Instructor: Rajib Doogar  
Office: 225 E David Kinley Hall  
E-mail: doogar@uiuc.edu  
Office hours: M W, 10:00-11:00 am and by appointment.  
Course Home Page: www.cba.uiuc.edu/doogar/Accy493/493.htm  
TA: Sam Han  
Office: 205 Survey  
E-mail: shan3@uiuc.edu  
Office hours: T, TH, 4:00-5:00 pm and by appointment.  

Class meeting times:

Section D1  M, W  8:00 - 9:50 am  317 DKH

Text and readings: A custom readings packet available from TIS book store and select chapters from the following texts:


The following optional readings may be helpful (and interesting):


Course Objectives:

Financial reporting and accounting policy choices are influenced by the economic self interests of managers and owners as well as key decision-makers’ need for reliable and relevant information. This course is organized around some recurrent themes of the craft: How are transactions to be classified? How should values be measured? How should they best be disclosed or communicated? We use these questions to better understand the basics of US GAAP for some important classes of transactions.

Expectations

Students are expected to prepare the assigned readings and work through the homework problems before coming to class. If the assigned reading is a case, preparation includes any preliminary calculations that may be informative.

Homework

Homework problems are to be prepared for class discussion and, no matter how incomplete, to be turned in for my review. On days on which more than 3 problems are assigned, do any three you like.

All homework solutions are posted on the course website. You should treat the posted solutions as helpful aids to save you time and frustration. Consult them only after you have made a reasonable attempt to cover the material on your own

Turn in only your own work, no matter how sketchy: I want to know how you are doing.
Quizzes & Exams
There will be three quizzes and three exams (two mid-term and one final) given on the
dates indicated in the schedule. All quizzes and exams will be closed book, closed notes
with no text-storing calculators allowed. It is not contemplated that you will miss a quiz
or an exam. Absences will be dealt with based upon the circumstances.

Grading

<table>
<thead>
<tr>
<th>Item</th>
<th>Points</th>
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<tbody>
<tr>
<td>Class participation</td>
<td>50</td>
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<tr>
<td>Quizzes (3 @ 50 points each)</td>
<td>150</td>
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<tr>
<td>2 Midterms and 1 Final Exam (3 X 100 points each)</td>
<td>300</td>
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<td>Total</td>
<td>500</td>
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Your final grade will be based on the sum of the points earned on these components
applied to a final grade scale.

Other
I encourage students to provide me with feedback about all aspects of the course. It is
best to contact me by e-mail. However you are welcome to stop by during office hours or
by appointment as well.
<table>
<thead>
<tr>
<th>Class Meeting</th>
<th>Readings</th>
<th>Homework</th>
<th>Practice</th>
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</thead>
<tbody>
<tr>
<td>Day 2: M 1/26</td>
<td>Asymmetric Information and Strategic Choices: Contingent Liabilities</td>
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<tr>
<td>Day 4: M 2/2</td>
<td>Partnership Accounting: Liquidation</td>
<td>AA: E 14-6,7</td>
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<tr>
<td>Day 5: W 2/4</td>
<td>Strategic Investments: Alliances and Equity Investments</td>
<td>IA: C17-1</td>
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<tr>
<td>Day 6: M 2/9</td>
<td>Strategic Investments: Alliances and Equity Investments</td>
<td>IA: C17-2,5, P17-5</td>
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<tr>
<td>Day 7: W 2/11</td>
<td><strong>Quiz 1</strong> &amp; Mergers and Acquisitions: Economic and Strategic Considerations</td>
<td>AA: E1-2,5,6</td>
<td>AA: E1-7,8</td>
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<td>Day 8: M 2/16</td>
<td>Mergers and Acquisitions: Accounting for Business Combinations I</td>
<td>AA: E2-2,4,6</td>
<td>AA: E2-7</td>
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<td>Day 9: W 2/18</td>
<td>Mergers and Acquisitions: Accounting for Business Combinations II</td>
<td>AA: E3-5,6,7</td>
<td>AA: E3-3,8</td>
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<td>Day 10: M 2/23</td>
<td>Mergers and Acquisitions: Review</td>
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<td>Day 11: W 2/25</td>
<td><strong>Exam I</strong></td>
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<td>Day 12: M 3/1</td>
<td>Topics in Reporting: Foreign Currency Translations</td>
<td>AA: E11-2,4</td>
<td>AA: E11-3</td>
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<td>Day 13: W 3/3</td>
<td>Topics in Reporting: Segmental Reporting</td>
<td>AA: E12-5,10</td>
<td>AA: E12-6,9</td>
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<td>Day 14: M 3/8</td>
<td>Financing: Capital Structure Theory and Practice</td>
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<td>Day 15: W 3/10</td>
<td>Accounting for Debt &amp; Troubled Debt</td>
<td>IA: P14-12,13</td>
<td>IA: P14-1,3,4,14</td>
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<td>Day 16: M 3/15</td>
<td><strong>Quiz 2</strong> &amp; Equity: Common, Preferred &amp; Repurchases</td>
<td>IA: E15-1,2,4,7</td>
<td>IA: E15-8,9</td>
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<td><strong>Spring Break</strong></td>
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<td>Day 19: W 3/31</td>
<td>Reorganization: Divestiture, Restructuring and Asset Impairment</td>
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<td>Day 20: M 4/5</td>
<td><strong>Exam II</strong></td>
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<td>Day 21: W 4/7</td>
<td>Compensation</td>
<td>IA: E16-11,14,26</td>
<td>IA: E16-10,P16-3</td>
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<td>Day 22: M 4/12</td>
<td>Compensation continued</td>
<td>IA: C16-2, 4</td>
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<td>Day 24: M 4/19</td>
<td>Leases continued</td>
<td>IA: E21-14,15</td>
<td>IA: E21-12,16</td>
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<td>Day 25: W 4/21</td>
<td><strong>Quiz 3</strong> &amp; Post-retirement Benefits: Pensions I</td>
<td>IA: E20-1,6,8,11</td>
<td>IA: E20-12,14</td>
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<td>Day 28: M 5/2</td>
<td>Current Topics --- TBA</td>
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<td>Day 29: M5/5</td>
<td>Current Topics --- TBA</td>
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<td><strong>Final Exam: TBA</strong></td>
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Module 1: Introduction and Overview

Day 1 Course Introduction: Financial Reporting Fundamentals
HBS 9-100-010 Perspective, Institutions and Basic Issues [RC #1]

Day 2 Strategic Aspects of Financial Reporting: The Role of Asymmetric Information
HBS 9-190-188 Financial Reporting Strategy and Analysis under Asymmetric Info [RC #2]
HBS 9-101-072 Accounting for the Intel Pentium Chip Flaw. [RC #3]

Module 2: Organizational Form and Scope

Day 3/4 Choice of Organizational Form and Financial Statement Engineering
AA, Chapter 13. “Partnerships: Characteristics, Formation and Accounting for Activities.”
AA, Chapter 14. “Partnerships: Characteristics, Formation and Accounting for Activities.”

Day 5/6 Strategic Alliances and Equity Investments
“Managing Risks in Strategic Alliances” Das and Teng, Academy of Management Executive
IA, Chapter 17. “Investments.”

Day 7 Quiz 1 & Mergers and Acquisitions: Economic and Strategic Considerations
AA, Chapter 1. “Business Combinations.”

Day 8/9 Mergers and Acquisitions: The details
AA, Chapters 2 and 3. “Consolidated Statements: Date of Acquisition.”
293-303. [EJC]
“How Informative Are Earnings Numbers That Exclude Goodwill Amortization?” Moehle et al.,

Day 10 Conclusion of M&A Accounting discussion

Day 11 Exam I
Day 12 Topics in Reporting: Foreign Currency Translation and Segmental Reporting

Day 13 Topics in Reporting: Segmental Operations
AA, Chapter 12. “Disclosures About Segments of an Enterprise.”
Heterogeneous Investment Opportunities in Multiple-Segment Firms and the Incremental Value Relevance of Segment Accounting Data. Chen and Zhang, The Accounting Review, April 2003, (78:2): 397-434. [EJC]

Module 3: Financing Business Activities

Day 14 Capital Structure

Day 15 Debt & Troubled Debt

Day 16 Quiz 2 & Equity: Common, Preferred, Repurchases

Day 17 Dividends

Day 18 Convertibles & EPS
PCF, Chapter 23. “Warrants and Convertibles.”
Day 19 Reorganization: Restructuring
[RC #6]
HBS 9-196-135 Restructuring in the 1990s.[RC #7]

Day 20

Exam II

Module 4: Compensation & Pensions

Day 21/22 Performance Evaluation and Employee Compensation
HBS 9-100-031 The Boeing Company’s Accounting for Executive Stock Compensation [RC #8]

Day 23/24 Financing with Leases
IA, Chapter 21. “Accounting for Leases.”

Day 25 Quiz 3 & Post-employment Benefits: Pensions

Day 26 Post-employment Benefits: Pensions & OPEBS

Day 27 Post-employment Benefits: Pensions & OPEBS Wrap-up
IA, Chapter 20. “Accounting for Pensions and Postretirement Benefits.”

Day 28 Quiz 6 & Review

Day 29 Financial Reporting Quality
HBS 9-193-045 Diversity in Accounting Principles: a Problem, a Strategic Imperative or a Strategic Opportunity? [RC #9]