

Income Measurement and Asset Valuation
The University of Iowa
Fall 2009

Lectures:	Tue/Thu, 8:05-9:20 am (C125 PBB) Tue/Thu, 9:30-10:45 am (S307 PBB) Tue/Thu, 1:05-2:20 pm (S181 PBB)	Instructor: Rick Mergenthaler
Office Hours:	Mon, 8:00-9:00 am, Wed, 7:30-9:30 am	Office: W276 PBB E-mail: rick-mergenthaler@uiowa.edu Phone: (319) 335-0848
Discussion Sessions:	Mon, 3:30-4:20 pm (S107 PBB) Mon, 5:00-5:50 pm (C121 PBB) Mon, 6:30-7:20 pm (W107 PBB)	TA: Theo Chen
Office Hours:	Mon, 1:00-3:00 pm, Thurs, 5:00-6:00 pm, or by appointment	Office: W357 PBB E-mail: ciao-wei-chen@uiowa.edu Phone: (319) 335-0970

Web site: in ICON

Course Overview

6A:131 is the first of two courses in intermediate financial accounting (commonly referred to simply as Intermediate Accounting I). The two intermediate financial accounting courses are the core courses in financial reporting taken by students in the professional accounting program. 6A:131 begins by reviewing and extending a student's understanding of the set of financial statements prepared under generally accepted accounting principles (GAAP). Further, the course examines numerous topics and issues primarily associated with the asset side of the balance sheet. Because the balance sheet and income statement go hand-in-hand, revenue recognition and expense recognition topics are also covered. Similarly, because of links between successive balance sheets and the statement of cash flows, we will study the effect that transactions have on cash and whether they reflect operating, investing, or financing activities. Finally, we will also consider some aspects of the accounting for liabilities and owners' equity, but will leave the in-depth study of these topics for the second intermediate accounting course (6A:132).

Our approach to studying financial accounting and reporting is from the point-of-view of both (a) a "preparer" of financial reports (e.g., a corporation) and (b) a "user" of financial reports (e.g., an investor). We will examine financial reporting (a) as a preparer would, by starting with events and transactions and working through to the output of the external reporting system, the financial reports, and also (b) as a financial report user would, by beginning with the financial reports and working backwards to gain insight into the underlying economic activities and position of the enterprise. We will also examine topics in financial statement analysis. Perhaps most important, we will stress understanding the activities companies engage in and the decisions managers make. This understanding is necessary if the student is to comprehend fully the financial reporting issues that managers and accountants must address in order to measure and communicate the economic activities and position of their firms. Overall, our basic objective is to prepare each student for further work in accounting, finance, and other courses

and for subsequent work as a professional accountant, controller, financial analyst, manager, corporate or tax attorney, etc. Thus, we will rigorously study of the techniques and concepts surrounding the construction of financial reports. We will also critically analyze the financial reports. Although some may not believe it, we will also have fun along the way.

Required Course Materials

Textbook: Spiceland, Sepe, Nelson, and Tomassini, *Intermediate Accounting w/Google Annual Report, 5th edition* (Irwin/McGraw-Hill, 2008) (also to be used in 6A:132). The textbook and Homework Manager (packaged with the text) are available at the IMU Bookstore and Iowa Book and Supply.

Homework Manager. If you purchase the textbook elsewhere without Homework Manager, you can purchase it at the textbook's website: <http://www.mhhe.com/spiceland5e>. The registration code will allow two-semester access for 6A:131 and 6A:132. Do not throw away the registration code. You will need it next semester in 6A:132.

To complete and submit homework through Homework Manager, go to the Website: <http://mh2.brownstone.net/classes/Mergenthaler/MAV/>.

Other materials (available on the 6A:131 Web site in ICON) include Course notes and Supplemental Readings. Please visit the 6A:131 Web site in ICON for additional materials and announcements.

Course Requirements

We meet three times each week throughout the semester: two 75-minute lectures and one 50-minute help session. Attendance at lectures and help sessions is not required. However, because so much of the learning occurs in the classroom, **it is very important that you attend every class**. You are expected to participate in class by asking/answering questions and contributing to discussions. Help sessions will be lead by Theo Chen. He will go over homework and additional problems from the textbook, and will answer questions related to course notes and other course materials.

The *Course Outline* (page 7-8 of this syllabus) provides detailed plans for each lecture throughout the semester. Note that the actual schedule may sometimes change depending on class discussions. Prepare for class by reading the assigned materials, including textbook chapters, supplemental readings (available in ICON), and course notes (available in ICON under "Course Notes"). You should attempt the problems in the course notes before class to be prepared for class discussions. You will then build on the readings and illustrations in class by working on assigned homework problems and additional suggested problems. You are strongly encouraged to work as many problems as possible on a timely basis. Exam performance is directly related to systematic preparation, which includes timely completion of the homework and suggested assignments. Since this course moves very quickly, you should ensure that you do not to fall behind on reading or problems.

I want you to learn and feel successful in the course. Grades provide feedback on your ongoing performance during the semester as well as your overall performance upon completing the course. There are 6 components of your grade:

<u>Item</u>	<u>Points</u>
National Speaker Series	10
Graded Homework	60
Quizzes (4 out of 5, each 10 points)	40
Writing Assignments (2, each 40 points)	80
Professionalism	10
First Midterm Exam	100
Second Midterm Exam	100
Final Exam	<u>130</u>
Total	530

Note: Your overall grade for this course will be based on the total points you have accumulated during the semester relative to the total point distribution of the class. When assigning letter grades, I will follow the recommended grade distribution for required undergraduate courses in the Tippie College of Business. Plus or minus grading will be used for this course.

National Speaker Series

This year, we have the privilege to hear from Jay Hanson, who is the Chair of the AICPA AcSEC Committee. He is also a Senior Audit Partner with RSM McGladrey in Minneapolis. If you do not have a class conflict, you are strongly encouraged to attend his lecture, which will be from 6-8:00 PM on Monday, October 12, 2009 in the Pomerantz Center room C20. Quiz sections will be cancelled this day to ensure you can attend the lecture. Those who attend his lecture will receive ten points. Those who do not attend his lecture will receive zero points. If you have a class conflict, you will be required to prepare a report on the effect of fair value accounting on the recent economic crisis. This report should describe the fair value accounting rules, how they changed in response to the crisis, and the potential implications of these rules on the economy. The report should be well written, clear, concise, and contain substantive information on the above questions. The reports will be graded on the above-mentioned criteria.

Graded Homework

There will be twelve individual homework assignments. All assignments will be completed and graded (for correctness) in Homework Manager on-line. Homework must be completed by **11:59pm CST** on the assigned due date (check the *Course Outline* for homework due dates). At the end of the semester, students whose total homework score is above the median score will receive 60 points. Each student whose score falls between the 25th and 50th percentile will receive 50 points. Students who fall below the 25th percentile, made an effort, and completed 10 or more assignments will receive 40 points. Students who fall below the 25th percentile and do not complete 10 or more assignments and do not make an effort will receive between 0 and 30 points. **Late homework assignments will not be accepted under any circumstances.**

Quizzes

There will be five quizzes (10 points each). The lowest score quiz will be dropped. All quizzes will be given during help sessions. Check the *Course Outline* for the quiz dates.

Writing Assignments

There will be two writing assignments (40 points each) designed to help you develop analytical and communication skills. Grading of the writing assignments will reflect an equal weighting placed on *content* and *form* (i.e., for each writing assignment, 20 points on content and 20 points on presentation). **No credit will be given for assignments turned in late.** Check the *Course Outline* for assignment due dates. Jill Griffie Ross, whose office is W279, will grade the grammatical and writing style portion of the writing assignment. Jill's office hours are as follows.

Monday 1:00 PM – 3:00 PM

Wednesday 10:30 AM – 12:30 PM

Thursday 12:00 PM – 1:00 PM

My grader will grade the content portion of the assignment. All writing style comments should be directed to Jill and all content questions should be directed to me.

Professionalism

The professionalism portion of your overall grade will be based on two factors. First, your professionalism score will reflect your participation in class. As noted above, this class will be interactive. To encourage an interactive environment, I include participation as one component of professionalism. The second component of professionalism will be based on your interactions with me and Ryan. If you handle yourself in a professional matter (similar to how you would interact with your boss in the work environment) and participate in class, then you will receive all points possible for professionalism.

Mid-Term Exams

There will be two midterm exams during the semester (100 points each). Please arrange your schedule to ensure that you can attend the midterm exams. Check the *Course Outline* for exam dates.

Final Exam

The final is comprehensive (130 points). Note, first, that throughout the course, new topics build on subject matter that comes before them in the course, so exams are naturally comprehensive. Second, the final will include topics from the entire semester, although material from the last part of the course will be emphasized most. Check the *Course Outline* for exam date.

General Rules for Quizzes and Exams:

Quizzes and exams will be "closed book and closed notes." You should use sharpened #2 pencils with clean erasers, and also use a calculator. A simple calculator is all that's necessary! Communication devices such as cell phones and pagers are not permitted in the quizzes or exams; violation of the policy will be considered academic misconduct. **Make-up exams will not be offered** except for exams missed because of serious illness, mandatory religious obligations, or university-related trips and activities. Students are required to contact me *in advance* of the scheduled exam time and to present evidence to verify the reason. The make-up exam rule also applies to help session quizzes (contact Theo Chen *in advance*).

Regrades

I am willing to entertain questions you may have regarding exam or quiz grading. However, you must submit in writing, within one week of the graded item being made available, a one-page document that outlines any disputes you have with specific questions in a well thought-out argument. I will then regrade each question on the exam, including the contended question, and your overall exam grade may go up or down.

Other Items

Accommodating Disabilities: If you have a disability that may require some modification of seating, testing, or any other class requirement, please let me know as soon as possible so that appropriate arrangements can be made. Similarly if you have any emergency medical information about which I should know, or if you need special arrangements in the event the building must be evacuated, please let me know. Please see me after class hours or during my scheduled office hours or schedule an appointment. I would also remind you that the Office of Student Disability Services is available to assist you.

Policy on Cheating: It is my sincere hope that no student in this class submits work which is not his or her own. However, it seems prudent to clarify in advance the policy on cheating. If I determine that any assignment was not written solely by the student whose identification number appears on the project, the student will receive a zero (0) for the project and may receive an "F" for the class. All incidents of cheating will be reported to the Associate Dean of the Tippie College of Business and the student may be placed on disciplinary probation for the remainder of his or her undergraduate work at the University of Iowa. In general, the decision of the Professor may be appealed to the College of Business' Judicial Board, then to the Associate Dean for the Undergraduate Program. The Honor Code for the Tippie College of Business will determine the appropriate appeal process.

Policy on Cross Enrollments: This course is given by the Tippie College of Business. This means that class policies on matters such as requirements, grading, and sanctions for academic dishonesty are governed by the Tippie College of Business. Students wishing to add or drop this course after the official deadline must receive the approval of the Dean of the Tippie College of Business. Details of the University policy of cross enrollments may be found at: <http://www.uiowa.edu/~provost/deos/crossenroll.doc>.

Sexual Harassment: The Tippie College of Business and the University of Iowa are committed to providing students with an environment free from sexual harassment. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, we encourage you to visit the University website, <http://www.sexualharassment.uiowa.edu/index.php>, and to seek assistance from department chairs, the Dean's Office, the University Ombuds Office, or the Office of Equal Opportunity and Diversity.

FERPA Requirement: In order to participate in this class, it may be necessary to reveal to other students the names of students who are enrolled in this course. If you do not want your name revealed to other students enrolled in this course, please contact me in writing by the end of the first week of classes.

Complaints: Student concerns regarding this course should first be discussed with me. If we can't resolve the complaint, you may contact the DEO of Department Professor Douglas V. DeJong by phone at 319- 335-0919 or via e-mail at douglas-dejong@uiowa.edu. If you cannot resolve the complaint by speaking with the DEO, you may contact the Associate Dean of the Undergraduate Program, Lon Moeller, 319-335-0924, lon-moeller@uiowa.edu.

Sickness: Public health authorities have recommended that people with flu-like illnesses stay home and not return to public spaces until 24 hours after they have no fever. In order to prevent the spread of disease, please do not come to class, meet with other groups of students, attend office hours, or contact offices in person while you are ill. Based on this recommendation, I will not require you to report to a doctor or to Student Health to verify a flu-like illness if you are ill, please complete an illness-absence form (http://www.registrar.uiowa.edu/forms/H1N1_absence_form.pdf) when you are well enough to do so. Your grade will not be penalized for absences if you are following the recommendations of health authorities.

Final Comments

You will benefit most from this course by coming to class prepared. Please keep up with your homework, read the text, and work through the problems on ICON. These actions will help you perform your best on the exams! I will do my best to help each one of you benefit as much as possible from this course. Please take the time to learn the material. You will benefit greatly if you know this material.

6A:131 Course Outline – Fall 2009

Week	Date	Topic	Quiz/Exam/Writing Assignment
1	Mon (8/24)	Introduction	
	Tu (8/25)	Introduction	
	Th (8/27)	Accounting Equation and Accounting Cycle, Chapter 2	
2	Mon (8/31)	Due HW 1	
	Tu (9/1)	Financial Accounting and Conceptual Framework, Chapter 1	
	Th (9/3)	Chapter 1 (Cont'd)	
3	Mon (9/7)	No Class University Holiday	
	Tu (9/8)	Balance Sheet & Financial Disclosures Chapter 3 Parts A&B Due HW 2	
	Th (9/10)	Income Statement Chapter 4	
4	Mon (9/14)	Due HW 3	Quiz 1: Chapters 1, 2 & 3 Parts A&B
	Tu (9/15)	Chapter 4 (Cont'd)	
	Th (9/17)	Chapter 4 (Cont'd)	
5	Mon (9/21)	Due HW 4	Quiz 2: Chapter 4 Part A
	Tu (9/22)	Cash Flow Statement Chapter 4	
	Th (9/24)	Exam I Review Session	
	Fri (9/25)		Exam 1: 5:30-7:30pm (W10)
6	Mon(9/28)	Time Value of Money Chapter 6	
	Tu (9/29)	Revenue Recognition Chapter 5 Part A	
	Th (10/1)	Return Exam I/ Chapter 5 Part A (Cont'd)	
7	Mon (10/5)	Due HW 5	Due Writing Assignment I Quiz 3: Chapter 5 Part A
	Tu (10/6)	Chapter 5 Part A (Cont'd)	
	Th (10/8)	Financial Statement Analysis Chapter 3 Part C & Chapter 5 Part B	
8	Mon(10/12)	No discussion Session this week Due HW 6	National Speaker Series 6 – 8 PM in the PC room C20
	Tu (10/13)	Receivables Chapter 7	
	Th (10/15)	Chapter 7 (Cont'd)	
9	Mon(10/19)	Due HW 7	
	Tu (10/20)	Inventory Chapter 8	
	Th (10/22)	Chapter 8 (Cont'd)	

Week	Date	Topic	Quiz/Exam/Writing Assignment
10	Mon(10/26)	Due HW 8	Quiz 4: Chapter 3 Part C, Chapter 5 Part B, Chapter 7, Chapter 8 Part A
	Tu (10/27)	Inventory, Chapter 8 (Cont'd)	
	Th (10/29)	Exam II Review	
	Fri (10/30)		Exam II: 5:30-7:30pm (W10)
11	Mon (11/2)	Inventory Chapter 9	
	Tu (11/3)	Chapter 9 (Cont'd)	
	Th (11/5)	Return Exam II / Operational Assets Chapter 10	
12	Mon(11/9)	Due HW 9	
	Tu (11/10)	Operational Assets Chapter 10 (Cont'd)	
	Th (11/12)	Chapter 10 (Cont'd)	
13	Mon(11/16)	Due HW 10	Due Writing Assignment II
	Tu (11/17)	Operational Assets: Use/Impairment Chapter 11	
	Th (11/19)	Chapter 11 (Cont'd)	
	Nov 23-27	Thanksgiving	
14	Mon(11/30)	Due HW 11	Quiz 5: Chapters 10 and 11
	Tu (12/1)	Investment Chapter 12	
	Th (12/3)	Chapter 12 (Cont'd)	
15	Mon (12/7)	Due HW 12	
	Tu (12/8)	Accounting Changes and Error Corrections, Chapter 20	
	Th (12/10)	Chapter 20 (Cont'd)	
	Tu(12/15)		Final Exam: 7:00-8:30pm

Note: All assignments will be completed and graded in Homework Manager on-line at <http://mh2.brownstone.net/classes/MergenthalerIMAV/> . Homework must be completed by **11:59pm CST** on the assigned due date.