the algorithmic questions if you log off between printing and answering the questions.

Each chapter assignment consists of "static" exercises/problems, i.e., the data information does not change with each iteration, and "algorithmic" exercises/problems where the numbers change each time you try them. I have imposed no limit on the amount of time nor the number of attempts in doing the homework. However, it is a good idea to periodically save your work (particularly if you decide to take a break while working on the assignment) in case the connection is disrupted for any reason. *Tip: All of the assigned exercises and problems are also in the text, although the numbers may vary. It will save you time and stress if you try to do these text problems first before proceeding to the on-line version.*

You can access your student account from the Class Homepage by clicking on "**Student Gradebook (View Past Results or Change Password)**". Once you log into your User Profile, you can find out about your performance on all of the completed assignments. To view details on your performance, select the assignment that you would like to view and click the **View Details** button. You will see a summary of the assignment and your score. On this screen you have the ability to select and view individual questions (click on the question) or the entire assignment (click "show all questions").

Solutions to all exercises, problems and cases in the Libby textbook are also available on-line at <http://www2.bc.edu/~soob/ma021/MA021solutions.html>. Your professor will announce in the first class the password you will need to access the solution manual. A hard copy of the solution manual to Libby is also available at the O'Neill Library Reserve Desk under the MA 021 course heading. To maximize your learning experience, try not to refer to the solution manual until you have attempted to do the problem by yourself. During class sessions, you may be called upon to answer questions related to the homework.

The nature of the course is such that topics build on one another so that if you do not master a chapter or topic you may encounter difficulty down the road. Waiting to do the assignments until right before an exam or quiz is detrimental to your learning and is strongly discouraged. Simply stated, try to keep up with the syllabus. If you become frustrated along the way - "I just don't get it" - don't give up, try doing more problems and arrange a meeting with me during office hours. I will be happy to help you understand the material better. In addition, the Boston College Accounting Academy offers free tutoring sessions throughout the semester. Your professor can provide you with more information regarding these tutorials. The Academic Development Center, located on the second floor of O'Neill Library, also offers tutoring assistance. You can call BC

extension 2-0611 to set up an appointment to go over homework or review for the exams. The Center becomes very busy towards the end of the semester, so make sure that you call in advance to schedule a session.

C. Course Grading

Your course grade will be determined based on the following formula:

• In-class participation	5%
• On-line homework assignments	10%
• Financial reporting project	10%
• Quizzes (7.5% each)	15%
• Low Interim Exam	15%
• High Interim Exam	20%
• Final exam	<u>25%</u>
	<u>100%</u>

1. On-line and in-class Homework and Participation

Assigned homework *exercises* will be done on-line through McGraw Hill's Homework Manager (see previous section for more information). These exercises are graded automatically and will account for 10% of your final grade. Another 5% of your homework grade will be based on any problems and cases discussed in-class as well as overall class room participation. Additional credit will also be provided to students who volunteer to lead the class discussion on the assigned in-class problems and cases.

2. Quizzes:

Two short quizzes will be given at different intervals throughout the course. Quizzes will be announced beforehand and are intended to keep the student up to date on the course work. These quizzes will usually cover three chapters and will be multiple-choice Theory/Practice questions based on material covered in class and the assigned homework. If you conscientiously do your homework, you should do well in the quizzes. **No makeup will be given to missed quizzes.**

3. Exams

There will be two interim exams during the semester. The first exam will be given in-class on October 15 and will cover materials from Chapters 1-5 in Libby. The second midterm will be given *out of class* on November 20 (late in the day on Friday, room and time to be announced later) and will cover Chapters 6-9. Excuses for missed exams will be granted only for valid reasons and must be secured *prior* to the date of the exam. Exam format consists of item-set (multiple choice) questions and open-ended problems.

The final exam will be comprehensive (chapters 1-13) and has been scheduled for December 17 (Thursday) from 4-7 pm, room to be announced later.

4. The Financial Reporting Project

The Financial Reporting Project involves an in-depth analysis of a publicly traded company. The objective of this project is to provide you with hands-on experience gathering, reading, and analyzing financial information. Each student will be assigned to a group with two or three other students from the class. During the semester, students will be required to complete assignments in the Hock workbook (**see Assignment Schedule B**). Keep in mind that while work will be done together, each student's individual contribution to the project and team learning will be taken into consideration. At the end of the semester, each student will be asked to complete and turn in a peer evaluation form. All evaluations will be kept strictly confidential.

In completing the requirements for the Financial Reporting Project, you may find these websites useful:

<http://www.sec.gov/edgarhp.htm>: Use this website to get Securities & Exchange Commission (SEC) SEC filings online.

<http://bigcharts.marketwatch.com>: A good site for getting historical stock price data and market information. Click on the “historical quotes” tab and type in the ticker and date.

<http://databases.bc.edu/V/P3DRUJDV8QEKDV8VH8UXJFC8II18B6RYHDPDHB82M5YJEU1JY-50515?func=find-db-3-previous&set-entry=000021>: Online databases at Boston College Libraries. Choose Business and Management under Social Sciences, then “Factiva” for *WSJ*. Lexis-Nexis is useful for most other major media searches. Check out the Bloomberg and FirstCall terminals located in the O'Neill Library. Bloomberg is an excellent resource for company and industry research.

5. Special Accommodations

If you have a disability and will be requesting accommodations for this course, please register with either Kathy Duggan (Kathleen.duggan@bc.edu) Associate Director, Academic Support Services, the Connors Family Learning Center (learning disabilities and ADHD) or Suzy Conway (suzy.conway@bc.edu), Assistant Dean for Students with Disabilities (all other disabilities). Advance notice and appropriate documentation are required for accommodations.

Behavioral Dimensions of Grades

The following information is designed to explain what behaviors are likely to earn you an “A” versus a “C”. Treat the nine dimensions as guidelines for earning these grades rather than rigid conditions for or guarantees of success. In particular classes, for example, an A student can earn a C while a C student can earn an A. Likewise, an A student may earn an A without satisfying the characteristics of an A student on all nine dimensions. It is very difficult for anyone, no matter how exceptional, to consistently exhibit every quality associated with that of an A student.

‘A’ or Outstanding Students

‘C’ or Average Students

1. Ability (Talent)

... have special aptitude, motivation or a combination of both. This talent may include either or both creativity and organizational skills.	... vary greatly in aptitude. Some are quite talented but their success is limited by a lack of organizational skills or motivation. Others are motivated but lack special aptitude.
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2. Attendance (Commitment)

... never miss class. Their commitment to the class resembles that of their professor. Attending class is their highest priority.	... periodically miss class and/or are often late. They either place other priorities, such as a job, ahead of class or have illness/family problems that limit their success.
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3. Attitude (Dedication)

... show initiative. Their desire to excel makes them do more work than is required.	... seldom show initiative. They never do more than required and sometimes do less.
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4. Communication Skills

... write well and speak confidently and clearly. Their communication work is well-organized, covers all relevant points, and is easy to listen or read.	... do not write or speak particularly well. Their thought processes lack organization and clarity. Their written work may require a second reading by the professor to comprehend its meaning.
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5. Curiosity

... are visibly interested during class and display interest in the subject matter through their questions.	... participate in class without enthusiasm, with indifference, or even boredom. They show little, if any, interest in the subject matter.
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6. Performance

... obtain the highest scores in the class. They exhibit test-taking skills such as an ability to budget their time and to deal with test anxiety. They often volunteer thoughtful comments and ask interesting questions.	... obtain mediocre or inconsistent scores. They often do not budget their time well on exams and may not deal well with test anxiety. They rarely say much during class discussion and their answers indicate a cursory understanding rather than mastery of material.
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7. Preparation

... are always prepared for class. They always respond when called on. Their attention to detail sometimes results in catching text or teacher errors.	... are not always prepared for class. They may not have fully completed the assignment, have completed it in a careless manner, or hand their assignments late.
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‘A’ or Outstanding Students

‘C’ or Average Students

8. Retention

... learn concepts rather than memorize details so they are better able to connect past learning with present material.	... memorize details rather than learn concepts. Since they usually cram for tests, they perform relatively better on short quizzes than on more comprehensive tests such as the final exam.
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9. Time Commitment (Effort)

... maintain a fixed study schedule. They regularly prepare for each class no matter what the assignment. They average 3-4 hours of study for every hour in class.	... study only under pressure. When no assignment is due, they do not review or study ahead. They average no more than 2 hours of study for every hour in class. They tend to cram for exams.
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Source: Standards, Assessment and Testing Committee – Dr. Paul Solomon, Chair, College of Business, San Jose State University, April 1995. Adapted from John H. Williams, “Clarifying Grade Expectations,” *The Teaching Professor*, August/September 1993

ASSIGNMENT SCHEDULE A (dates subject to change)

Date	Libby et al. Chapter	On-line Exercises (E), Problems (P)	In-class Cases and Projects (CP)	Hock & Baldwin Assignment
9/8, 9/10, 9/15	1 (p 2-28)	E1-2, E1-3, E1-9 P1-3	M1-1, 1-2 CP 1-1	
9/15, 9/17, 9/22	2 (p 46-79)	M2-4, E2-10 P2-2, 2-3, 2-4	CP2-1	Assignment 1
9/22, 9/24, 9/29	3 (p 102-134)	E3-2, 3-3, 3-4, 3-10 P3-3, 3-7	CP3-1	Assignment 2 (1 & 2 only)
10/1	QUIZ # 1			
10/1, 10/6, 10/8	4 (p 162-195)	E4-6, 4-8, 4-14, 4-17 P 4-6, 4-8	M4-2, 4-3 CP4-2	Assignment 3 (1-6 only)
10/13, 10/15	5 (p 230-260)	E5-6, 5-14, 5-17 P 5-6, 5-7	CP5-1, 5-7	Assignment 4 (1-3 only)
10/20	EXAM # 1			
10/22, 10/27	6 (p 282-310)	E6-2, 6-8, 6-14, 6-16, 6-24 P 6-2, 6-8	CP 6-3, 6-4	Assignment 6 (1-2, 4-10 only) Reading 6
10/29, 11/3	7 (p 336-372)	E7-4, 7-14 P 7-1, 7-9, 7-10	E7-1 CP7-5	Assignment 7 (1-7 only)
11/5	QUIZ # 2			
11/5, 11/10, 11/12	8 (p 396-431) skip impairment	E8-13, 8-16, 8-23 P 8-3, 8-4, 8-7	CP8-7	Assignment 8 (1-3, 5 only)
11/12, 11/17, 11/19	9 (p 458-482, 486-491)	E 9-1 P 9-2, 9-3, 9-11, 9-13	CP 9-1	Assignment 9 (1-2, 9-10 only)
11/20, Fri	EXAM #2	TBA, 4-7 pm		
11/24	NO CLASS	Happy Thanksgiving!		
12/1, 12/3	11 (p 556-581)	E11-9 P 11-1, 11-3, 11-6, 11-9	E11-21 CP11-2	Assignment 10 (1-3,5-6,8-10 only)
12/8, 12/10	13 (p 652-685)	E13-4, 13-12, 13-14 P 13-1, 13-4		Assignment 12 (1-8 only) Reading 12
12/17 (Thu) 4:00 pm	FINAL EXAM			

**Fall 2009 ASSIGNMENT SCHEDULE B for
HOCK & BALDWIN THE FINANCIAL REPORTING PROJECT, 4th
Edition**

Due Date	These are group assignments and your group should submit only one set of the assignments for grading purposes.
9/22	Groups (and companies) will be assigned. In completing Assignment 1, obtain copies of your company's Annual Report or Form 10-K, and Proxy Statement (Form 14-A) for each member of your group. You can download the documents from the company's own website or from the Securities and Exchange Commission website at www.sec.gov/edgarhp.htm.
9/29	Assignment 2 (requirements 1 and 2 only)
10/8	Assignment 3 (requirements 1-6 only)
10/13	Assignment 4 (requirements 1-3 only)
10/27	Assignment 6 (requirements 1-2, 4-10 only) Reading 6
11/3	Assignment 7 (requirements 1-7 only)
11/12	Assignment 8 (requirements 1-3, 5 only)
11/19	Assignment 9 (requirements 1-2, 9-10 only)
12/3	Assignment 10 (requirements 1-3, 5-6, 8-10 only)
12/10	Assignment 12 (requirements 1-8 only) Reading 12

Project Evaluation Forms

Complete the following evaluation for your entire group. Identify your group members in the column headings (notice that you must include their names). Place your completed evaluation in a sealed envelope and return it to the professor by the due date for your project. Provide a numerical score for each member in the group including yourself. Use the following categories to assign a numerical score from 1 to 10 for the 5 questions below. The highest total score you could give someone would be 50.

	Score		Score		Score		Score
Outstanding	10	Above Average	8	Below Average	5 to 6	Unsatisfactory	1 to 2
Excellent	9	Average	7	Poor	3 to 4	Did not participate	

Scores for each Group Member
(write a numeric score from 1 to 10)

Evaluation Criteria	Your Name:	Name:	Name:	Name:
1. Attendance at group meetings.				
2. Contributed to group discussions.				
3. Contributed to the writing reports.				
4. Demonstrated leadership skills.				
5. Assumed a fair share of the work.				
Total points for group member (max of 50)				