San José State University
Accounting and Finance Department
Bus220S, Financial Reporting and Analysis III, Section 1, Fall, 2016

Course and Contact Information

Instructor: Dr. Mary F. Calegari
Office Location: BT865
Telephone: 408-924-3497
Email: mary.calegari@sjsu.edu
Office Hours: T, TH 11:45am-1:30pm, and by appointment
Class Days/Time: M, W: 1:30pm-5:30pm (Aug. 24 - Oct. 3)
Classroom: BBC003
Prerequisites: MSA classified standing

Faculty Web Page and MYSJSU Messaging
Copies of the course materials such as the syllabus, powerpoint slides, homework solutions, major assignment handouts, etc. may be found on Canvas. Log on instructions for Canvas may be found on my faculty webpage and is accessible through the faculty home page. You can also go directly to Canvas (http://sjsuinstructure.com). You are responsible for regularly checking Canvas for any new messages and assignments.

Course Description
Accounting for multi-unit operations: consolidated reporting issues, transfer pricing issues, globalization issues (foreign tax structures, organizational forms and international accounting), translation of foreign currency transactions and operations, hedging foreign currency exposures, goodwill and brief exposure to business combinations.

Course Goals
The goal of Financial Reporting and Analysis III is to provide students with an understanding of the accounting for multi-unit domestic and foreign operations and intercompany transactions. The course provides a detailed exposure to several financial reporting topics including: corporate mergers and acquisitions, leveraged buyouts, acquisition accounting, goodwill, equity versus cost method of valuing investments in subsidiaries, intercompany inventory transfers, unrealized intercompany profits, basics of preparing consolidated financial statements, translation of foreign currency transactions, translation of foreign currency financial statements, and international accounting (foreign accounting practices, foreign tax structures, transfer pricing issues, alternative foreign organization structures, causes of foreign exchange rate changes). The course blends in finance concepts to accounting situations using real world cases. This course addresses MSA Program Goal #1.
**Course Learning Outcomes (CLO)**

Upon successful completion of this course, students will be able to:

**LO1:** Account for wholly owned subsidiaries at the date of creation and post creation periods and prepare consolidated financial statements.

**LO2:** Account for partially owned subsidiaries and variable interest entities and prepare consolidated financial statements.

**LO3:** Account for business combinations and how they are reported in the financial statements.

**LO4:** Account for intercompany transactions and how they are reported in the financial statements.

**LO5:** Account for foreign currency transactions and how they are reported in the financial statements.

**LO6:** Translate foreign entity statements.

**Required Texts/Readings**

**Textbook**

ISBN: 9781308240077
Advanced Financial Accounting, 10e (Custom built for course)
Authors: Christensen, Cottrell, Baker
Textbook available at Spartan Bookstore.

**Course Requirements and Assignments**

**a. Projects:**
In-class assignments and problems will be given.

**b. Exams:**
There will be no make-up exams. The final exam must be taken on the scheduled date and time. If you must miss an exam for an **excused** purpose (very rare, documentation required), you need to notify me in advance. If you miss for an unexcused purpose, your score is zero. (A note from your parents, spouse, or significant other is not acceptable documentation.)
Translation dictionaries may **not** be used for exams. All exams are closed book and closed notes. All exams must be completed using a four-function calculator (add, subtract, multiply, divide). Only the scratch paper included with each exam may be used. Use of any other unauthorized scratch paper will result in an exam score of zero. All cell phones and pagers must be turned off and put away during exams. If a student is seen looking at a cell phone or other type of electronic device during the exam, this is grounds for an exam score of zero.
Any questions regarding the grading of exams must be brought to the attention of the instructor within one week of the exam or quiz.
Cheating of any kind on quizzes and exams will **not** be tolerated and could result in failure of the course and expulsion from the University.
c. Quizzes:
Quizzes can be true/false, multiple-choice, short answer, problem, or a combination of the four. Quizzes will be on material covered the previous class or on that day. No make-up quizzes will be given. If you are absent on the day a quiz is given, you will receive a score of zero for that quiz.

d. Homework:
Homework is for your own benefit. Homework should be attempted before the class for which it is assigned, as homework often serves as a basis for classroom discussions. The homework assigned is the minimum necessary for your success in this class. The importance of your completing each homework assignment without the use of a solutions manual cannot be overstated. Doing the homework will enable you to participate in class and help you with the quizzes.

e. Class Participation:
Prior to class, everyone is expected to read the assigned readings and complete other assigned work. Classroom time is not sufficient to allow complete coverage of all readings and assignments. However, you are responsible for all materials assigned. Class time will usually be spent on a variety of activities including: question and answer sessions, brief lectures, group discussions, in-class assignments, and mini-case analyses. Participation by all is necessary for the class to be successful. In order for the class to be a meaningful learning experience for everyone, it is important that we all: (1) attend class; (2) come prepared for discussion; and (3) participate in discussions and in-class assignments. If each of us prepares before class, participates during class, and reviews after class, the learning experience for each of us in this course should be very worthwhile.

Final Examination or Evaluation
A final exam will be given at the end of the course.

Grading Information

<table>
<thead>
<tr>
<th>Grades:</th>
<th>Points</th>
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<tbody>
<tr>
<td>Quizzes and in-class assignments (LO1, 2, 3, 4, 5, 6)</td>
<td>100</td>
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<tr>
<td>Mid-term Exam (LO1, 2, 3)</td>
<td>200</td>
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<tr>
<td>Final Exam (LO4, 5, 6)</td>
<td>200</td>
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<td>Total</td>
<td>500</td>
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a. Grading information:
Grading Percentage Breakdown

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Grade</th>
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<tbody>
<tr>
<td>92%–100%</td>
<td>A</td>
</tr>
<tr>
<td>90%–91.9%</td>
<td>A-</td>
</tr>
<tr>
<td>88%–89.9%</td>
<td>B+</td>
</tr>
<tr>
<td>82%–87.9%</td>
<td>B</td>
</tr>
<tr>
<td>80%–81.9%</td>
<td>B-</td>
</tr>
<tr>
<td>78%–79.9%</td>
<td>C+</td>
</tr>
<tr>
<td>72%–77.9%</td>
<td>C</td>
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</tbody>
</table>
### Classroom Protocol

The primary teaching methodology used in this course is cooperative learning. Cooperative learning is defined as “a structured, systematic instructional strategy in which small groups work toward a common goal.” Students must be active participants in the learning process, not passive recipients of information. They should identify and solve unstructured problems that require use of multiple information sources. Learning by doing is emphasized. Working in groups is also encouraged. Creative use of technology is essential.

Get to class on time since I like to start class promptly at the beginning of the class time period. If you are late to class, please check the front of the class for any handouts for class that day. Turn all cell phones to vibrate or turn them off during class.

Lucas College and Graduate School of Business: Program Goals and Classroom policy

http://www.sjsu.edu/cob/Students/policies/index.html

### University Policies

Per University Policy S16-9, university-wide policy information relevant to all courses, such as academic integrity, accommodations, etc. will be available on Office of Graduate and Undergraduate Programs’ Syllabus Information web page at http://www.sjsu.edu/gup/syllabusinfo/

### Lucas College and Graduate School of Business:

**Mission:** We are the institution of opportunity in Silicon Valley, educating future leaders through experiential learning and character development in a global business community and by conducting research that contributes to business theory, practice and education.

**MSA Program Goals:**
*(Not all program learning goals are covered in every course)*

1. To understand and apply accounting processes and principles in the preparation and interpretation of financial reports within the context of a complex business environment
2. To understand and apply basic rules of federal income tax law

3. To understand information technology and internal control processes and their roles in financial and managerial reporting

4. To develop conceptual and analytical skills with real world examples as applicable to business valuation

5. Effective oral and written communication techniques as well as interacting effectively with teams as both leader and member

6. To understand the legal and ethical implications of accounting practice perspectives as well as the need to address legal discourse and the particulars of legal requirements, restraints, and uncertainty
## Course Schedule

Tentative course schedule including assignment due dates and date of Final exam: (Please note that the course schedule is “subject to change with fair notice”.)

<table>
<thead>
<tr>
<th>Date (Day)</th>
<th>MATERIAL COVERED:</th>
<th>ASSIGNMENT:</th>
</tr>
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</table>
| 8/24 (W)   | Course Administration  
Ch. 1: Intercorporate Acquisitions and Investments in Other Entities  
Ch. 2: Reporting Intercorporate Investments and Consolidation of Wholly Owned Subsidiaries with No Differential | E1-1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12  
P1-30 |
| 8/29 (M)   | Ch. 2: Reporting Intercorporate Investments and Consolidation of Wholly Owned Subsidiaries with No Differential  
Ch. 3: The Reporting Entity and the Consolidation of Less-than-Wholly-Owned Subsidiaries with No Differential | E2-1, 2, 3, 4, 6, 9, 14, 15, 16  
P2-23, 24 |
| 8/31 (W)   | Ch. 3: The Reporting Entity and the Consolidation of Less-than-Wholly-Owned Subsidiaries with No Differential  
Ch. 4: Consolidation of Wholly Owned Subsidiaries Acquired at More than Book Value | E3-1, 3, 4, 5, 6, 7, 12, 14, 17  
P3-24, 33, 34, 35 |
| 9/5 (M)    | Labor Day – Holiday (no class) | |
| 9/7 (W)    | Ch. 4: Consolidation of Wholly Owned Subsidiaries Acquired at More than Book Value  
Exam Review | E4-1, 2, 6, 8, 10, 11, 12, 13, 17, 18, 19, 20 |
| 9/12 (M)   | Mid-term Exam  
(Ch. 1, 2, 3, 4) | |
| 9/14 (W)   | Ch. 5: Consolidation of Less-than-Wholly-Owned Subsidiaries Acquired at More than Book Value  
Ch. 6: Intercompany Inventory Transactions | E5-1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11,13, 14  
P5-19, 20, 21 |
| 9/19 (M)   | Ch. 6: Intercompany Inventory Transactions  
Ch. 11: Multinational Accounting: Foreign Currency Transactions and Financial Instruments | E6-1, 2, 3, 4, 5, 6, 7, 8, 11 |
| 9/21 (W)   | Ch. 11: Multinational Accounting: Foreign Currency Transactions and Financial Instruments  
Ch. 12: Multinational Accounting: Issues in Financial Reporting and Translation of Foreign Entity Statements | E11-1, 2, 3, 4, 5, 6, 7, 9, 12, 13 |
<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
<th>Problems/Exercises</th>
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<tbody>
<tr>
<td>9/26</td>
<td>Ch. 12: Multinational Accounting: Issues in Financial Reporting and Translation of Foreign Entity Statements Exam Review</td>
<td>E12-1, 2, 3, 4, 5, 6, 7, 8, 11 P12-21, 22</td>
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<tr>
<td>9/28</td>
<td>Meet the Firms Event – no class</td>
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<tr>
<td>10/3</td>
<td>Final Exam (Ch. 5, 6, 11, 12)</td>
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E=EXERCISE; P=PROBLEM