



April 27, 2007

Chancellor's Award for Excellence in Teaching Committee
c/o Faculty Senate via E-MAIL
senate@umsl.edu

Dear Colleagues:

It is my honor to nominate Dr. Stephen R. (Steve) Moehrle for the Chancellor's Award for Excellence in Teaching Award. Steve and I have worked closely in the Accounting Area on many issues relating to what is best for the students in Accounting. Steve and I also teach many of the same students so I have heard a countless number of positive anecdotes from students about Steve's teaching. It is accurate but not very descriptive to describe Steve's contributions to teaching as "outstanding." It is more informative, and not an overstatement, for me to say that Steve Moehrle is the best teacher I've ever met. That is why it is my honor to nominate him for this prestigious award.

Throughout this nomination packet of materials you will find clear evidence that Steve's teaching during his first 8 years here greatly contributes to the priorities and goals in the UM-St. Louis Action Plan.

- Steve's high evaluations from students in the rigorous and demanding courses he teaches never cease to amaze me. Steve fosters student achievement and there is clear evidence in his teaching evaluations and the letters of support of both his outstanding teaching effectiveness and strong academic standards that promote excellence in both undergraduate and graduate teaching.
- It is an understatement to say that Steve makes substantial contributions to mentoring and advising accounting students and accounting alumni, and strong engagement with the St. Louis and national business communities. Instead, it is appropriate to say that Steve's contributions in these areas is unparalleled.
- When Steve was a doctoral student at Indiana University-Bloomington he received a number of teaching awards. More recently, Steve has published a few of his teaching innovations in respected journals.

At the request of the American Institute of Certified Public Accountants (AICPA), Steve and two coauthors recently completed the book "*The CPA Profession: Opportunities, Responsibilities, and Services.*" The book was published by the AICPA so Steve's teaching now extends beyond our campus and to our nation's current and future CPAs. One theme in the book is how important highly competent, professional, and ethical CPAs are to the world's capital (i.e., stock

and bond) markets. Steve carries this message into his classroom. Since his students will carry the label of UM-St. Louis alumni throughout their professional careers, Steve holds students to a very high standard for the benefit of all of the following parties: the UM-St. Louis College of Business Administration, the CPA profession, and businesses along with their providers of capital (i.e., investors and lenders).

Steve served on the UM-St. Louis Student Retention Task Force and he continues to serve on the UM-St. Louis Admissions Council and Graduate Council. Through this service, he contributes to these important missions that impact future education at our University.

Steve's interactions both outside of the classroom with students and with the St. Louis business community is truly impressive. Evidence of the student mentoring and advising is the number of students that I see Steve talking with every day at his office and the number of students that Steve has played a role in placing with the many CPA firms and companies. Our students trust Steve and many excellent accounting firms and businesses also know and trust Steve.

Steve is often called by reporters at the St. Louis Post-Dispatch to discuss business and accounting issues about which they are writing.

Steve has served for the past three years as the lead ambassador for the Missouri Society of CPA's Lead and Enhance the Accounting Profession (LEAP) initiative that seeks to attract high school students into the accounting profession. Steve has visited several area high schools annually to discuss opportunities in the accounting profession and he has also spoken each year at the annual LEAP Symposium. Steve also lead the effort that resulted in UM-St. Louis' hosting the LEAP Symposium at the Millenium Center for the last three years.

In summary, Steve Moehrle's contributions to the teaching mission at UM-St. Louis are beyond "outstanding."

Since coming to UM-St. Louis in 1999, Dr. Moehrle has lead many of our finest accounting students into rewarding careers as accounting professionals. In addition to making financial accounting meaningful and relevant to students in accounting, Steve has also developed and taught outstanding courses to the MBA and Professional MBA students—teaching them to analyze the financial accounting in any corporation's annual report

On behalf of his colleagues in the College of Business and his students I respectfully ask that you consider Steve Moehrle for the Chancellor's Award for Excellence in Teaching.

Sincerely,

Gregory G. Geisler, Ph.D.
Associate Professor of Accounting

Chancellor's Award for Excellence in Teaching

NOMINEE:

**Stephen Moehrle, Ph.D., CPA
Associate Professor of Accounting
College of Business Administration
1205 Tower**

NOMINATOR:

**Gregory G. Geisler, Ph.D., CPA
Associate Professor of Accounting
College of Business Administration
1208 Tower**

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COURSES TAUGHT AND STUDENT EVALUATIONS

Average student evaluation at UM-St. Louis:

“Overall Instructor Rating” (7 point scale)

Financial Accounting and Reporting III (BA4401)				(Average = <u>6.7</u>)
Fall 2006	6.71	Winter 2006	6.52	
		Winter 2005	6.42	
Fall 2004	6.80	Winter 2004	6.91	
Fall 2003	6.53			
Fall 2002	6.64, 6.73			
Fall 2001	6.75, 6.60			
Fall 2000	6.90, 6.59			
Fall 1999	6.58, 6.82			

Financial Accounting and Reporting IV (BA4402)				(Average = <u>6.5</u>)
Fall 2006	6.65			
Fall 2005	6.39			

MBA Introduction to Accounting (Core) (BA5400)				(Average = <u>6.7</u>)
Fall 2001	6.72	Winter 2001	6.64	
Fall 2000	6.61	Winter 2000	6.70	
Fall 1999	6.79			

Financial Reporting and Analysis (Elective) (BA5401)						(Average = <u>6.6</u>)
Fall 2006	6.35,	Summer 2006	6.60	Winter 2006	6.40	
Fall 2005	6.52	Summer 2005	6.85	Winter 2005	6.41	
Fall 2004	6.69	Summer 2004	6.83	Winter 2004	6.46	
Fall 2003	6.83	Summer 2003	6.75	Winter 2003	6.51	
Fall 2002	6.50	Summer 2002	6.73	Winter 2002	6.90	
Spring 2000	6.64					

Stephen R. Moehrle, Ph.D., CPA
University of Missouri – St. Louis, College of Business Administration

Philosophy of Teaching

Introduction

I have a passion for encouraging and helping others to improve. Teaching presents an ideal setting for encouraging and helping others. From a relatively early age I aspired to be a college professor. Several professors have been my role models. I value the positive contributions that these individuals made to my life. Thus, I am excited to have the opportunity to make similar contributions to the lives of my students. I am motivated to continually improve my teaching skills so that I can earn the respect, trust, and admiration necessary to make positive contributions to my students lives.

I believe that education is an extremely important aspect of any society. Accordingly, I take my teaching responsibilities very seriously and work very diligently to fulfill these responsibilities.

The self-analysis that follows mentions certain teaching techniques I use but it really focuses on my philosophy that my job as a teacher is to enhance both the professional and personal abilities of my students. When I am successful, I derive tremendous personal satisfaction as well as develop professionally myself.

Enhancing the Student's Professional Abilities

College professors enhance a student's professional abilities in a number of ways. First, the professor designs and delivers a course that effectively and efficiently communicates "state of the art" knowledge to the student. To succeed in this role, the professor must be an expert in the field, and must be able to effectively communicate his or her knowledge. Effective communication requires polished communication skills coupled with organization and preparation. Second, the professor must design a course of study that motivates the student to examine the field beyond the material that the professor can fit into the assigned class periods.

I work hard to fulfill each of these requirements. First, I feel that my educational history, my continuing education, and my professional experience provide an excellent foundation to be an expert in financial accounting and financial reporting. Second, I believe that I am a proficient communicator. Third, I prepare thoroughly before entering the classroom. My courses are diligently prepared using various active learning techniques to provide students with the richest possible learning experience. I believe that my student evaluations and teaching honors, such as being named the Missouri Society of CPA's Educator of the Year, are evidence that I have succeeded in this mission.

The accounting and financial reporting professions have changed dramatically over the past several years. Accordingly, I have significantly revised my courses. In addition, I developed a teaching idea entitled "Business from the Idea to the Seasoned Offering." It was named "runner-up" for the 2006 American Institute of Certified Public Accountants' (AICPA)/Bea Sanders Award for Innovation in Teaching. Also, in 2005, the AICPA contracted with me and two coauthors to produce a book about changes and innovations in the Accounting profession. *The CPA Profession: Opportunities, Responsibilities, and Services* was published last year by the AICPA and has offered me the opportunity to "teach" a much broader audience of not only accounting students but also practicing accounting professionals.

Another way to enhance a student's professional abilities is to help develop the instincts required in a chosen field. I am continually searching for rich active learning experiences that help the student to "think like accounting and finance professionals." Examples of techniques that I regularly employ include case studies and current topic discussions. Two of the cases I developed have been published in *The CPA Journal* and

Global Perspectives on Accounting Education. A third case, related to health care costs, is currently under “second round” consideration at the premier accounting education journal titled *Issues in Accounting Education*. I am currently finalizing a new teaching innovation called “Buy Me”, which involves a fun and rich setting for examining the difficult principles related to valuing a business. I will use this innovation for the first time this fall in the BA5401 course I teach to MAcc and MBA students.

Business career counseling is another way to help the student in a professional sense. Career choice is one of the most important decisions that students will make. Consequently, constructive career guidance and advice from experienced business professionals is valuable to the student. I feel that my educational and professional experience allows me to offer a unique and valuable perspective regarding the advantages and disadvantages of various careers in business and accounting. Many students each semester solicit career advice from me. I appreciate their requests and I am always pleased to oblige them. Also, each semester I oversee independent learning modules with several students. These allow the students to examine a topic of special interest to them. A past project completed in this fashion was recently published in an excellent finance journal that is widely read by finance professionals

In addition, representatives from companies and CPA firms frequently call me seeking qualified candidates for opportunities they currently have available. I am gratified by these calls. First, these calls represent an endorsement of the high quality of our graduating students. Second, these calls signify respect for my evaluation of the fit between our students and the respective firms. Third, these calls recognize the mutual respect that exists between our students and me. I have helped to place many students in their entry level positions as well as helping them later in their careers to identify and earn promotion opportunities.

There are countless other ways to enhance a student’s professional abilities. One important way is to help students to develop their “soft” skills. These skills include not only the areas of speaking and writing but also include more subtle skills such as maturity, poise, and professional behavior. I routinely try to introduce the meaning and importance of these skills and qualities to students. Of course, I try to continually be a role model for these skills and qualities as well.

Enhancing the Student’s Personal Abilities

Some of the most important lessons that I have learned in formal academic environments had nothing to do with the content of the course. As a student, I often noted the strengths of instructors and tried to incorporate their strengths into my life. I also sought their advice on various professional and personal issues. I fondly remember the contributions that these teachers made to my life. As a teacher, I strive to be the same type of role model. This includes behaviors such as keeping all promises, being polite, being punctual, being neat, being respectful of all people, using proper grammar, and generally behaving responsibly and professionally. Much evidence in my student evaluations suggests to me that I am meeting or exceeding the student’s expectations on these parameters. Again, I am elated that students feel that way. Also, I have received many requests for advice on issues that are beyond the scope of our accounting curriculum. I am flattered by these requests and elated to have the opportunity to help. I believe that these requests implicitly convey appreciation for my experience, knowledge, approachability, and respect for others.

An issue of special importance in the contemporary business environment is business ethics. I try to make contributions that enhance each student as a citizen and as a professional. It is especially important for accounting and finance professionals to possess the highest integrity because of the custodial responsibility that finance and accounting professionals have for the assets and profits of organizations. I describe to my students the meaning and significance of the custodial responsibility. I then discuss ethical behavior in the business environment and particularly in the custodial function within organizations. As recent events such as the Enron debacle have demonstrated, this is a very important issue that must be addressed accounting courses. The goal is to develop a generation of financial professionals that understand the importance of business ethics and that make sound ethical decisions.

Conclusion

I consider teaching a very rewarding experience and a very enjoyable career and I welcome the related responsibilities. I enjoy continually furthering my education. I also enjoy the opportunities and challenges of interacting with students. Most importantly, I find it extremely satisfying when I can make a positive contribution to the life of a student. When I contribute to the life of a student, I feel that I have made a positive difference for that individual, for our university, and for our society.

Being a college professor has greatly enhanced my professional and personal skills. Interacting in the academic environment has opened my mind to refreshing new viewpoints. As a result, I have the opportunity and the ability to make significant contributions to students. I have valued the opportunity to make a difference in the lives of so many students to this point. I look forward to continually enhancing my academic skills as well as searching for better techniques for encouraging and helping countless future students to make positive contributions to their lives as well.

University of Missouri - St. Louis
 College of Business Administration
 Business 4401 Financial Accounting and Reporting III
 Fall Semester / 2006-2007 Academic Year

Monday / Wednesday: 9:30 – 10:45
 Room: SSB 201

Professor: Stephen R. Moehrle, Ph.D., CPA Telephone: (314) 516 – 6142 (office)
 Office: 1205 Tower E-mail: moehrle@umsl.edu
 Office Hours: Monday 9:35 – 10:30 p.m. / Wednesday 4:00 – 5:00 p.m.
 MYGATEWAY mygateway.umsl.edu (BUS AD4401)

Course Objectives

Welcome to Financial Accounting and Reporting III. Financial Accounting and Reporting III (BA4401) is the third course in a four-course sequence in financial reporting. Financial reporting is the vehicle by which the company formally communicates its financial position and results of operations to the capital market participants. It is an interesting and important responsibility of the firm. This course consists of an in-depth examination of some of the most complex, controversial, and challenging financial reporting topics. The primary goals of this course are to develop technical competence in each area covered in the course and to develop your ability to understand the logic of Generally Accepted Accounting Principles so that you can assess the relative merit of competing accounting methods and theories.

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 your 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:

Textbooks: Spiceland, Sepe, and Tomassini, Intermediate Accounting, 3rd Edition (Irwin McGraw-Hill)
 Beams, Anthony, Clement, and Lowensohn, Advanced Accounting, 9th Edition (This is the textbook for Financial Accounting and Reporting IV)
 Moehrle 2005, Financial Reporting Course Packet (available on the MYGATEWAY site for the course)

Class Format:

I will conduct the class using a lecture/discussion format. I intend for the class to be professional yet comfortable. Accordingly, please feel free to ask questions when something is unclear. Value is added to the session 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 attempt 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 600 points available in the course. The points can be earned as follows:

	<u>Points</u>		<u>Points</u>
Exam 1	100	Written project	75
Exam 2	100	Homework problems	75
Exam 3	100	Attendance and class participation,	
Exam 4	100	and professionalism	50
Comprehensive Final	100		

(You will be allowed to drop your low exam score)

Grading Scale

A	558-600	C+	462-479	D+	402-419
A-	540-557	C	438-461	D	378-401
B+	522-548	C-	420-437	D-	360-377
B	498-521				
B-	480-497			F	Below 360

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. In other words, if you earn 420 points in the course, you will receive at least a C-. Because of this grading system, I encourage you to form study groups or talk with one another when you encounter difficult topics.

Exams

There will be five exams during the semester. The exams are worth a total of 500 points, but you will be allowed to drop your low exam score. Each exam will include multiple choice questions, short answer questions, and/or problems. The fifth exam is a comprehensive exam worth 100 points. Exam dates and times are shown on the class calendar. Since exams are administered during regularly scheduled classes, there will be **no makeup exams**. Of course, you can simply drop the missed exam. However, please call or email me before the exam time if you are going to have to miss an exam.

Written project

There will be a written project in the course related to current topics in accounting and financial reporting. The assignment will be posted on the MYGATEWAY site for the course.

Homework Problems

The homework problems shown on the syllabus are kept to a minimum. You will have to complete all of these problems to perform at a high level on the exams. Only three homework sets will actually be collected during the semester. Each collected problem set will be worth 25 points assigned as follows: 10 points for effort, 5 points for neatness and professionalism (Use of the computer is suggested especially if you do not have neat handwriting / neatly conceive and present all schedules), and 10 points for accuracy. Three homework problem sets will be collected randomly throughout the semester. They are due *at the beginning of the class on the dates shown on the syllabus*. Thus, please bring an extra copy to that class in case that set is one of the three collected. (Homework can be submitted electronically at any time. If you are going to miss a class in which a homework set is due, you should submit that homework electronically so that it is not graded as a late submission. If you do not complete the homework problems, it will probably cost you a letter grade or more on your test scores and your final grade in the class.

Attendance and Class Participation

You will be given the opportunity to earn up to 50 points based on attendance, class participation, and professionalism. Of the 50 total points, 25 are earned by attendance and 25 are earned by the quality of your class participation and your overall professionalism. Attendance points will be earned as follows:

Missed 0 classes: 25 points
 Missed 1 class: 20 points
 Missed 2 classes: 14 points
 Missed 3 classes: 5 points

Because of the size of the class, attendance will be monitored using an attendance sheet. During each class an attendance sheet will be circulated. Please sign the sheet for the appropriate date. The attendance sheet must be signed by the end of the class period.

No excused absences will apply towards attendance points. If your signature is not on the attendance sheet, you will not be given credit for attending that class session. There will be no exceptions to this rule. The only allowable question about attendance points is the following: "Could you verify that my signature was not on the attendance sheet for a given class period".

The professionalism component of the participation points are available based on overall profession conduct. Most students earn most or all of these points. Professional conduct includes being generally prompt, prepared, organized, and respectful. Students sometimes lose professionalism points for behaviors such as not notifying me about missed classes, repeatedly missing class or arriving late, exhibiting consistently poor effort, preparing especially unsightly deliverable products, exhibiting disrupting behaviors in the class meetings, or being rude or disrespectful towards colleagues and/or professors.

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 1 week late and graded as follows:

First late assignment: 40% 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 the 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 the nature of the profession. 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!

Topics List for Financial Accounting and Reporting III:

Accounting For and Financial Reporting of Liabilities (continued from BA3402)

(Intermediate Accounting Text)

Chapter 15: Leases

Chapter 16: Accounting for Income Taxes

Chapter 17: Pensions and Other Postretirement Benefits

Chapter 19: Share-based Compensation and Earnings Per Share

Appendix A: Derivatives

Accounting for Partnerships:
(Advanced Accounting Text)

Partnership Formation and Operation

Partnership Termination and Liquidation

Course Schedule

Date	Topic	Note
21-Aug	Leases	
23-Aug	Leases	
28-Aug	Leases	Leases Homework Due
30-Aug	Leases / Income Taxes	
4-Sept	No Class – Labor Day	
6-Sept	Income Taxes	
11-Sept	Income Taxes	
13-Sept	Income Taxes	Income Taxes Homework Due
18-Sept	<i>Last Day to drop a course without receiving a grade</i>	

18-Sept	Exam #1	
20-Sept	Pensions	
25-Sept	Pensions	
27-Sept	Pensions	Pensions Homework Due
2-Oct	Pensions / Employee Benefit Plans	
4-Oct	Employee Benefit Plans	
9-Oct	Employee Benefit Plans	Employee Benefit Plans Homework Due
11-Oct	Exam #2	
16-Oct	Share-based Compensation	
18-Oct	Share-based Compensation	Share-based Compensation HW due
23-Oct	Earnings Per Share	
25-Oct	Earnings Per Share	
30-Oct	Earnings Per Share	Earnings Per Share Homework Due
1-Nov	Derivatives	
	<i>Last day to drop a course</i>	
6-Nov	Derivatives	
8-Nov	Derivatives	Derivatives Homework Due
13-Nov	<i>Last day to drop a course</i>	
13-Nov	Exam #3	
15-Nov	Partnerships: Formation and Operation	
20-Nov	No Class - Thanksgiving Holiday	
22-Nov	No Class - Thanksgiving Holiday	
27-Nov	Partnerships: Formation and Operation	Partnership homework due
29-Nov	Partnerships: Termination and Liquidation	
4-Dec	Partnerships: Termination and Liquidation	
6-Dec	Exam #4	
13-Dec	Comprehensive Final Exam 7:45 – 9:45 am	

Class Assignments

Attached is a list of assignments for the course. Completing the assignments is as important to your education as completing the reading and participating in the in-class discussions. I view these three activities as complementary and equally important. You will perform at a high level on exams and you will retain the knowledge if you devote diligent effort to the assignments. My mother would say this: “Don’t come crying to me if you do not work the homework problems and then earn a disappointing score on the exam”! Some homework problems are used as examples and are covered in class. However, class time is scarce. Thus, most homework problems are not explicitly covered in class. The homework reinforces the illustrations that we complete in class.

Reading assignments:

Please complete the reading assignments before class. Reading and understanding the reading notes that I prepared is absolutely essential preparation for the lectures. Reading the book and working the homework assignments is essential if you want to master the material in this course and have an opportunity to earn an A.

Exercises and problems:

The exercises and problems are an excellent study resource. Thus, I encourage you to work additional exercises and problems. I have listed the **absolute minimum** that should be done. I encourage you to do additional problems where possible. Most people

who struggle in this course admit that they are sorry that they fell behind with the material and simply weren't able to catch up. Please avoid this trap so that you can successfully master this difficult material. If you have time on the weekend, complete all (or most) of the next weeks assignments so that you can reinforce your understanding of the material in class.

Leases

1. Read Chapter 15
2. Complete Exercises E15-2, 3, 4, 5, 6, 20
3. Complete Problems P15-9, 12

Accounting for income taxes:

1. Read reading notes
2. Read Chapter 16
3. Complete Exercises E16-2, 3, 4, 7, 23
4. Complete Problems P16-7

Pensions

1. Read Chapter 17, pages 826 – 854 (Skip Additional Liability section, pages 850 – 852)
2. Print several blank pension worksheets from the MYGATEWAY site for use on your homework and for use in class
3. Complete Exercises E17-1, 2, 3, 4, 5, 9, 11, 19
4. Complete Problems P17-2 (item 3), P17-3 (items 3 and 4),

Other Postretirement Benefits

1. Read Chapter 17, pages 854-869
2. Complete Exercises E17-21, 22, 24, 28
3. Complete Problems P17-16

Share-based Compensation

1. Read Chapter 19, pages 951-965
2. Complete Exercises E19-2, 7, 9, 10
3. Complete Problem P19-2

Earnings per share

1. Read reading notes
2. Read Chapter 20, pages 965-989
3. Complete Exercises E19-12, 17, 19
4. Complete Problem P20-10

Derivatives

1. Read Appendix A: Derivatives
2. Complete Exercises EA-1, 2, and 4
3. Complete Problems PA-1 and 2

Partnerships: Formation and Operation

1. Read reading notes
2. Read Chapter 14 of Hoyle, Schaeffer, and Douppnik, "Advanced Accounting".
3. Complete Problems 4,5,6,7,8,10,11,12,15,

Partnerships: Termination and Liquidation

1. Read reading notes
 2. Read chapter 14 of Hoyle, Schaeffer, and Douppnik, "Advanced Accounting".
- Complete Problems 8, 14, 21

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. In other words, if you earn 420 points in the course, you will receive at least a C-. Because of this grading system, I encourage you to form study groups or talk with one another when you encounter difficult topics.

Exams

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

Homework Problems

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. I do not collect homework. However, if you do not complete the homework problems, expect to score **at least** a letter grade worse than your usual level on the exams as well as in your final grade for the course. In the words of all of our mothers: If you do not work the homework problems, do not come crying to me when your grade is not what you wanted.

Course Project

The course project will be to complete a comprehensive consolidation of financial statements in EXCEL. The project will be graded using the following criteria:

30 points: accuracy

10 points: sophistication of the EXCEL program (make it as versatile as possible; minimize the required inputs).

10 points: professionalism of appearance

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Second late assignment: 25% of the points earned

This policy is designed so that your grade is not damaged critically by one or two late assignments.

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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 the 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 the nature of the profession. 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!

Class Schedule

Week	Date	Topic	Note
1	21-Aug 23-Aug	Introduction Accounting for Equity Investments: Passive Interest or Significant Influence MATCH THE HOMEWORK PROBLEMS!	Chapter 2
2	28-Aug 30-Aug	Accounting for Equity Investments: Passive Interest or Significant Influence Accounting for Equity Investments: Control Merger (Merger - Investee Company merged and dissolved: Date of Acquisition)	Chapter 1
3	4-Sep 6-Sep	Labor Day – No Class Accounting for Equity Investments: Control (Acquisition: Date of Acquisition)	Chapter 3
4	11-Sep 13-Sep 18-Sep	Accounting for Equity Investments: Control (Accounting Subsequent to Acquisition Date) Accounting for Equity Investments: Control (Accounting Subsequent to Acquisition Date) <i>Last Day to drop a course without receiving a grade</i>	Chapter 4
5	18-Sep 20-Sep	Review: Equity Method and Consolidation Exam #1	
6	25-Sep 27-Sep	Return and Review Exam #1 Intercompany Profit Transactions – Inventories	Chapter 5
7	2-Oct 4-Oct	Intercompany Profit Transactions – Plant Assets	Chapter 6
8	9-Oct 11-Oct	Intercompany Profit Transactions – Bonds	Chapter 7
9	16-Oct 18-Oct	Intercompany Profit Transactions – Wrap Up	
10	23-Oct 25-Oct	Exam #2 Return and review Exam #2	
11	30-Oct 1-Nov	Converting from the Cost, Fair Value, or incomplete Equity Method to the Complete Equity Method Work on Course Project	
12	6-Nov 8-Nov 13-Nov	Consolidation – Changes in Ownership Interests <i>Last day to drop a course</i>	Course Project Due Chapter 8
13	13-Nov 15-Nov	Foreign Currency Financial Statements	Chapter 13
14	20-Nov 22-Nov	No class – Thanksgiving Week No class – Thanksgiving Week	
15	27-Nov 29-Nov	Segment and Interim Financial Reporting	Chapter 14

- 16 4-Dec
6-Dec Exam #3
- 17 11-Dec **Comprehensive Final Exam (5:30 – 7:30 pm)**

Homework Assignments

Chapter 2: Stock Investments – Investor Accounting and Reporting

1. Read Chapter 2
2. Complete Exercises E2-5, 2-12
3. Complete Problems P2-4, 2-5

Chapter 1: Business Combinations

1. Read Chapter 1
2. Complete Exercises E1-2 (2), 1-5
3. Complete Problem P1-5

Chapter 3: An Introduction to Consolidated Financial Statements

1. Read Chapter 3
2. Complete Problems P3-2, 3-14

Chapter 4: Consolidation Techniques and Procedures

1. Read Chapter 4
2. Complete Exercises E4-4
3. Complete Problems P4-10, 4-12, 4-20

Chapter 5: Intercompany Profit Transactions - Inventories

1. Read Chapter 5
2. Complete Problems P5-5, 5-6, 5-7, 5-11

Chapter 6: Intercompany Profit Transactions – Plant Assets

1. Read Chapter 6
2. Complete Problems P6-3, 6-5, 6-11

Chapter 7: Intercompany Profit Transactions - Bonds

1. Read Chapter 7
2. Answer Questions 1, 3, 4
3. Complete Exercise E7-12 (1 and 2)
4. Complete Problems P7-3, 7-4, 7-6

Chapter 8: Consolidations – Changes in Ownership Interests

1. Read Chapter 8
2. Answer questions 1, 2,
3. Complete Exercises E8-1, 8-2, 8-3, 8-5, 8-7, 8-10,

Chapter 11: Consolidation Theories, Push-Down Accounting, and Corporate Joint Ventures

1. Read Chapter 11
2. Complete Exercises E11-5, 11-8
3. Complete Problems P11-4, 11-5, 11-9, 11-11

Chapter 13: Foreign Currency Financial Statements

1. Read Chapter 13
2. Complete Exercise E13-8 (1,2, and 7)
3. Complete Problems P13-2, 3, 6, and 9

Chapter 14: Segment and Interim Financial Reporting

1. Read Chapter 14
2. Complete Questions 1, 2, 3, 4, 5, 6, 7, 11
3. Complete Exercises E14-3, 8
4. Complete Problems P14-2, 5, and 8

University of Missouri - St. Louis College of Business Administration
BA 5400 MBAs: Introduction to Financial Accounting (Graduate Core course)

Professor: Stephen R. Moehrle, Ph.D., CPA
 Office: 1203 SSB Tower
 Telephone: (314) 516-6142
 Office Hours: Monday and Wednesday 8:00 – 9:00 a.m. and 1:00 p.m. – 2:00 p.m.
 E-mail: moehrle@umsl.edu

Course Objectives

Welcome to the Introductory course in Accounting. This course will be an introduction to key financial and managerial accounting concepts. We will examine the economic environment of accounting as well as the mechanics and measurement issues in accounting. The primary goal of the financial accounting portion of the course is to understand how financial statement disclosures are developed, determine whether the disclosures reflect the economics of the transactions, and discuss how the disclosures can be used to make optimal decisions. The primary goal of the managerial accounting portion of the course is to understand what information is available to managers and how this information can be used to make optimal decisions.

Required Course Materials:

Textbooks:

Anthony and Pearlman, A Review of Essentials of Accounting, Prentice-Hall
 Garrison and Noreen, Managerial Accounting, Irwin McGraw-Hill
 Moehrle, Introductory Accounting Course Packet

Class Format:

I will conduct the class using lecture, discussion, illustrations, and exercises. I intend for the class to be professional yet reasonably comfortable. I strongly encourage your participation. Value is added to the session when you ask questions, answer questions, provide opinions on topics, provide your anecdotal experiences, provide knowing nods or looks of bewilderment, and even when you make (tasteful) jokes. 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 attempt to answer questions. Do not be afraid of giving a "wrong" answer. I am more interested in thought processes than correct versus incorrect answers.

Class Preparation

The areas of financial and managerial accounting are very important and contain many concepts to examine. As a result, there is a lot of material to be covered in this course. In-class discussions will be conducted under the assumption that you have read the reading materials for that class. Thus, if there is something in the course notes that you do not understand, please closely read the textbook on that topic, see the homework illustrations related to the concept, and / or call me with questions about the concept. I have kept the reading and homework problem assignments to the minimum possible. Nevertheless, there is an assignment for every class. Please keep up with the course on a weekly basis. The tradeoff is that I have not assigned any course project. Thus, please use the time saved to keep up with the progress of the class.

There are only two homework assignments collected for a grade. However, you will not do well on the test if you have not attempted all of the homework problems. Thus, please do not forego working homework exercises because they are not being collected.

Grading

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

	<u>Points</u>
Exam #1	200
Exam #2	200
Homework problems	50
Attendance and class participation	<u>50</u>
Total	<u>500</u>

Exams

There will be two exams during the semester. The exams are worth a total of 400 points. Exam dates and times are shown on the class calendar. If you have a conflict with the indicated dates and times, please let me know **as soon as possible**. Make-up exams will be given only if you cannot make the assigned time due to an emergency or unavoidable conflict. In fairness to the rest of the class, I will require proof of the emergency or unavoidable conflict.

Homework Problems

Homework assignments shown in bold will be collected. The problems will be due at the beginning of the class on the dates shown on the syllabus. These assignments are designed to reinforce the mechanics associated with the most important concepts from the chapters to which they pertain. The assignments are worth a total of 50 points (25 and 25).

Class Participation

A total of 50 participation points are available. The points are earned two ways. First, simply attending class will earn you up to 20 of the 50 points. Attendance points are earned as follows:

<u>Number of classes missed</u>	<u>Attendance points</u>
0	20
1	18
2	10
3	6
4	2

The remaining 25 points will be awarded based on the quantity and quality of your participation in the class discussions.

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 graded as follows:

First late assignment:	75% of the points earned
Second late assignment:	25% of the points earned

This policy is designed so that your grade is not damaged critically by one late assignment. However, turning assignments in late habitually will injure your grade.

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 (e-mail is fine). A regrade request requires only a brief note identifying the item in question and the reason that you believe you deserve more credit.

Student Honor Code:

Academic institutions strongly endorse values that all students should feel compelled to live by: honesty, responsibility, and ethical behavior. In this course, all examinations are expressly intended to represent each student's own work. Students caught cheating will be immediately dismissed from this course and promptly reported to the University. 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 business professionals because of the nature of the profession. No exam or quiz in college is important enough to jeopardize one's integrity.

Course Schedule**August 26****Introduction to Accounting****September 2****No Class – Labor Day****September 9****Mechanics of Accounting: Transaction Analysis**

Before Class:

1. Read Parts 1-3 of A Review of Essentials of Accounting
2. Complete the questions and exercises in the course packet

September 16**Mechanics of Accounting: The Accounting Cycle**

Before class:

1. Read Parts 4-6 of A Review of Essentials of Accounting
2. Complete the questions and exercises in the course packet

September 23**Accounts Receivable and Merchandise Inventory**

Before class:

1. Read Part 7 of A Review of Essentials of Accounting
2. Read the course notes for accounts receivable and merchandise inventory
3. Complete the questions and exercises in the course packet

(Note: In this class, we will examine inventory accounting for a retailing company such as Lands' End, Wal-Mart, and Amazon.com. Later in the course, we will examine inventory accounting for a manufacturing company such as Anheuser-Busch and Emerson-Electric).

September 30**Investments and Long-lived Assets**

Before class:

1. Read Part 8 of A Review of Essentials of Accounting
2. Read the course notes for Investments and Long-lived Assets
3. Complete the **questions and exercises** in the course packet (The questions and exercises related to Investments and the questions and exercises related to Long-lived Assets will be collected for credit as homework #1. The answers to these exercises are due at the beginning of class on October 8).

October 7**Liabilities and Equity**

1. Read Part 9 of A Review of Essentials of Accounting
2. Read the course notes for Liabilities and Equity
3. Complete the questions and exercises in the course packet

October 14**Income Statement and Statement of Cash Flows**

1. Review Part 6 of A Review of Essentials of Accounting
2. Read Part 10 of A Review of Essentials of Accounting
3. Read the course notes for The Income Statement and The Statement of Cash Flows
4. Complete the questions and exercises in the course packet

October 21

Examination #1 (Financial Accounting) [6:55 – 9:35 p.m.]

October 28**Analysis of Financial Statements**

1. Read Part 11 of A Review of Essentials of Accounting
2. Complete the questions and exercises in the course packet

November 4

**Introduction to Managerial Accounting
Accounting for Inventory: Manufacturers
Cost Terms**

Introduction to Costing Systems Design

Before class:

1. Read the course notes from Chapter 1, 2, and 3
2. **Read pages 44-61 of Managerial Accounting**
3. Complete review problems 1 from chapter 2

November 11

**Accounting for Inventory: Manufacturers
Systems Design: Job-order Costing**

Before class:

1. Read the course notes from Chapter 3
2. Read pages 84-114 of Managerial Accounting
3. Complete exercises E3-1 and E3-9

November 12

Last Day to Drop a Class

November 18

**Accounting for Inventory: Manufacturers
Systems Design: Process Costing**

Before class:

1. Read the course notes from chapter 4
2. Read pages 140-156
3. Complete exercises **E4-3, E4-9, E4-12, E4-13** (These exercises will be collected for credit as homework #2. The exercises will be graded 15 points for effort, 5 points for neatness, and 5 points for accuracy. The assignments will be due at the beginning of class on November 26.)

November 25

**Using Managerial Accounting Information
Cost Behavior: Analysis and Use
Cost-Volume-Profit (CVP) Relationships**

Before class:

1. Read course notes for chapters 5 and 6
2. Read pages 190-212
3. Complete review problems 1 and 2 from chapter 5
4. Complete exercises E5-3 and E5-10
5. Read pages 234-238; 242-244; 246-248; 251-253; 255-257
6. Complete exercises E6-1; E6-3 (1 and 2); E6-4 (1); E6-6a

December 2

**Planning Costs: The Budget
Controlling Costs: Standard Costs and Variance Analysis**

Before class:

1. Read course notes for chapter 9
2. Read pages 378-414
3. Complete problems P9-9, P9-10, P9-11
4. Complete Exercises E9-7, E9-8

December 9

EXAMINATION #2 (Managerial Accounting) [6:55 – 9:35 p.m.]

University of Missouri - St. Louis
 Graduate School of Business Administration
 Accounting **5401: Financial Reporting and Analysis**
 2006 - 2007 Academic Year / Spring Semester

Monday 6:55 – 9:35
 SSB 216

Professor: Stephen R. Moehrle, Ph.D., CPA Office: 1205 SSB Tower
 Email: moehrle@umsl.edu Telephone: (314) 516 – 6142 work
 Office Hours Monday 9:35 – 10:30 p.m. or by appointment
 Webpage: www.umsl.edu/~bussmoeh
 MYGATEWAY: mygateway.umsl.edu (Course: ACCTNG5401)

Course Objectives

Welcome to Financial Reporting and Analysis. The primary goals of this course are the following: First, provide a framework for performing business analysis using financial statement information. Second, understand the key concepts and mechanics related to analysis of accounting information. Third, understand the role that accounting information plays in valuation and credit risk analysis. Fourth, understand complex accounting disclosures at a deeper level so that financial analysis is not compromised by sub-optimal financial information from the company. Fifth, implement these skills by performing analyses of real-world companies.

Required Course Materials:

Textbooks:

Revsine, L., D.W. Collins, and W.B. Johnson (2002). *Financial Reporting and Analysis*, 3rd Edition. Prentice-Hall, Upper Saddle River, New Jersey.

Moehrle, S. (2004). Reading Notes and Lecture Notes.

These materials will be placed in the “Course Documents” section of the MYGATEWAY site for this course. Please check this site frequently.

Class Format:

There is a lot of material to cover in this course. Thus, we will cover material in the following ways: Textbook reading, textbook exercises, problems, and cases, in-class lecture and discussion, and in-class exercises. The most important concepts and mechanics will be studied in each of these activities. Some material will only be covered in one or two of these activities. Thus, it is important that you complete all pre-class readings and assignments and actively participate in the in-class activities. In class, I encourage your participation. Please feel free to ask questions, offer observations, or even interject appropriate humor. Everyone benefits when students participate freely and actively in class.

Grading

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

	<u>Points</u>
Exam	100
Exam	100
Homework assignments	80
Final paper	40
Class participation and in-class quizzes	<u>80</u>
Total	<u>400</u>

Exams

There will be two exams in the course worth 100 points each. The exams are closed book and closed notes. The dates and times are shown on the class calendar. If you have a conflict with the indicated date and time, please let me know **as soon as possible**.

Homework Assignments

The homework problems are an important part of the overall learning experience in the class. These assignments are designed to reinforce the mechanics associated with the most important concepts from the chapters to which they pertain. The assignments are worth a total of 80 points (4 assignments worth 20 points each) and will be graded primarily on effort rather than on having the correct answer. The points will be assigned as follows: 5 of the points for neatness and professionalism, 10 points for completeness and effort, and 5 points for accuracy. The assignments will be collected at the beginning of selected classes. **Assignments submitted after 7:00 p.m. on the evening that the assignment is collected will be graded under the late submission policy. Thus, if you are going to miss a class, email your homework before class to receive credit. Since homework will be collected at the beginning of certain classes, please print 2 copies so that you have one to turn in and one to use in class.**

Final Paper

The final paper is a synthesis of the ROCE of a company. The company to be analyzed will be announced

Class Participation

A total of 80 points are available for class participation. Each class, a written assignment will be given. You will earn points by submitting the assignment and by the accuracy of the work. The assignment will be related to the homework and the in class discussions. These in class deliverables will comprise 60 of the 80 participation points. The remaining 20 points will be awarded based on the quality of the student's participation in the in class discussions.

Late Assignments

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Requests For Regrading

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Class #1 (January 22)**Introduction to Financial Reporting and Analysis**

In class:

1. Discuss syllabus
2. Describe course
3. Introduction to Financial Statement Analysis

After class:

- Print Best Buy's Annual Report
- Read Best Buy's Annual Report

Financial Analysis**Class #2 (January 29)****Essentials of Financial Statement Analysis: Common-size analysis, trend analysis, and ratio analysis**

Before class:

1. Print the notes from the MYGATEWAY site for the course
2. Print the most recent Best Buy and Circuit City Annual Reports
3. Read Chapter 5 pages 213 – 253
4. See the balance sheets, income statements, and Statements of Cash Flows of Best Buy and the skeleton EXCEL file on MYGATEWAY
 - Prepare common-size Balance Sheets for Best Buy for the two most recent years.
 - Prepare trend Best Buy Balance Sheets for the years available. (Note: Ideally, the analyst would prepare this trend data for several years. However, to save time – we will calculate the data for only the years shown. In the real world, we would prepare this data for several years originally and then continue to add to the data as additional years are completed. With this information, we can identify positive or negative trends quickly)

- ❑ Prepare common-size Income Statements for Best Buy for the most recent 3 years.
- ❑ Prepare trend Income Statements for Best Buy for the most recent 3 years.
- ❑ Prepare common-size Statements of Cash Flow for Best Buy for the most recent 3 years.
- ❑ Prepare trend Statements of Cash Flow for Best Buy for the most recent 3 years.
- ❑ Prepare a Ratio Analysis of the Company (see Chapter 5 for details about the ratios)

Class #3 (February 5)

Valuation

The Role of Financial Information in Valuation (Multiples and Discounted Flows Analysis)

1. Read Chapter 6 (Pages 273 – 306)
2. Complete problems 6-2 (items 3, 5, 6, 8), 6-7, 6-8 (1), 6-9, 6-10 (items 1 and 2), P6-12
3. Print the class notes for the topic from the MYGATEWAY site
4. How much was Best Buy's net income from continuing operations in the most recent year?
5. Calculate EBITDA for Best Buy for the most recent year.
6. Calculate free cash flows for Best Buy for the most recent year
7. Calculate Best Buy's book value and book value per share at the end of the most recent year
8. Calculate expected abnormal earnings in the next year for Best Buy (assume a cost of capital of 10% and earnings growth from the most recent year of 10% each year – we will discuss these variables at length in class)
9. Calculate the P/E ratio for Best Buy
10. Discuss the relevance of the P/E ratio.
11. Calculate the “market/ book” ratio for Best Buy (the market value per share is the current stock price; the book value per share is recorded common stockholders equity on the balance sheet divided by the number of outstanding shares)
12. Calculate the current Best Buy stock price as a multiple of EBITDA in the most recent year
13. Calculate the dividend yield for Best Buy
14. Calculate the dividend payout ratio for Best Buy

In class:

How are the following calculated and what do they tell us?

1. Net income from continuing operations
2. EBITDA
3. Free cash flows
4. Price to earnings ratio
5. Market capitalization
6. Book Value
7. Market to book ratio
8. Dividend yield
9. Dividend payout ratio

February 12 is the last day to withdraw from class without receiving a grade

Class #4 (February 12)

The Role of Financial Information in Contracting

1. Read Chapter 7
2. Print and read the notes from the contracting folder in the Course Documents section of the MYGATEWAY site
3. Print the class notes for the topic from the MYGATEWAY site
(This material is important, but relatively straightforward.)

Before Class:

Analysis in groups:

- Group 1: Home Depot (HD)
- Group 2: Lowe's (LOW)
- Group 3: Coca-Cola (KO)
- Group 4: Pepsi (PEP)
- Group 5: Staples (SPLS)

- Group 6: Office Depot (ODP)
- Group 7: Office Max (OMX)
- Group 8: Borders (BGP)
- Group 9: Barnes & Noble (BKS)
- Group 10: Books-a-Million (BAMM)
- Group 11: Amazxon.com (AMZN)

Before class:

1. Prepare ratio analysis for your company (DuPont Model: ROCE and break-down))

During class:

First hour

1. Calculate the trailing P/E ratio
2. Calculate the leading P/E ratio
3. Calculate price as a multiple of sales
4. Calculate the price as a multiple of EBITDA
5. Calculate the market to book ratio
6. Calculate the dividend yield
7. Calculate the dividend payout ratio

Second 1.5 hours:

1. Meet with group analyzing the competitor and prepare a one to two page summary of observations

Accounting for Mergers and Acquisitions

Class #5: (February 19)

Intercorporate Equity Investments

Before class:

1. Read pp. 885-903 and pp. 905-909
2. Complete Exercise E16-1, E16-4, E16-7, P16-3,

In class:

1. Reinforce the Cost, Fair Value, and Equity Methods
2. Show how the Equity Method (one-line consolidation) becomes consolidated financial statements
3. Discuss elimination of intercompany transactions

Class #6 (February 26)

Exam #1

Class #7 (March 5)

Accounting for Debt Financing: Bonds, Notes, and Loans

Before class:

1. Read pp. 561-583
2. Complete Exercises E11-1; E11-4; E11-11; E11-13

In class:

1. Accounting for Bonds / Effective Interest Method
2. Accounting for Zero-Coupon Bonds
3. Amortization of installment loans (e.g., mortgage loans)

Class #8 (March 12)

Leasing: An Alternative Way to Finance Asset Acquisitions

Accounting for Leases

(We will emphasize lessee accounting. We will discuss key lessor accounting topics in class.)

1. Read chapter 12 (pages 631 – 638; 642 – 648; 662 - 668)

2. Complete Problem P12-1 (1,2)
3. Answer the following questions about Target Corp. Leases :
 - a. Does the company have any operating leases?
 - b. How much rent expense did the company report for the most recent fiscal year?
 - c. Does the company have any capital leases?
 - d. What is the total future minimum lease payments required under noncancelable lease agreements existing at the end of the most recent fiscal year?
 - e. Of the above, what amount are not reported as liabilities on the balance sheet?
 - f. What amount of additional liability might you add to your analysis models related to these off-balance sheet lease obligations?
 - g. What are future minimum lease payments during the next 5 years related to the company's operating and capital leases?
4. Case 12-1 Answer the following questions:
 - What is the total amount and present value of off-balance sheet obligation related to May Department Stores Leases at the end of the most recent fiscal year reported?
 - What percentage of May's lease obligations is off-balance sheet?

Print the class notes for the topic from the MYGATEWAY site

Class #9 (March 19) **Income Tax Reporting**

Before class:

1. Read chapter 13 (Pages 687 – 711)
2. Complete Exercise E13-1, 13-9, 13-13
3. Print the class notes for the topic from the MYGATEWAY site

SPRING BREAK (March 26)

Class #10 (April 2) **Accounting for Employee Costs**

Before class:

1. Read Pages 749 – 756; 766 – 773; 776 – 778; 782 – 786; 842-849
2. Complete Problem P14-1 (1, 2, 3)
3. Answer the following questions for Target Corporation
 - a. What was the Projected Benefit Obligation (PBO) at the company at the beginning of the most recent year?
 - b. What was the PBO at the end of the most recent year?
 - c. What amount of assets was invested in the pension fund to pay the PBO as of the beginning of the most recent year?
 - d. What amount of assets is invested in the pension fund to pay the PBO as of the end of the most recent year?
 - e. What is the net asset or liability related to the defined benefit pension plan at the end of the most recent year?
 - f. In what financial statement line is that amount included?
 - g. What amount of pension expense is included in net income in the most recent fiscal year related to the defined contribution pension plan?
 - h. What amount of pension expense is included in net income in the most recent fiscal year related to the defined benefit pension plan?
 - i. What were the components of pension expense?
4. Read the Employee Stock Option Plans footnote
 - a. What method does the Company use to account for stock options?
 - b. How many stock options were granted during the most recent fiscal year?
 - c. What is the average exercise price for these options?
 - d. How many options were exercised during the most recent fiscal year end?
 - e. What was the average price at which these options were exercised?
 - f. How many stock options were canceled during the most recent fiscal year?

- g. Why do you think these stock options were cancelled?
- h. How many stock options are outstanding as of the most recent fiscal year end?
 - How many years are left before these options expire?
 - How many of these options could be exercised today?

Class #11 (April 9)

Topics in Shareholders' Equity

Before class:

1. Read pp. 821-828; 836-854
2. Complete Exercises 15-6; E15-10; E15-12; E15-14
3. Read the Target disclosures related to equity and earnings per share
 - a. How many shares of common stock did Target have outstanding at the end of the most recent year?
 - b. How many shares is management authorized to issue?
 - c. How many treasury shares did Target purchase in the most recent fiscal year?
 - d. What is the book value of Target equity at the end of the most recent fiscal year?
 - e. What percentage of total assets is financed with equity?
 - f. What was Basic EPS in the most recent fiscal year?
 - g. What was diluted EPS?
 - h. What was the average number of shares in the denominator of basic and diluted EPS?

In Class:

1. What are authorized versus issued versus outstanding shares?
2. Why do companies repurchase shares?
3. What happens when stock splits occur?
4. Earnings Per Share discussion and illustration (Basic and Diluted)
5. Book value of equity and market value of equity: Why the difference?

April 7 is the last day to withdraw from class

Class #12 (April 16)

Statement of Cash Flows

Before class:

1. Read Chapter 17 (Pages 953 – 961; 968 – 978)
2. Complete Exercise E17-1, E17-4, E17-6
3. Use the Target Annual Report to answer the following questions
 - Does the Company use the direct or the indirect method to prepare the Statement of Cash flows?
 - What was net income for the company for the most recent fiscal year?
 - What was cash flow from operations for the most recent fiscal year?
 - What are the three largest items creating a difference between the two?
 - What was cash flow from investing activities in the most recent fiscal year?
 - What was cash flow from financing activities in the most recent fiscal year?
 - What were three very large uses of cash by the company in the most recent fiscal year?

In class:

1. Discuss the Statement of Cash Flows
2. Cash Flow Statement Preparation illustration

Class #13 (April 23)

Exam #2

Class #14 (April 30)

Review Exam #2

Returns and Earnings: A Closer Look

Final Paper due May 7 at 7:45 pm