ACG 6137 – Financial Reporting & Accounting Concepts  
Spring 2007 Syllabus

Class: 7:10 pm – 10:00 pm Wednesday, BU 403  
Prerequisite: ACG 6027  
GEB 6215 (prior or concurrent)

Professor: Mark Kohlbeck  
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Phone: (561) 297-1363  
Office Hours: Wednesdays, 2:00 – 4:00, 6:00 – 7:00, and after class  
By appointment

Course Description and Objectives

The course is a study of intermediate topics in financial reporting and accounting and focuses on complex corporate reporting issues. The class is not oriented toward the CPA exam but many of these topics are likely to be tested on it. 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.

The course is designed to develop your life-long learning skills. In today’s market, it is structurally impossible to have an encyclopedic knowledge of the accounting rules that will serve you for large parts of your career. The body of U.S. GAAP is undergoing a rapid rate of transformation in response to changes in the business environment, and in response to demands for new and different information from stakeholders and regulators. A grasp of the theory that underlies the rules and the business context in which the rules are made is essential in understanding the nature and causes of the demands for accounting information.

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.
Understand and appreciate the role of professional judgment in the financial reporting process, and of the ethical issues involved in financial reporting decisions through lecture and classroom discussions.

**Critical Thinking, Research and Communication Skills**

- Develop critical thinking skills by completing research tasks in an individual and group-learning environment.
  - 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.
- Develop teamwork and communication skills through case analysis and presentation, in-class group participation and group term project.
- Develop research skills required for practice as a professional accountant through cases and the group term project.

The accounting profession has called for major structural changes in the way that we teach accounting at all levels. Your future employers have asked to place more emphasis on critical thinking and communication skills than on technical skills. In polls of partners from the large firms, the top three items on the Partners’ New employee wish list includes an ability to work effectively in teams, better communication skills, and better presentation skills.

**Professor Information**

Professor Kohlbeck’s area of expertise is financial accounting and reporting. He is currently teaching financial accounting courses at the University. Mark previously taught at the University of Wisconsin – Madison, The University of Texas at Austin and Southern Methodist University. His primary research interests concern banking and financial institutions in the areas of intangible assets, regulation, accounting choice, and accounting disclosures. Previously, Mark was an auditor and management consultant for Deloitte & Touche in Dallas and Milwaukee. His professional experience includes restructuring troubled financial institutions, mergers and acquisitions, and litigation support. Mark is also a member of Beta Alpha Psi, Beta Gamma Sigma, the AICPA, and the American Accounting Association.

**Text Books and Course Materials**

**Required**
- 2006 Financial Accounting Research System CD-ROM or similar access to U.S. accounting standards
- Financial calculator
Supplemental readings will be distributed in class or through eCompanion. You are also encouraged (but not required) to subscribe to the *Wall Street Journal* (or similar periodical).

**Your Responsibility**

I expect you to bring the following to every class:

- **Preparation** – You are responsible for preparing diligently for each class by reading the applicable portions of the textbook and completing the homework assignments as indicated in the tentative course calendar. You do not have to be correct, but you should attempt every homework exercise / problem to the best of your ability.

- **Attitude** – You are responsible for bringing a positive learning attitude to each class. A positive attitude helps create a vibrant learning environment.

**Grading and Learning Activities**

The following table summarizes each component of your grade for this course.

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exams (3)</td>
<td>300</td>
<td>60%</td>
</tr>
<tr>
<td>Learning Activities</td>
<td>50</td>
<td>10%</td>
</tr>
<tr>
<td>Assignments</td>
<td>75</td>
<td>15%</td>
</tr>
<tr>
<td>Participation</td>
<td>75</td>
<td>15%</td>
</tr>
<tr>
<td>Total</td>
<td>500</td>
<td>100%</td>
</tr>
</tbody>
</table>

Students may view their total points to-date by using eCompanion. Letter grades are only relevant to final point totals and will be assigned based on the following distribution of the percentages of total possible points.

<table>
<thead>
<tr>
<th>Percentage Range</th>
<th>Letter Grade</th>
<th>Percentage Range</th>
<th>Letter Grade</th>
<th>Percentage Range</th>
<th>Letter Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>90 ≤ Your %</td>
<td>A</td>
<td>88 ≤ Your % &lt; 90</td>
<td>A-</td>
<td>85 ≤ Your % &lt; 88</td>
<td>B+</td>
</tr>
<tr>
<td>80 ≤ Your % &lt; 85</td>
<td>B</td>
<td>78 ≤ Your % &lt; 80</td>
<td>B-</td>
<td>75 ≤ Your % &lt; 78</td>
<td>C+</td>
</tr>
<tr>
<td>68 ≤ Your % &lt; 75</td>
<td>C</td>
<td>60 ≤ Your % &lt; 68</td>
<td>D</td>
<td>Your % &lt; 60</td>
<td>F</td>
</tr>
</tbody>
</table>

**Exams.** Exam questions focus on accounting concepts illustrated through classroom discussions, assignments, and homework exercises. 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 first exam will be administered online while the second and third exams will be in class.

**Learning Activities.** In the interests of refining your team-working, communication, and presentation skills (as requested by your future employers), this class will make use of
learning activities, primarily in a group setting. Learning activities focus on the material being covered and may require advance preparation. Activities will likely comprise analysis / discussion of cases, or completion of exercises.

You will be assigned to a group at the beginning of the term and will sit and work with that group throughout the semester. Effective teamwork requires that group members both be familiar with their individual strengths and weaknesses, and that members be willing to extend themselves to develop greater competencies in areas outside of their weaknesses. In addition, as noted above, quality communication skills are an essential element of success in the business environment. Therefore, while each group should allocate work in a fair and reasonable manner, it is expected that group members will share in the presentation / public speaking aspects of the group work.

Periodically I may ask you to prepare a problem or case in advance for class. All groups should prepare the problem or case. One group will be randomly chosen to present their work and to lead a class discussion on the problem or case. You will not need to turn in a write-up, but you will need to be prepared to share your work and conclusions as a group with the other members of the class and to lead discussions of the case or problem with the rest of the class.

The effectiveness of the group activities depends on student preparation, when possible, and contribution to group discussions by all members. Since each group member present will receive the same points for each activity, the group’s performance requires its members to come prepared and actively contribute. To counter the effect of free loading, peer evaluations (including that related to the term project) may be completed and scores adjusted accordingly. In extreme situations, a non-performer may be expelled from the group and will then be obliged to execute individual projects, etc. which will be graded under the same criteria applied to the group activities.

Assignments. Two or three of the learning activities will be formal assignments to be completed on a group or individual basis as instructed. These assignments will require formal write-ups and may rely on financial analysis. One of the assignments will include both written and oral components and will also meet the GEB 6215 requirements. Specific requirements for these assignments will be distributed in class.

The assignments have been developed assuming students are proficient in preparing Excel spreadsheets and the use of its financial functions and understand how to use the FARS CD (or similar GAAP resource) and the SEC website to find applicable authoritative guidance. If this is not the case, the assignment will likely take longer to complete. You are encouraged to ask for assistance early in the semester.

The following process steps are provided to assist you in coming to a conclusion for these formal assignments:
1. Define the problem.
2. Gather information (data external to the case and accounting guidance)
3. Analyze the information
4. Generate alternative recommendations
5. Evaluate alternatives
6. Decide on a course of action
7. Communicate and defend your course of action (e.g., a report or memo)

**Participation.** The ability to interact in a meaningful manner and convey relevant information efficiently with colleagues is a critical component of success, regardless of your particular career objectives. Communication is a skill, and may therefore be learned and improved with practice. In an effort to provide you with a relatively low-cost venue and high-benefit incentive for developing these skills a portion of your grade in this class is based on participation points.

It is my philosophy to empower you, the student, as much as possible. Allocating a significant quantity of points to participation provides you with a significantly higher degree of control of your grade and learning experience than allocating the same points to exams. **You are in control of when, why, and how you participate.**

All participation is assessed based on the quality (and quantity) of participation in the learning community. You may ask questions/make comments in class or on the course Discussion Boards. You may have questions about application of the material, or extensions of the course material to other arenas. You may offer the benefit of your personal work experience. You may discuss issues of pertinent interest to the accounting profession or the business environment as a whole, or to your general professional development. You will find that many of the topics covered in class are very hot in the business press and for the regulators, and may wish to provide comments on articles you have read or news shows that you have seen. You don’t have to be right; relevant.

Please note that not only will high quality participation make the class much more interesting for everyone, it has the potential to provide a relatively cheap yet significant boost to your final grade. Unlike exam performance, which is subject to the slings and arrows of outrageous fortune, breakups, family problems, test anxiety, interview schedules, and illnesses, the participation aspect of the course is completely within your control. Seize the opportunity.

**Readings.** **You must read the assigned material at least once before class meets.** In addition to the assigned readings from the textbook, I will make selected readings from the business press and professional journals available to you on occasion. I strongly encourage you to take advantage of this opportunity to become familiar with the practitioner viewpoint on the issues. The overall emphasis will be firmly on the “real world” – current issues, ethical dilemmas that you may well face at some point, etc. For the most part, these articles will be written by investors, by managers, and by your future colleagues in the accounting profession.

**Homework.** Homework is assigned, may be reviewed in class, but will not be collected. The homework focuses on the basic concepts or involves analysis of accounting situations. Homework designed to help you master the technical material and to provide you with an instant and painless feedback mechanism with respect to your grasp of the technical material. I have selected a number of end-of-chapter exercises that are designed to satisfy this function. Students are reminded that their preparation and completion of homework assignments directly affects their ability to participate in class discussions and
perform on exams. If you have questions about the problems, feel free to ask me about them.

**Policies**

**Honor Code.** The Florida Atlantic University Honor Code governs all student activities throughout this course. A fundamental principle of academic, business, and community life is honesty. Violation of this ethical concept shall result in penalties ranging from a grade of ‘F’ in the course to dismissal from the University. In all penalties, a letter of fact shall be included in the student’s file.

**Professional Conduct.** To foster a more 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. Attendance sign-in sheets may therefore be used and excess absences may impact the participation grade.
3. Being attentive and an active participant in group activities and class discussions.
4. Respecting diversity in the classroom and treating everyone involved in the class in a civil manner.
5. Planning outside activities to avoid conflicts with the activities outlined in the syllabus.
6. Meeting all deadlines in the course for assignments, projects, etc.
7. 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.

**ADA.** Students may seek accommodations in accordance with the Americans with Disabilities Act of 1990. Students with disabilities needing academic accommodations should review the University’s ADA Policy and work the Office for Students with Disabilities (OSD). Students who require special accommodation due to a disability to properly execute coursework must register with the OSD and follow all OSD procedures.

**Turnitin®.** Written components of any assignment or project may be submitted to Turnitin® to evaluate the originality of the work. Any students found to be submitting work that is not their own will be deemed in violation of the University’s honor code discussed above.

**Missing Exams.** Make-up exams will be given for valid reasons (medical emergency, family emergency, university-scheduled events, religious observation, or class conflicts) consistent with University policy and the professor’s discretion. If you do not have a valid reason for missing an exam, a zero grade may be assigned. The professor also has the option of not providing a make-up exam and re-weighting the remaining exam(s) accordingly.
Incompletes. There are no incompletes for this course except in the case of extraordinary circumstances (for example, excessive absences due to severe illness). The professor determines when an incomplete is appropriate.

Points Awarded. It is the responsibility of the student to monitor the points awarded to-date in eCompanion. The student has up to two weeks following the posting of any points to contest the number of points, after which the points are considered final.

Electronic Communication. eCompanion and FAU email will be used in this course for content delivery, assignments, and other communications. Accordingly, it is the student’s responsibility to check the eCompanion course site and their FAU email account for announcements, etc.

Religious Holidays. It is the responsibility of the student to promptly notify the professor of any conflicts due to religious observance so that accommodations can be arranged.

Pictures. Photographs of each student may be taken / used in connection with the course.
Advice on Using Your Textbook

The following advice was generated from an in-depth study of 172 undergraduate students of varying backgrounds, all of who were enrolled in an introductory financial accounting course.

- **Read the chapters to learn rather than just to get through them.** Learning doesn’t miraculously occur just because your eyes have skimmed all the assigned lines of the textbook. You have to think and focus while reading to ensure that you sink the material into your understanding and memory. Use the learning objectives in the text to focus on what’s really important in each chapter.

- **Don’t get discouraged if you initially find some material challenging to learn.** At various times, both the best and weakest students describe themselves as “confused” and “having a good grasp of the material,” “anxious” and “confident,” and “overwhelmed” and “comfortable.” The simple fact is that learning new material can be challenging and initially confusing. Success does not appear to depend as much on whether you become confused as it does on what you do when you become confused.

- **Clear up confusion as it arises.** A key difference between the most and least successful students is how they respond to difficulty and confusion. When successful students are confused or anxious, they immediately try to enhance their understanding through rereading, self-testing, and seeking outside help if necessary. In contrast, unsuccessful students try to reduce anxiety by delaying further reading or by resorting to memorizing without understanding. Aim to clear up confusion when it arises because accounting in particular is a subject for which your understanding of later material depends on your understanding of earlier material.

- **Think of reading as the initial stage of studying.** Abandon the idea that “studying” only occurs during the final hours before an exam. By initially reading with the same intensity that occurs when later reviewing for an exam, you can create extra time for practicing exercises and problems. This combination of concentrated reading and extensive practice is likely to contribute to better learning and superior exam scores.

To learn more about the study on which this advice is based, see Phillips, B., and F. Phillips, 2007, Sink or Skim: Students’ Textbook Use in Introductory Accounting, forthcoming *Issues in Accounting Education.*