

University of Illinois at Chicago
Accounting 417 – Spring 2007
Course Memo and Syllabus

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About the Course

Welcome to Accounting 417: Advanced Accounting. The central theme of the course is: financial reporting problems of firms operating multiple businesses. The course is intended for MSA students, undergraduate accounting majors and others likely to sit for the CPA examination.

The text is Advanced Accounting by Hoyle, Schaefer and Douppnik (Irwin McGraw-Hill). In order to reduce your costs, I have arranged for a custom published version of the text. It is identical to the 8th edition of the text except that it is soft cover, one color, and contains only the chapters we will use. If you prefer the full text, be sure to get the 8th edition.

The course has a Blackboard site, which you can access at “<http://blackboard.uic.edu>”. The Blackboard site contains administrative announcements, relevant FASB and APB pronouncements, the documents I use to teach consolidations and foreign currency translation in the Northern Illinois University CPA Review Course, other course-related information, and links to other sites.

How to Do Well in This Course

Study a Real Lot: The College of Business Administration recommends students study at least 3 hours per week per credit hour. This means you need to spend a minimum of 9 hours per week outside of class on this course (every week, not just the week of an exam). While you may not have had to spend the recommended amount of time in previous courses, I guarantee you will need to do so in this course.

Do All the Work: You will need to read **ALL** of the assigned material, probably several times. You will need to be in class **EVERY** day. You will need to do **ALL** the assigned problems **AND** additional problems in areas that give you trouble.

Keep Up: Most of the material we cover in this course is not understandable until you understand the material from the earlier chapters. If you fall behind, you will not catch up.

Course Structure

Schedule

A day-by-day schedule follows this memo. This schedule may be adjusted during the semester. We will spend varying amounts of time on each chapter, depending on its length and complexity. It is imperative that you read each chapter (and any other

assigned readings) carefully at least once prior to the first class on that chapter, and come to class with questions and comments about the material.

A list of homework problems follows the day-by-day schedule. Once we have completed our discussion of a chapter, the remainder of our time will be used to discuss as many of these problems as possible. It is imperative that you make a substantial effort to solve all the homework problems prior to our discussion of them. While I do not expect you to be able to do every homework problem correctly and completely prior to our discussion of the homework, I do expect you to make a serious attempt to solve every problem. (Don't come to class with a blank sheet of paper when we go over the homework. If you can't even get started, it suggests another reading of the chapter is in order.) Only if you have attempted a homework problem will our discussion of it benefit your understanding of the material. History clearly indicates that students who do not do take the homework seriously perform extremely poorly in the class.

Saving Time on Homework

The kinds of problems we will be doing can be very time consuming if done by hand. If you know how to use Excel, I encourage you to use it for the homework, especially from Chapter 3 on. If you have not used Excel, I will be happy to show you the basics – enough so you can use it for your homework. For a typical consolidation problem, you can save about 80-90% of the time it takes to do a problem if you use Excel.

In-Class Class Quizzes and Online Quizzes

After we complete most chapters, there will be a short quiz. The dates of the quizzes are indicated on the daily schedule. The only way to prepare for these quizzes is to do the homework. The quizzes will give you early feedback on your understanding of the material, and alert you to problems you are having with it prior to exam time. In addition, McGraw Hill, the publisher of our text, has online quizzes for each chapter. Use them to test yourself before the in-class quiz. Check the course Blackboard site for links to these quizzes.

Additional Problems, Old Exams and NIU CPA Examination Review Materials

You should do additional problems to solidify your understanding of each chapter and to prepare for the exams. Focus on areas that gave you the most difficulty. When I post solutions to each chapter's problems on the course Blackboard site, I will post the entire chapter. This will enable you to check your work on any additional problems you do. In addition, I have posted old exams with solutions.

The Blackboard site includes the handout I use to teach the consolidations and foreign currency translation sessions of the Northern Illinois University CPA Review Course. Because this material is designed to be a review, it is not a substitute for the text. I suggest you use it as a review after you have completed your study of a chapter. Note that this material is copyright protected and may not be redistributed. Please read the copyright notice on Blackboard before downloading.

Grading

Final grades will be based the following:

Exam #1	25 %
Exam #2	25
Final Exam	35
Quizzes (Approx. 6)	<u>15</u>
Total	<u>100 %</u>

The final exam will be comprehensive, but with more emphasis placed on material after the second exam.

Exam/Quiz Administration

You must take exams and quizzes at the assigned times unless there are extraordinary circumstances beyond your control that prohibit you from doing so. Alternative arrangements for such circumstances must be cleared with me in writing and prior to the exam/quiz. In the event it was physically impossible for you to get pre-approval (e.g. you were abducted by aliens on the way to an exam), you must contact me as soon as practical. Failure to contact me at the earliest reasonable time after missing an exam or quiz will make you ineligible for a makeup, even if there was a legitimate reason for missing it in the first place. In addition, if the circumstances that kept you from the exam were not, in my judgment, extraordinary and beyond your control, you will not be allowed a makeup. You will receive a zero for the missed work.

Honor Code and Decorum

The College recently adopted an honor code, which relates to issues of academic integrity. You are subject to this honor code. An attachment to this syllabus contains the major provisions of the honor code, as well as how the honor code relates to this class specifically. Another attachment relates to expected decorum and behavior in the class. Please familiarize yourself with both of these documents and contact me if you have any questions about either.

Miscellaneous Information

Office Hours and Contacting Me

I will hold office hours on Tuesdays at 1:00-2:30 p.m. By establishing specific office hours, I am not trying to limit my availability to this time. I am merely setting aside hours when you are certain to find me in my office. If you need to see me at another time, I am more than happy to meet with you. To meet at other times, please call ahead to arrange a time, so that you do not come in and not find me here. I am also available by phone or e-mail. I find that e-mail is useful for quick questions or relatively simple administrative issues. For more complicated issues, or when an e-mail is likely to lead to several e-mails back and forth, please call. My e-mail address and phone number are at the top of this memo.

Once again, welcome to Accounting 417, and good luck.

L. S.

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Topics	Dates	Reading and Other Preparation Required	Quiz
Chapter 1: The Equity Method of Accounting for Investments	Tue Jan 16	? Read HSD Chapter 1 (Skip “Elimination of Unrealized Gains in Inventory,” pp. 17-20.) ? Read CPA-CON Section 2	
	Thu Jan 18		
	Tue Jan 23	? Prepare HW 1 ? Read “Note on Cost Method and Partial Equity Method” (available on Blackboard)	
Chapter 2: Consolidation of Financial Information	Thu Jan 25	? Read HSD Chapter 2 ? Read CPA-CON Sections 1 and 3 ? Read SFAS No. 141 Summary ? Read SFAS No. 142 Summary	Ch 1
	Tue Jan 30	? Prepare HW 2	
Chapter 3: Consolidations – Subsequent to the Date of Acquisition	Thu Feb 1	? Read HSD Chapter 3 (Skip “Push-Down Accounting,” pp. 123-125.) ? Read CPA-CON Section 4	Ch 2
	Tue Feb 6	? Prepare HW 3	
	Thu Feb 8		
Exam #1	Tue Feb 13		
Chapter 4: Consolidated Financial Statements and Outside Ownership	Thu Feb 15	? Read HSD Chapter 4 ? Read CPA-CON Section 5	
	Tue Feb 20	? Prepare HW 4	
	Thu Feb 22		
Chapter 5: Consolidated Financial Statements – Intercompany Asset Transactions	Tue Feb 27	? Read HSD pp. 17-20 ? Read HSD Chapter 5 ? Read CPA-CON Sections 6 and 7	Ch 4
	Thu Mar 1		
	Tue Mar 6	? Prepare HW 5A	
	Thu Mar 8	? Prepare HW 5B	
Chapter 6: Variable Interest Entities, Intercompany Debt, Consolidated Statement of Cash Flows, and Other Issues	Tue Mar 13	? Read HSD Chapter 6 (Skip from top of p. 274 to middle of p. 280 and from bottom of p. 284 to end of chapter.) ? Read CPA-CON Section 8 ? Read FASB Interpretation No. 46R Summary	Ch 5
	Thu Mar 15	? Prepare HW 6	
	Tue Mar 20		
Chapter 8: Segment and Interim Reporting	Thu Mar 22	? Read HSD Chapter 8 ? Read CPA-CON Section 9 ? Read SFAS No. 131 Summary ? Prepare HW 8	

Topics	Dates	Reading and Other Preparation Required	Quiz
	Mar 26-30	SPRING BREAK	
Exam #2	Tue Apr 3		
Chapter 10: Translation of Foreign Currency Financial Statements	Thu Apr 5	? Read HSD Chapter 9 (through the middle of p. 420) ? Read HSD Chapter 10 ? Read CPA-TRANS Sections 1-5 ? Read SFAS No. 52 Summary	
	Tue Apr 10		
	Thu Apr 12	? Prepare HW 10	
	Tue Apr 17	? Read Accounting for Derivatives	Ch 10
Accounting for Derivatives	Thu Apr 19		
	Tue Apr 24	? Prepare HW DER	
Chapter 13: Legal Reorgs. and Liquidations	Thu Apr 26	? Read HSD Chapter 13	Derivs.
	Tue May 1	? Prepare HW 13	
Review	Thu May 3		
FINAL EXAM		TIME AND LOCATION TBA	

- ? HSD refers to material from the primary text – Hoyle, Schaefer and Douppnik (8th).
- ? CPA-CON and CPA-TRANS refer to material from the NIU CPA Review Course, available on Blackboard. CON=consolidation module. TRANS=foreign currency translation module.
- ? HW refers to homework. See the attached list for required questions and problems from the text.
- ? SFAS and FASB Interpretation summaries are available from the FASB's website – use the Blackboard link or go to <http://www.fasb.org>

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Suggested Questions and Problems

The following are suggested questions and problems from the text. These were selected to illustrate a cross-section of key concepts from each chapter.

- ? Work each question and problem prior to the discussions of them in class.
- ? After you finish a question or problem, ask yourself why it was assigned. (If you don't know, you are not done yet.)
- ? Determine which problems gave you the most difficulty, and do additional problems from the text on the same topic. (You can check your answers against the solutions, which will be posted on the web when we finish each chapter.)

Chapter	HW	Questions	Problems
Chapter 1	1	1,2,3,4,8.	2,3,5,6,12,14,20,28.
Chapter 2	2	3,4,8.	9,10,11,12,24(b),37.
Chapter 3	3	4,7,8,14.	3,8,9,26(a,c,d), 28(use worksheet),31(a,b).
Note: When the problem does not state the method the parent uses to account for the investment in the subsidiary (cost, partial equity, equity), you need to examine the accounts to determine that.			
Chapter 4	4	1,3,4.	3,4,21(a),23,32,34(b),40.
Chapter 5	5A	Ch. 1: 13,14. Ch. 5: 1,2,5,6,8,9,11,12,13.	Ch. 1: 16. Ch. 5: 10,11,12,13,14,15.
	5B		Ch. 5: 28,20,36.
Note: I suggest you do the problems in the order shown above. Be sure you understand downstream transfers before tackling upstream transfers (part b of problem 20).			
Chapter 6	6	1,2,4,14.	10,22,23,24,25,44.
Note: Use the indirect method for problem 44.			
Chapter 8	8	Ch. 8: 1,6,8,9,17.	Ch. 8: 19,33,37.
Chapter 10	10	2,5,8.	6,7,15,27,31,35.
Derivatives	DER	To be posted on Blackboard.	
Chapter 13	13	3,7,8,9,10.	32,37.

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HONOR CODE

As a student in the College of Business Administration, you are subject to the following Honor Code:

As an academic community the College of Business Administration at the University of Illinois at Chicago is committed to providing an environment in which teaching, learning, research, and scholarship can flourish and in which all endeavors are guided by academic and professional integrity. All members of the college community – students, faculty, staff, and administrators – share the responsibility of insuring that high standards of integrity are upheld so that such an environment exists.

In pursuit of these high ideas and standards of academic life, as a student I hereby commit myself to respect and uphold the University of Illinois at Chicago (UIC) College of Business Administration Honor Code during my entire matriculation at UIC. I agree to maintain the highest moral and ethical standards in all academic and business endeavors and to conduct myself honorably as a responsible member of the college academic community. This includes the following:

- ? Not to seek unfair advantage over other students, including, but not limited to giving or receiving unauthorized aid during completion of academic requirements;
- ? To represent fact and self truthfully at all times;
- ? To respect the property and personal rights of all members of the academic community.

Honor Code implications for this class include, but are not limited to, the following:

- ? You may not obtain any assistance during an exam or quiz from any person or material.
- ? You may not provide any assistance during an exam or quiz to any person.
- ? In the unlikely event there are unusual circumstances beyond your control that make it impossible for you to take an exam or quiz at the regular time, you must submit a written request for an extension prior to the exam/quiz date. That request must be accurate and include all relevant facts.

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DECORUM

In order for the classroom to be a learning environment, the following conduct is expected of the instructor and all students. Anyone who repeatedly violates these guidelines will be deemed to have requested a withdrawal from the class.

- ? Class begins at 11:00 a.m. Students are expected to arrive sufficiently before that time so that they are ready to begin class at noon.
 - o In the rare case an emergency prevents a student from arriving on time, the student should quietly take the closest seat to the door and explain his/her lateness to the instructor after class. (Note: If lateness is not rare, it is presumed not to be due to an emergency.)
- ? Class ends at 12:15 a.m. Students should not schedule other classes, appointments, interviews, etc. so that they would have to leave during class.
- ? Students should silence cellular phones and pagers during class.
- ? Students are expected to be prepared for class and participate in class discussions as appropriate.