

ACC 5010
Intermediate Accounting
Fall 2003

Who is my instructor for this course?

My name is Jenny Gaver. This is my seventeenth year of teaching intermediate accounting! I have been at Georgia since 1990. Before that, I taught at the University of Oregon. My undergraduate degree is in English, from William and Mary. I have an MBA from Vanderbilt and got my Ph.D. in accounting from the University of Arizona, in Tucson.

My husband Ken is also on the accounting faculty. You might have taken principles from him. We have two kids. Our son, John, is in eighth grade at Athens Academy. Our daughter, Annie, is in fifth grade there. We also have a Vizsla named Delta. Vizslas are Hungarian Pointers. My favorite out of class activities are shopping, reading, decorating my house, doing yoga, and enjoying my garden.

I'm also the director of the accounting Ph.D. program. You may want to talk to me some time about what it's like to be an accounting professor.

How can I contact her?

My office is 233 Brooks Hall. I'll be there every Tuesday and Thursday from 1:00-2:30. I can meet with you at other times too. Just send me an e-mail if you want to meet with me to make sure I'm available. My address is jgaver@terry.uga.edu.

You can also call me on the phone. The office number is 542-3699. My home phone is 613-7242. I don't mind if you call at either place. Better not call after 9:30 pm, though.

What is my text for this course?

Intermediate Accounting, written by Donald Kieso, Jerry Weygandt, and Terry Warfield, and published by John Wiley and Sons. This is the same book that you used in ACCT 5000. You will also use the book in ACCT 5020.

What am I expected to learn in this class?

As you know, this is your second intermediate class. We will be picking up where you left off in ACCT 5000. When you complete this course you should understand:

From chapter 11:

1. how to compute depreciation.
2. what to do when an asset is purchased or disposed of mid-year.

3. what to do when estimated useful lives or salvage values change.
4. what to do when an asset suffers a decline in value.
5. how to allocate cost for natural resources.
6. how taxes are computed for tax purposes.

From chapter 12:

1. the various types of intangible assets.
2. how to value goodwill.
3. how to account for declines in the market value of intangibles.
4. how to account for research and development costs.

From chapter 13:

1. how to account for short term liabilities like notes payable, dividends payable, and returnable deposits.
2. how to treat long-term borrowing that matures in the current year.
3. how to account for vacation and sick pay.
4. how to account for employee bonuses.
5. what a contingency is.
6. how to account for warranties and premiums.

From chapter 14:

1. how the market value of a bond is determined.
2. how to amortize bond premiums and discounts.
3. how to account for bond retirements.
4. how to handle zero-interest and low-interest notes.
5. how to account for bonds and notes issued for non-cash assets.
6. how to account for loans that are not likely to be repaid.
7. how to account for bond restructuring agreements.

From chapter 15:

1. how to account for the issuance of stock, including subscription sales.
2. how to account for the repurchase and retirement of stock.

From chapter 16:

1. the different kinds of dividends.
2. how to calculate the amount of cash dividends payable to different classes of stock.
3. how to account for the declaration and payment of large and small stock dividends.
4. the components and presentation of stockholders' equity.

From chapter 17:

1. how to account for conversions of preferred stock and bonds for common stock.
2. how to account for detachable stock warrants.
3. how to account for employee stock option plans.
4. how to compute basic and diluted earnings per share.

From chapter 18:

1. how to account for the purchase and sale of investments in stocks and bonds.
2. how to account for changes in value of investment securities.
3. how and when to shift an investment from one portfolio or method of accounting to another.

How will the class be conducted?

This will be our class routine:

1. Announcements and return folders.
Each student will have a folder, which will be used to turn-in and return assignments. At the end of class, each student will write questions and concerns in the folder. I will review the questions and respond the next class.
2. Current topics. (I'll explain this in a minute.)
3. Scheduled material.
This could include:
 - a. working problems on the board
 - b. a debate
 - c. a professional speaker
 - d. a video
4. Complete and turn in folders.

How should I prepare for class?

Each class meeting is aimed at helping you master a particular financial accounting topic. To make this happen, I need you to come to class with some fundamental principles already in place. I'm going to get you there by asking you to read and summarize the text, work problems, read current news stories, and consider certain unresolved issues related to accounting practice. I know that you've got competing demands on your time, but I want you focused on this course! Intermediate accounting is arguably the most important element of the undergraduate accounting curriculum. I will not let you follow a "postpone and then cram" strategy for this crucial material. I'm going to force you to turn in completed assignments and participate in classroom activities on a daily basis. As you are probably realizing, this class will require a significant commitment on both of our parts. You'll thank me later.

Other things you need to know:

You must bring your book to class every day.

It is not acceptable to arrive late to class or leave early, unless you have made prior arrangements with me.

You must attend the class for which you are registered and turn in assignments during that class period.

No late assignments will be accepted.

How will my grade be determined?

I will use the following weighting to determine your grade:

- 10% Class preparation.
- 5% Class participation
- 20% Exam one (Chapters 11-13).
- 30% Exam two (Chapters 11-16).
- 35% Exam three (Chapters 11-18).

You can keep track of your performance by clicking the ACCT 5010 link on WebCT.

Grades will be assigned on a straight 90, 80, 70, 60 basis. Borderline cases will be decided according to the professionalism of the individual's performance on the debate and current topic assignments.

Class preparation (10% total)

1. Text summaries (5 %)

Most class meetings will require some reading in the textbook. I will ask you to synthesize what you read by preparing either (1) an outline, (2) a chart, (3) a map, or (4) note-cards summarizing the major points. Your summaries must support your own learning style and thus will be unique to you. This assignment will help you to actively interact with the text and give you something to study from when test time approaches.

Your summary will be collected on the day for which it is assigned and returned at the following class meeting. I will allow you one "free" class where you will not be penalized for failing to turn in a summary. After that, failure to complete a summary when assigned will result in a reduction of one "letter grade" for the text summaries score. Thus, if you turned in all but two of the summaries, your score would be a 90, which would comprise 5% of your final course grade. *Partial or no credit for a summary will be given if it is apparent to me that you did not make an effort to produce a reasonable summary. No late summaries will be accepted if you have an unexcused absence from class on the due date. If you have an excused absence, the summary must be turned in by the following class date in order to receive credit.*

2. Problem and other assignments (5 %)

Problems, exercises, and other assignments from the text are due each class meeting. The goal of these assignments is to deepen your understanding of the concepts we are covering, and prepare you for the exams. We will devote some class time to working problems on the board and discussing the more subjective assignments. Be prepared to contribute be called on to answer questions about the homework.

Assignments will be collected and returned the following class period. Again, I will allow you one “free” class where you will not be penalized for failing to turn in an assignment. After that, failure to complete an assignment on time will result in a reduction of one “letter grade” for the problem/writing portion of your grade. Thus, if you turned in all but two of the assignments, your score would be a 90, which would comprise 5% of your final course grade. *Partial or no credit for an assignment will be given if it is apparent to me that you did not make a reasonable effort to complete it fully and accurately. No late homework assignments will be accepted if you have an unexcused absence from class on the due date. If you have an excused absence, homework must be turned in by the following class date in order to receive credit.*

Class participation (5%)

Class participation is part of your grade because I want you to be present and engaged in classroom activities. You will receive a perfect class participation score if you:

1. Have no unexcused absences or late arrivals.

Absences and tardiness are excused in the case of illness (with a doctor’s note), job interviews, and family emergencies. I will be the final judge of whether an absence/tardiness is excused or unexcused. Each unexcused absence/tardiness will result in a letter-grade reduction in the class participation score. Please make arrangements with me to turn in your summary and problem assignment if an emergency arises.

2. Are prepared when called on in class.

3. Participate fully in group activities.

I want to help you to develop certain skills that will be important once you are in the workplace, including the ability to work on a team and the confidence to articulate and defend your ideas in front of a group. To do this, I’m going to put you in small groups. Your group will do two things: (1) participate in a debate of an accounting question and (2) take turns presenting a current topic.

Group debate: topics and dates are indicated in the following class schedule. Each side will present their position and then the other side will rebut. I will then call on members of the class to provide their opinions or question group members on various points. **Each group will also hand in a written report summarizing their key points.**

Current topic: The scheduled group will identify and report on what they perceive as the most important business topic in that morning’s *Wall Street Journal* or the *New York Times*.

4. Ask outside speakers relevant questions.

Midterm and final exams

Testing is an unavoidable part of assessing what you know and what you don’t know. I wish we didn’t have to do it, but we do. There will be three exams in the course. The first will cover chapters 11-13. It will be given at 6 pm on September 22. The second exam will cover chapters 11-16. It will be given at 6 pm on October 27. The first and second exams will be held in Caldwell 302. The third exam will cover chapters 11-18, and will be given during our scheduled final exam time in our regular classroom. The

questions will directly relate to the topics that we have covered. They could involve multiple choice, problems, or essay questions. All three types of questions are encountered on the CPA exam, which most of you must eventually face up to.

CLASS SCHEDULE

1. This is a tentative schedule. If any changes are made, you will be alerted in advance.
2. All readings assignments and homework problems are from your textbook, Kieso, Weygandt, and Warfield. E means exercise and P means problem.
3. You should read each chapter completely. The pages that I want you to focus on (and summarize) are indicated below.

| Date | Chapter | Topic | What pages should I summarize? | What problems should I do? | Additional: |
|-------------|---|---------------------------------------|---------------------------------------|-----------------------------------|---|
| 8-19 | Course overview and picture day. | | | | |
| 8-21 | 11 | Depreciation | 550-561 | E: 6, 9, 11 P: 4 | Current topic: group 1 |
| 8-26 | 11 | Depletion | 565-567 | E: 19, 22 P: 6 | Current topic: group 2 |
| 8-28 | 11 | Impairments, MACRS | 561-564 574-577 | E: 16, 18, 26 P: 10 | Current topic: group 3 Debate (Groups 1 and 2): Companies should use the same depreciation method for tax and financial reporting! (1 pro; 2 con) |
| 9-2 | 12 | Nature of intangibles Amortization | | E: 1, 4, 6 P: 1, 2 | Current topic: group 4 |
| 9-4 | 12 | Goodwill Impairments R&D | | E: 14, 15 P: 2, 5 | Current topic: group 5 Debate (Groups 3 and 4): R&D accounting is hobbling US productivity! (3 pro; 4 con) |
| 9-9 | Pam Blackburn, Deloitte & Touche: Implementing SFAS 141 and 142 | | | | |
| 9-11 | 13 | Current liabilities | 656-665 | E: 2, 3, 12 P: 2 (skip part 4) | Current topic: group 6 |

| Date | Chapter | Topic | What pages should I summarize? | What problems should I do? | Additional: |
|-------------|---|---|---------------------------------------|-----------------------------------|---|
| 9-16 | 13 | Employee- related liabilities | 665-670 686-687 | E: 5, 20 P: 4 | Current topic: group 7 |
| 9-18 | 13 | Contingencies | 670-678 | P: 5, 8, 11 | Current topic: group 8 Group debate (Groups 5 and 6): Environmental liabilities belong on the balance sheet! (5 pro; 6 con) |
| 9-22 | Mid-term One: Chapters 11-13 Caldwell 302 6-8 pm | | | | |
| 9-23 | Review Exam | | | | |
| 9-25 | 14 | Issuing bonds. Amortization of premiums and discounts. | 713-723 | E: 3, 10 | Current topic: group 9 |
| 9-30 | 14 | Retirement of bonds | 723-725 | P: 6 | Current topic: group 10 |
| 10-2 | 14 | Retirement of bonds | | P: 7 | Current topic: group 11 |
| 10-7 | 14 | Long-term notes. Impairments | 725-731 739-741 | E: 16, 18, 27 P: 8, 13 | Current topic: group 12 |
| 10-9 | 15 | Issuing stock | 775-781 | E: 2, 3, 4, 8 | Current topic: group 1 |
| 10-14 | 15 | Reacquisition of stock | 781-786 792-793 | P: 6, 13 | Current topic: group 2 Group debate (Groups 7 and 8): The par value method should be eliminated! (7 pro; 8 con) |
| 10-16 | 16 | Dividends | 815-819 824-825 | E: 3, 5 P: 6 | Current topic: group 3 |
| 10-21 | 16 | Stock dividends and splits Stockholders' equity | 820-823 828-829 | E: 8, 9, 14, 18 | Current topic: group 4 |
| 10-23 | Catch-up day. | | | | |

| Date | Chapter | Topic | What pages should I summarize? | What problems should I do? | Additional: |
|-------|---|--|--------------------------------|----------------------------|--|
| 10-27 | Mid-term Two: Chapters 11-14 Caldwell 302 6-8 pm | | | | |
| 10-28 | Review exam | | | | |
| 10-30 | Fall Break | | | | |
| 11-4 | 17 | Convertible debt and preferred stock. Stock warrants and rights | 858-864 | E: 4 P: 1, 2 | Current topic: group 5 |
| 11-6 | 17 | Stock options | 864-868 | P: 3 | Current topic: group 6 Group debate (Groups 9 and 10): The fair value method (SFAS 123) is unfair! (9 pro; 10 con) |
| 11-11 | 17 | EPS – simple capital structure | 872-877 | E: 16, 18 P: 6 | Current topic: group 7 |
| 11-13 | 17 | EPS – complex capital structure | 877-884 | E: 23, 26 P: 4,7 | Current topic: group 8 Group debate (Groups 11 and 12): Computation of diluted EPS is based on accounting fictions! (11 pro; 12 con) |
| 11-18 | 18 | Held-to maturity securities | 919-922 | P: 1 | Current topic: group 9 |
| 11-20 | 18 | Available for sale and trading securities | 922-930 | E: 6, 8 P: 5 | Current topic: group 10 |
| 11-25 | Thanksgiving Break | | | | |
| 11-27 | Thanksgiving Break | | | | |
| 12-2 | 18 | Equity method | 930-935 | E: 11, 14, 15 | Current topic: group 11 |
| 12-4 | Review | | | | Current topic: group 12 |

| Date | Chapter | Topic | What pages should I summarize? | What problems should I do? | Additional: |
|--|----------------|--------------|---------------------------------------|-----------------------------------|--------------------|
| Final Exam: chapters 11-18 11:00 class: Thursday, Dec. 11, 12-3 pm, regular classroom 9:30 class: Tuesday, Dec. 16, 8-11 am, regular classroom | | | | | |