Course Objectives
Welcome to Financial Accounting and Reporting IV. Financial Accounting and Reporting IV (ACCT4402) is the fourth course in a four-course sequence in financial reporting. Financial reporting is the vehicle by which companies formally communicate their financial position and results of operations to capital market participants. It is an interesting and important role for the efficient functioning of capital markets. This course consists of an in-depth examination of the accounting for and financial reporting of business combinations. The primary goals of this course are: (1) to develop competency in accounting for business combinations; and (2) to develop your ability to understand the logic of the Generally Accepted Accounting Principles related to business combinations so that you can assess the relative merit of competing accounting methods and theories. Following a comprehensive examination of M&A related topics, we will examine financial statement ramifications of foreign currency, segment reporting, and interim reporting.

Course Prerequisites
The prerequisites for this course are BA3402 (Financial Accounting and Reporting II) and MT1030 (College Algebra). If you do not meet these prerequisites, please see an advisor immediately. If you fail to attend to this, you will be dropped from the course by the Dean's office when they complete their prerequisite audit procedures. By that time, it will be too late to register for another class. Thus, if you want the opportunity to choose another class, you must take action immediately.

Required Course Materials:
Textbook:

Class Format:
I will conduct the class using an active discussion format. Each week, we will begin with a quick synthesis of the pre-class materials followed by an application of the key concepts. I intend for the class to be professional yet comfortable. Accordingly, please feel free to ask questions when something is unclear. You add value to the class when you ask questions, answer questions, provide opinions, provide your anecdotal observations and experiences, provide knowing nods or looks of bewilderment, and even when you make jokes (tasteful only). Accordingly, please ask questions when a concept is unclear or provide additional insight when you are able to do so. Occasionally, I will ask students to answer certain questions. Do not be
afraid of giving a "wrong" answer. I am more interested in your thought process than in the answer. In my opinion, this is very interesting material. It is also some of the most difficult material. Please work hard and stay up with the progress of the class. I will work very hard to help.

Exams and Grading
There will be a total of 500 points available in the course. The points can be earned as follows:

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<th>Points</th>
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<tr>
<td>Exam 1</td>
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<td>Final Exam</td>
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<td>Course project</td>
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<td>Attendance, class participation, professionalism, academic integrity</td>
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Grading Scale

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Final grade distributions usually fall within or very close to these cutoffs in this course. I will assess the final point distributions. If the distribution dictates, I may adjust these cutoffs downward. However, the cutoffs will not be adjusted upward. I should add that the grades have distributed nicely in this grid such that downward adjustments have not been necessary.

Exams
There will be four exams during the semester. The exams are worth 100 points each. Each exam will include multiple choice questions, short answer questions, and/or problems. Exam dates and times are shown on the class calendar.

Homework
You will have to work very hard in this course because the concepts and mechanics are complex and require a deep understanding to master. Please plan on at least three hours of work outside of class for every hour in class. If you are not working hard on the problems in this course, the material will quickly overwhelm you. Thus, I strongly encourage you to work extra hard from the start. In addition, I encourage you to work together on the homework problems. One can learn a lot from a colleague that has just learned a concept, and conversely one can deepen and solidify knowledge by explaining difficult concepts to others. (Please note that the course project is to be completed individually). The homework problems shown on the syllabus are kept to a minimum. You will have to complete all of these problems to understand the concepts that we study and to perform at a high level on the exams. Please complete the problems using EXCEL and/or WORD, print your work, and bring them to class with you.

Course Project
A course project will be assigned later in the course. The project will be worth a maximum of 50 points. The project should be completely your own work.
Attendance and Class Participation
You will be given the opportunity to earn up to 50 points based on attendance, class participation, and professionalism. Attendance is the minimum requirement for participation. The professionalism component of the participation points are available based on overall profession conduct. Professional conduct includes arriving promptly, being prepared for class, being organized, being respectful to everyone, and acting with integrity at all times. Students sometimes lose professionalism points for behaviors such as not notifying me about missed classes, repeatedly missing class, repeatedly arriving late and/or leaving early, exhibiting consistently poor effort, preparing unsightly deliverable products, exhibiting disrupting behaviors in class meetings, being rude or disrespectful towards colleagues and/or professors, or committing an act of academic dishonesty. The participation points are earned by special contributions to the in-class discussions and the in-group case work. Diligent work on the pre-class assignments will be necessary in order to earn points for high quality participation both in the full class discussions and in work with the groups.

A Strategy for Succeeding in this Course
Preparing for each class is a several step process. The first step is to complete the assigned reading. This will provide you with an overview of the material. The second step is to study the lecture that I have placed on MYGATEWAY as if you were viewing it in the live classroom. In other words, take notes and replay any passages that are not entirely clear. Once you have studied the assigned lectures, reprint blank copies of cases that were worked and work them without access to the lecture. If you struggle you can go back to that point in the lecture to obtain guidance. Finally, attempt all of the assigned homework problems. The material in this course is challenging. If you follow these steps, you will likely succeed.

Withdrawing from the Class
The material is difficult in this course. Succeeding in this course requires a lot of work outside of the class. Each semester, some students will drop the class. First, let me emphasize that you do not have to apologize to me for making this decision! There is no shame in it. Students can drop the class without receiving a grade until the date shown on the course schedule (September 21 this semester). After that, if you wish to drop the course – instructors must assign a grade of either “excused” (withdrew while passing) or “failing” (withdrew while failing). Up to one week after the second exam, you can withdraw and receive an “excused” grade. After that date (October 29 this semester), you must have earned at least 60% of the points to receive withdraw and receive an “excused” grade. If you have less than 60% of the points and withdraw after that date, you will receive a grade of “withdrew while failing.” The last day to drop the course this semester is November 16.

Late Assignments
Any assignment submitted later than the due date and time is considered late. This policy is established and enforced to be completely fair to all students that submitted the assignment on time. Late assignments will be accepted up to one week late and graded as follows:
First late assignment: 50% of the points earned
Second late assignment: 20% of the points earned
Requests For Regrading
Requests for regrading items may be submitted no earlier than the day following the date the exam is handed back and no later than one week from this date. These requests must be submitted in writing (you can use e-mail). A regrade request requires only a brief note identifying the item in question and the reason why you believe you deserve more credit. I will not accept any requests later than a week following the assignment, exam, or project in question.

Student Honor Code:
Academic institutions strongly endorse values that all students should feel compelled to live by including honesty, responsibility, and ethical behavior. In this course, all examinations and written projects are expressly intended to represent each student’s own work. Students caught cheating will be promptly reported to University officials and face serious consequences. All reported incidents of academic misconduct will be considered with care and kept completely confidential.

I would like to add a thought on dishonesty and cheating. Integrity is one of the most wonderful, valuable, and important attributes of a person. Integrity is especially valuable for accountants and business professionals because of our stewardship responsibilities. On the exam days, you are really taking two exams. The first exam tests your mastery of the course material. The second exam tests your integrity. I hope that you flunk neither. However, if you are going to flunk one of those tests, flunk the one over the material!

Financial Accounting and Reporting IV
Accounting 4402
Course Calendar

Class: #1
Date: January 19
Topic: Accounting for Equity Investments (Chapter 1)

Passive Interest or Significant Influence (The Equity Method)
- Read pages 1-18
- Study PANOPTO Video: Active Interest Investments: An Introduction
- Study PANOPTO Video: Applying the Equity Method of Accounting for Significant Influence Investments
- Applying the Equity Method: Accounting for subsidiary income and dividends
  - Problems 1, 3, 4, 6
- Applying the Equity Method with excess basis:
  - Problems 7, 13, 14, 15, 16

Significant Influence (The Equity Method) with unrealized profits from intercompany inventory transactions
- Read pages 18-27
- Applying the Equity Method with intercompany profit transactions:
Class: #2  
Date: January 26  
Topic: Accounting for Business Combinations (Chapter 2)

The Acquisition Method Applied at the Date of Acquisition
(Only one entity exists post-combination)
- Read pages 39-54
- Study PANOPTO video: “Business Combinations: Time of the Combination (one post-combination entity)”
- Recording a merger (one-post combination entity) in the acquirer’s general journal: Problem 20, 23, and 28
- Contingent Consideration: Problem 9

Accounting for Business Combinations:
The Acquisition Method applied at the date of the acquisition (two post-combination entities exist)
- Read pages 54 - 67
- Study PANOPTO video: “Business Combinations: Time of Combination (Two post-combination entities)
- Preparing a consolidation worksheet: Problem 26
- Study PANOPTO video: “Business Combinations: Time of Combination (bargain purchase)

Class: #3  
Date: February 2  
Topic: Consolidation Subsequent to Date of Acquisition (Chapter 3)

Consolidation Subsequent to Date of Acquisition: Basic Consolidation Procedures
- Read pages 85-98
- Study PANOPTO video: “Consolidation: Basic”
- Determining consolidated financial statement amounts: Problems 4, 9, 10, 11
- Preparing consolidated financial statements (via the consolidation worksheet and consolidation / elimination entries): Problems 26 and 27

Consolidations Subsequent to Date of Acquisition:
Parent uses the Initial Value Method or Partial Equity Method in its internal records
- Read pages 98-107
- Study PANOPTO video: “Consolidation: Parent Did Not Apply Full Equity Method”
- What to do when the parent is not applying the Equity Method in their internal accounting records: Problem 15
- Consolidation worksheet (parent not using the Equity Method): Problems 31
- Study PANOPTO video: “Accounting for Contingent Consideration in Business Combinations”
- Extra practice with a full consolidation including contingent consideration: Problem 33
Class:  #4  
Date:  February 9  
Topic:  Consolidated Financial Statements with Non-Controlling Interests (Chapter 4)  

Consolidated Financial Statements with Non-Controlling Interests  
- Read pages 149-168 and 179-183  
- Study PANOTPO video: “Consolidation: Non-controlling interest”  
- Non-controlling interest – general: Question 1 and Problem 5  
- Consolidated financial statement amounts when non-controlling interests exist: Problems 2, 7, 8, 14, 15, 16  
- Completing a consolidation worksheet when non-controlling interests exist: Problem 35(a) and 38  

[Please note: February 15 is the last day to drop a class without receiving a grade. After February 15 a dropped course is either assigned the grade of “withdrew while passing” or “withdrew while failing.”]  

Class:  #5  
Date:  February 16  
Topic:  Exam #1  

Chapters 1-4:  
ADV 1: The Equity Method  
ADV 2: Consolidation on Date of Acquisition (one post-combination entity)  
Consolidation on Date of Acquisition (two post-combination entities)  
ADV 3: Consolidation Subsequent to Date of Acquisition  
ADV 4: Consolidation with Non-controlling interest  

Class:  #6  
Date:  February 23  
Topic:  Consolidated Financial Statements: Intercompany Inventory Profit Transactions (Chapter 5)  

Consolidated Financial Statements: Intercompany Inventory Profit Transactions  
- Read pages 203-224  
- Study PANOPTO video: “Consolidation: Intercompany Inventory Profits_Palm/Storm”  
- Calculating consolidated revenues, cost of sales, and other consolidated amounts when intercompany inventory sales have occurred: Problems 5 and 6  
- Impact of unearned intercompany profits on the allocation of net income to the non-controlling interests: Problems 7, 18 (a,b,c,d), 19  
- Preparing consolidated financial statements when intercompany inventory sales have occurred: Problem 31  
- Attempt the Palm / Storm case in our class materials (without reference to the video)  

Consolidated Financial Statements with Intercompany Inventory Profits: Complex Scenarios  
- Attempt the Pierson / Steele case in our class materials
Class: #7
Date: March 1
Topic: Consolidated Financial Statements: Intercompany Profit Transactions (Inventory, Land, and Depreciable Assets) (Chapter 5)

Intercompany Profit Transactions (Inventory, Land, and Depreciable Assets)
- Read pages 224-235
- Study PANOPTO video: “Unrealized intercompany gains/losses – land”
- Study PANOPTO video: “Unrealized intercompany gains/losses – PP&E”
- Preparing consolidated financial statements when intercompany inventory sales, land sales, and depreciable asset sales have occurred: Problem 35 and 36

Class: #8
Date: March 8
Topic: Consolidated Financial Statements: Intercompany Debt and Other Issues

Intercompany Debt (Chapter 6 - ADV6_DEBT)
- Read pages 260-268
- Study PANOPTO video: “Constructive Retirement of Debt”
- Constructive retirement of affiliate debt: Problem 29 (a and b)

ADV6_SPEC A: Push-Down Accounting and Goodwill Impairment
- Read pages 117-118
- Study PANOPTO video: “Push-Down Accounting”
- Push-Down Accounting: Problem 13 in chapter 3 and problem 35 in chapter 3 (you completed parts a and b during coverage of chapter 3)
- Study PANOPTO video: “Recording Goodwill Impairment”
- Study PANOPTO video: “Goodwill Impairment: Determining the Amount of Goodwill Impairment”
- Goodwill impairment: Problems 6 and 19 in Chapter 3

Class: #9
Date: March 15
Topic: Exam #2

Equity Method
Consolidation Subsequent to Date of Acquisition
- Non-controlling interest
- Intercompany profit transactions (inventory, land (non-depreciable assets), PP&E and other depreciable assets)
- Constructive retirement of affiliate debt
- Push-Down Accounting
- Goodwill Impairment

[Please note: March 22 at 11:59 p.m. is the last day to receive an automatic “withdrew while passing” grade. From March 23 forward, you must have earned at least 60% of the points]
available to date to receive a “withdrew while passing” grade. Please feel free to call me if you would like to discuss this decision.

Class #10
Date: March 22
Topic: Consolidated Financial Statements: Other issues

ADV6_SPEC B: Consolidated Financial Statements: Other Issues
(1) Mid-year Acquisitions
(2) Step Acquisitions
(3) Sales of Ownership Interests
   [Note: This material is from Chapter 4]
   ▪ Mid-Year Acquisitions: Read pages 168-170
   ▪ Study PANOPTO video: “Mid-Year Acquisitions”
   ▪ Mid-Year Acquisitions: Problems 9, 33, and 40 from Chapter 4
   ▪ Step Acquisitions: Read pages 170-176
   ▪ Study PANOPTO video: “Step Acquisition”
   ▪ Complete Problems 11 and 29 from Chapter 4
   ▪ Sales of Ownership Interests: Read pages 176-178
   ▪ Study PANOPTO video: “Sales of Ownership Interests”
   ▪ Complete Problem 30 from Chapter 4

HAVE A GREAT SPRING BREAK!!

Class: #11
Date: April 5
Topic: Consolidated Financial Statements: Other Issues
   (Variable Interest Entities, Consolidated Statement of Cash Flows, Consolidated Earnings per Share, Issuance or Repurchase of Shares by Subsidiary)
   [Note: This material is from Chapter 6]

ADV6C_SPEC_C:
(1) Variable Interest Entities:
   ▪ Read pages 251-260
   ▪ Complete Problem 25 (Chapter 6)
   ▪ Study PANOPTO video: “Variable Interest Entities”
   ▪ Study PANOPTO video: “Consolidating Variable Interest Entities”

(2) Consolidated Statement of Cash Flows:
   ▪ Read pages 270-274
   ▪ Study PANOPTO video: “Preparing the Consolidated Statement of Cash Flows”
   ▪ Complete Problems 6, 7, and 45 (Chapter 6)

(3) Consolidated Earnings Per Share:
   ▪ Read pages 274-277
Study PANOPTO video: “Earnings per Share for a Consolidated Entity”
Complete Problems 8 and 46 (Chapter 6)

Class: #12
Date: April 12
Topic: Consolidated Financial Statements: Other Issues

Finish Earnings per Share
(4) Issuance or Repurchase of Shares by Subsidiary:
  ▪ Study PANOPTO video: “Issuance or Repurchase of Common Shares by the Subsidiary”
  ▪ Read pages 277-285
  ▪ Complete Problem 40

[Please note: April 18 is the last day to drop a course.]

Class: #13
Date: April 19
Topic: Income Tax Accounting for a Business Combination, Segment Reporting, and Interim Reporting

Income Tax Accounting for a Business Combination
  ▪ Read pages 321-332
  ▪ Study PANOPTO video: “Income Tax Accounting for Consolidated Groups: An Introduction”
  ▪ Problems 4, 5, 7, 11, 12, 19, 21 from Chapter 7

Segment Reporting
  ▪ Read pages 349-365
  ▪ Study PANOPTO video: “Segment Reporting”
  ▪ Problems 37 (Chapter 8)

Interim Financial Reporting
  ▪ Read pages 365-374
  ▪ Study PANOPTO video: “Interim Financial Reporting”
  ▪ Problem 39 (Chapter 8)

Class: #14
Date: April 26
Topic: Translation or Remeasurement of Foreign Currency Financial Statements

General:
  ▪ Read Chapter 10
  ▪ Study PANOPTO video: “Foreign Currency Financial Statements: Introduction to Remeasurement or Translation”

Translation of Foreign Currency Financial Statements
- Study PANOPTO video: “Translation of Foreign Currency Financial Statements”

  Remeasurement of Foreign Currency Financial Statements
  - Study PANOPTO video: “Remeasurement of Foreign Currency Financial Statements”
  - Study PANOPTO video: “Foreign Currency Transactions”

  Translation and Remeasurement Exercises
  - Question 8 and 11 (Chapter 10)
  - Problems 1, 3, 5, 6, 7, 33 (Chapter 10)

Class: #15
Date: May 3
Topic: Exam #3

Mid-year Acquisitions
Step Acquisitions
Sales of Ownership Interests
Variable Interest Entities
Consolidated Statement of Cash Flows
Consolidated Earnings per Share
Issuance or repurchase of common shares by the subsidiary
Income tax accounting
Segment reporting
Interim reporting
Foreign currency financial statements
Foreign currency transactions

FINAL EXAM (Comprehensive)
May 10
7:45 – 9:45 p.m.
SSB 336