



## **Problems In Financial Reporting**

53:010:525 Fall 2024 Online

Professor: Dr. Edward M. Werner  
Office Phone: (856) 225-6978  
E-mail: [edward.werner@rutgers.edu](mailto:edward.werner@rutgers.edu)

Office: BSB 215  
Office Hours: By appointment

---

### **GENERAL**

#### **Course Description**

This course focuses on the conceptual framework underlying financial reporting by business enterprises, the processes by which authoritative accounting guidelines are promulgated, and the preparation, presentation, interpretation, and use of financial statements. As such, it is an important course to assist students in a variety of work endeavors related to finance, accounting, and financial institutions. The course objective is to provide a theory-based synthesis of concept coverage from previous accounting courses via the practical application of these concepts. As such, student research of the Accounting Standards Codification as well as highly regarded practitioner interpretations and previous course material review are required as opposed to traditional textbooks and instructor lectures.

This course will use a fully integrated case-based pedagogy. Students will work in teams and individually to develop their ability to research important accounting issues, analyze research results as it applies to issues, and determine the impact on financial statements and required disclosures. Working through complex accounting cases will allow students to improve their critical thinking, decision analysis, problem solving, and written and oral communication skills, as well as enhance their mastery of the subject matter.

The course is designed to expand students' understanding of the theory and practice underlying the measurement and reporting of financial information in accordance with generally accepted accounting principles (GAAP). The study of theory will be partly accomplished by examining issues within the context of the conceptual framework developed by the Financial Accounting Standard Board (FASB) in the U.S. and by the International Accounting Standards Board (IASB) internationally. This framework emphasizes the relevance and reliability of financial information to financial statement users. Coverage will include the conceptual framework, the primary financial statements, and the accounting and reporting (as well as supporting disclosures) of various asset, liability, and equity accounts. We will supplement our coverage with international accounting theory and practices.

The cases we cover will explore various technical, cutting-edge accounting issues facing the profession today, and our discussions will engage learners from different backgrounds to critically think about and share ideas to address practical financial accounting concerns. The case discussions will enable future professional accountants to have meaningful conversations about specific financial reporting issues in the current business environment. The intent is to enrich the academic experience and enhance the development of everyone in the course by bringing real-world financial reporting scenarios to the class.

Mastery of the material covered in this course is essential for professional accountants, regardless of specialization. As future accounting professionals, students must be prepared for an evolving and significantly more challenging and complex business environment. It is not sufficient to obtain narrow technical training largely based on rote memorization of existing rules and regulations. It is important that students acquire a thorough comprehension of the principles that govern financial accounting and reporting so that they can apply these principles with judgement to existing problems as well as to emerging issues. Students must also be aware of the ethical and international aspects of accounting and must be able to communicate information clearly and concisely.

### **Learning Objectives**

The learning goals for this course are to:

1. Demonstrate critical-thinking and problem-solving skills through problem identification, analysis and synthesis of data, evaluation of alternatives, and defense of a solution (MAcc Learning Goals #1, #2, and #4).
2. Participate actively and effectively in a teamwork environment (MAcc Learning Goals #1, #3, and #4).
3. Participate actively and effectively as a leader in a teamwork environment (MAcc Learning Goals #1, #3, and #4).
4. Demonstrate the ability to effectively communicate both written and orally in a manner appropriate to a particular task (MAcc Learning Goal #3).
5. Demonstrate an understanding of relevant legal and ethical responsibilities (MAcc Learning Goals #1 and #4).

Taking this course should help students:

1. Expand their understanding of the FASB's body of interrelated objectives and fundamentals, the Conceptual Framework.
2. Develop the ability to apply the Conceptual Framework to address financial accounting and reporting problems.
3. Demonstrate the ability to properly measure and report major financial statement accounts under current GAAP.
4. Demonstrate an improved ability to understand, critically analyze, synthesize, and evaluate information reported in the primary financial statements.
5. Develop critical thinking skills through the analysis of issues related to information reported in financial statements and the notes to the financial statements.
6. Demonstrate an improved understanding of international differences in accounting and reporting standards.
7. Develop sensitivity to ethical and social issues and to the macro implications of financial accounting.

To meet the course objectives, we will rely on case studies involving company financial report and disclosure scenarios. Therefore, this course is case-based, as opposed to textbook-based. Several of the cases illustrate that significant accounting analysis issues can arise from new organizational and technological innovations. For example, derivative instruments, securitization and other accounting vehicles, and various forms of intangible property have all created challenging accounting issues. While a particular case solution is important, the process for achieving the solution is its most critical component. A higher-quality and well-developed process will enhance a solution's integrity. Possible solutions are often composed of a host of alternative positions. Rather than focusing on finding *the* correct answer, one should consider the possible alternative courses of action, eliminate those that appear to be unreasonable, and analyze what remains to determine a perceived optimal solution for the case.

### **How To Succeed In This Course**

The material presented in Canvas provides the essential backbone of the course. You are expected to:

- Be active in your learning process!
- Read and view all materials assigned each week.
- Methodically review and research relevant authoritative and reliable resources (FASB ASC, Big 4 resources, IFRS, accounting textbooks, etc.) each week with thought and care to best prepare for and complete course assignments.
- Collaborate substantively and honestly with team members each week.
- Participate diligently in the weekly video discussions to earn maximum credit for class participation. Our discussions are designed to be a crucial component for assignment completion and a collaborative learning experience for all. Substantive and carefully considered collaborations are required individually and will benefit everyone in the course.
- Follow instructions in all assignments.
- Proofread your case reports. Your ability to communicate your thoughts and positions is significant.
- Start assignments early and reach out for feedback from the professor.
- Consult/meet with the professor immediately when you need help.

### **Course Materials**

- A textbook is not required for this course. However, your introductory accounting textbooks can provide a useful reference for some of the material we will cover (e.g., Kieso, Weygandt, and Warfield or any financial accounting textbook or other materials from your previous accounting coursework).
- ***FASB Accounting Standards Codification (ASC)*** Students will have access to the Financial Accounting Standards Board's searchable Accounting Standards Codification. The ASC is the source of authoritative GAAP recognized by the FASB and, as such, is the appropriate reference for technical accounting issues. To access the FASB website, go [here](#). Access credentials are not required.
- Cases, readings, exercises, and other materials will be provided by the instructor and posted to our course Canvas website.
- The Canvas platform will also host additional materials including discussions and serve as our base for collaboration and communication.

- **To enroll in this class, you must have successfully completed Intermediate Financial Accounting I.** A solid understanding of the concepts, methods, and terminology covered in foundational accounting coursework is critical to the mastery of the concepts covered in this course. Therefore, students should already be proficient with basic accounting mechanics as well as with the preparation of the primary financial statements. Students who are not comfortable with their skills in these areas should invest additional time researching previous accounting textbooks and other materials.

## **Communication**

### **Canvas**

All course materials are posted on or accessible via the Canvas platform. You must submit all course assignments via Canvas as well. It is important that you have access to Canvas and that you check your Canvas email often. Please forward your Rutgers email to your personal email if necessary. Failure to check Canvas and your Rutgers email is no excuse for missing course communications. Class announcements will also be posted on Canvas. To access the Canvas platform, log in at <http://canvas.rutgers.edu> and enter our course from your dashboard.

### **Professor**

During the week, from Monday until Friday, I will try to respond to all e-mails within 24 hours. If you do not hear from me within 48 hours, please resend your email. Once email correspondence is established, telephone and/or Zoom communications are also welcome.

Any time you have questions or concerns about the course, please do not hesitate to contact me. I strive very hard to be fair and helpful. I want you to succeed, and I will do everything I can to help you achieve your goals in this course! Always feel free to touch base with me.

## **UNIVERSITY/COURSE POLICIES**

### **Academic Integrity**

Rutgers University takes academic honesty very seriously. By enrolling in this course, you assume responsibility for familiarizing yourself with the Academic Integrity Policy and the possible penalties (including expulsion) for violating the policy. As per the policy, all suspected violations will be reported to the Office of Community Standards.

***Students are responsible for understanding the principles of academic integrity and abiding by them in all aspects of their work at the University.*** Students are also encouraged to help educate fellow students about academic integrity and to bring all alleged violations of academic integrity they encounter to the attention of the appropriate authorities. Academic Integrity means that you (the student) must:

- properly acknowledge and cite all use of the ideas, results, or words of others,
- properly acknowledge all contributors to a given piece of work,
- make sure that all work submitted as your own in a course activity is your own and not from someone else
- obtain all data or results by ethical means and report them accurately
- treat all other students fairly with no encouragement of academic dishonesty

Adherence to these principles is necessary to ensure that everyone is given proper credit for his or her ideas, words, results, and other scholarly accomplishments, all student work is fairly evaluated, and no student has an inappropriate advantage over others, the academic and ethical development of all students is fostered, and the reputation of the University for integrity is maintained and enhanced.

Failure to uphold these principles of academic integrity threatens both the reputation of Rutgers University and the value of the degrees awarded to its students. Every member of the Rutgers community therefore bears a responsibility for ensuring that the highest standards of academic integrity are upheld.

Additional clarification on academic integrity for this specific course:

***It is a violation of the academic integrity policy and unethical to purchase or use any solutions manuals, instructor manuals, solutions from other students, or solutions that may be otherwise available on the internet.*** Therefore, you are expected to refrain from using any websites not provided within this course to complete assignments, such as Chegg, Course Hero, or any other website that may provide prohibited information.

If in doubt, please consult the professor. Please review the Rutgers Academic Integrity Policy at: <https://studentconduct.rutgers.edu/student-conduct-processes/academic-integrity/>

#### Student Resources:

Refer to this site for resources to assist you in preventing academic integrity issues such as coaching from the Learning Resource Center, tips to help prevent A I violations, and other reference material for writing: <https://camden.rutgers.edu/deanofstudents/academic-integrity/academic-integrity-resources-students>

#### Student Code of Conduct

Rutgers University-Camden seeks a community that is free from violence, threats, and intimidation; is respectful of the rights, opportunities, and welfare of students, faculty, staff, and guests of the University; and does not threaten the physical or mental health or safety of members of the University community, including in classroom space.

As a student at the University, you are expected to adhere to the Code of Student Conduct.

To review the code, go to the Office of Community Standards:

<https://camden.rutgers.edu/deanofstudents/community-standards>

Note that the conduct code specifically addresses disruptive classroom conduct, which means *"engaging in behavior that substantially or repeatedly interrupts either the instructor's ability to teach or student learning. The classroom extends to any setting where a student is engaged in work toward academic credit or satisfaction of program-based requirements or related activities."*

#### Disability Services/Accommodation

The University is committed to supporting the learning of all students and faculty will provide accommodations as indicated in a Letter of Accommodation issued by the Office of Disability Services (ODS). If you have already registered with ODS and have your letter of accommodations, please share this with me early in the course. If you have or think you have a disability (learning, sensory, physical, chronic health, mental health or attentional), please contact <https://success.camden.rutgers.edu/disability-services>.

Accommodations will be provided only for students with a letter of accommodation from ODS. Their services are free and confidential. Letters only provide information about the accommodation, not about the disability or diagnosis.

#### Late Work and Make-up Policy

By registering and continuing in this course, you acknowledge that you have the capacity and time to manage the commitment. A class should be treated like a job. Missing a deadline on an assignment

without any PRIOR communication and serious reason for the missed deadline is no different than missing work without proper supervisor notification and/or ignoring a client/regulatory deadline. Neither of these behaviors is tolerated in the workplace. As we are professionals, the same principles apply in our class. All work is expected to be submitted timely as scheduled, and responsibility to meet these deadlines falls on the student. No late work is expected or accepted. In very limited emergency cases, where there is proper documentation, a limited exception **MAY** be made on **one** submission over the term, but these exceptions are very rare and at the discretion of the course instructor. Any decisions that are made by the instructor as to whether to accept late work, and if a penalty will be given is fully that of the instructor and will not be considered on an appeal. If you feel that your schedule or personal commitments will interfere with your ability to routinely submit work in a timely manner, you should consider enrollment in this course at another time.

### **Artificial Intelligence Use**

The use of generative AI tools (such as ChatGPT, DALL-E, etc.) is not permitted in this class; therefore, any use of AI tools for work in this class may be considered a violation of Rutgers University's Academic Integrity policy and Student Conduct Code, since the work is not your own. When in doubt about permitted usage of different resources, please ask for clarification.

## **ASSESSMENTS**

### **Team Case Reports:**

An important portion of the overall class assessment is related to weekly case preparation and report writing. The course coverage is allocated to the major topical issues of revenue recognition, expense recognition, and other financial reporting challenges. We will examine significant financial accounting issues in these relevant topic areas including whether a company should report revenue as a principal or as an agent, how and when companies must recognize contingent liabilities like litigation-related obligations, and whether a company has a variable interest in and should consolidate another legal entity, all financial reporting matters that have received substantial attention from accounting regulators in recent years.

The class has been randomly divided into teams of five students. Student team members must collaborate significantly to complete the required cases each week. Therefore, each team member should be prepared to meet with other team members several times during the week. Along with the required class-wide collaborations described below, teams must complete and submit a well-articulated case report each week. In addition, team members must complete and submit a peer evaluation of all their team members based on best-practice criteria for team collaboration (contribution, initiative, positive attitude, etc.) using the required evaluation form each week. Finally, each team member will take a leadership role in managing the cases each week to ensure that the responsibilities are evenly distributed among team members. I will divide the class into new teams as I deem necessary.

Each week (for each new case) team members will take the following leadership roles: 1. Chief Accounting Officer (CAO), 2. Senior Accounting Administrator (SAA), 3. Senior Accounting Manager (SAM), Senior Accounting Supervisor (SAS) and 5. Senior Accountant (SA). The team CAO is selected by last-name alphabetic order. That is, a new team CAO will be selected for each case in alphabetic order until each team member has had the chance to serve as CAO. The CAO assigns the other roles at the beginning of each week. All team members must have the opportunity to take each of the five leadership roles as a member of that team at least once. Each leadership role has the following required weekly responsibilities:

1. The CAO assigns other leadership roles at the beginning of each week and is responsible for team research and report writing. The CAO is also responsible for presenting an overall team reflection of the importance of the case after reaching team conclusions to the class by Saturday night.
2. The SAA is responsible for team research and report writing. The SAA is also responsible for presenting the case overview as well as relevant connections to financial accounting and reporting generally and other business insights to the class by Saturday night.
3. The SAM is responsible for team research and report writing. The SAM is also responsible for presenting the synthesis of relevant report information, focusing on the analyses that are most important to the team's report to the class by Friday night.
4. The SAS is responsible for team research and report writing. The SAS is also responsible for presenting the details related to the applicable authority to the class by Thursday night.
5. The SA is responsible for team research and report writing. The SA is responsible for presenting the team's interpretation of the case objective(s) to the class by Thursday night. The SA is also responsible for submitting the team's final case report by Sunday night.

In your careers, much of your work will be in meetings and discussions with colleagues (many working remotely) analyzing business decision information and collaborating to formulate timely strategy proposals. In fact, real-world projects often require collaboration over time and places and between different organizations. Therefore, collaboration is a key skill for success in our globally interconnected world. The ability to interact and communicate with team members ethically, responsibly, and productively is also an important component of this course. Our team and class collaborations on financial reporting cases provide an opportunity for you to continue to grow and build critical skills to excel in this regard. Doing so optimally requires everyone to prepare the course cases in depth and engage actively in the team and class collaborations. Although such collaborative learning can pose additional challenges, it meaningfully promotes the exposure to diverse viewpoints to foster the advancement of individually unique conceptual frameworks. Therefore, students gain highly relevant knowledge and are ultimately better prepared to innovate and succeed in today's workplace.

Teams should be certain to include the following basic components when completing the required weekly case reports:

1. Summary articulation of case objective(s) and issue(s)
2. Listing of relevant/applicable codified accounting standards and professional guidance
3. Substantive discussion of relevant guidance alternatives as they relate to the case issue(s)
4. Substantive articulation of the proposed case solution(s)

You are welcome to use the provided Student Case Book as a basic guide for preparing case reports according to course expectations. Although the material may be outdated, the book provides several examples of professionally prepared case reports, and certain information relates to financial reporting challenges that remain relevant today. The Student Case Book was designed to present accounting students with some of the problems faced by accounting practitioners at the time. Therefore, it can prove useful as you strive to work through the complex financial reporting problems we cover in our course. Many of the cases within the book provide examples consisting of a statement of the objectives, applicable professional pronouncements, in-depth discussions, and case solutions (e.g., off balance sheet financing, employee stockholder transactions, purchase accounting, contingencies, profit recognition, and historical cost accounting).

Teams' weekly case reports should generally be between five and ten typed pages and written in an analysis report style as exemplified in the provided Student Case Book. Your report should include a title, organization of the text by sections (summary, applicable accounting standards, etc.), as well as all appropriate citations and bibliography as necessary. **Each case report should be an original work.**

Consistent with Rutgers' efforts to enhance student learning and maintain academic integrity, case reports in this course will be submitted to Turnitin.com via the Canvas assignment link either directly by you or on your behalf. Turnitin.com generates a report on the originality of your writing by comparing it with an extensive database of periodicals, books, online content, student papers, and other published work. Turnitin also uses its technology to detect AI-assisted and AI writing generated by tools such as ChatGPT. All submitted papers will be included as source documents in the Turnitin.com reference database solely for the purpose of detecting potential plagiarism in such papers. Use of the Turnitin.com service is subject to the Usage Policy and Privacy Pledge posted on the Turnitin.com site. The Turnitin report can help you discern when you are using sources fairly, citing properly, and paraphrasing effectively in your writing (skills essential to all academic and professional work). I encourage you to submit your case reports using the Canvas assignment link early enough to review your Turnitin report before the final due date each week so that you have time to make any necessary adjustments (possibly related to things as simple as directly copying case facts). I will use the Turnitin similarity score and links to possible matches to make a complete assessment and judge the originality of case report submissions. Teams should aim to achieve Turnitin similarity scores no higher than 20% to support the originality of the work.

Along with the weekly case reports, each individual student must submit an evaluation of their own performance as well as the performance of each team member. I will use peer evaluations to assign individual report scores. Individuals who fail to submit team member evaluations will receive a score of zero on the case report assignment.

### **Class Case Collaborations:**

The VoiceThread video discussion platform is probably where you will have the most direct interaction with your class peers. Given the unique features of the online education environment, class participation, through the weekly asynchronous video collaborations, will provide an essential component to your overall comprehension of the course material. More specifically, you will have the opportunity to create new knowledge in the weekly video discussions by collaborating with others in the class to generate and organize ideas as well as intellectually converge toward a final position with respect to different financial accounting issues. I value your input and feel confident that your thoughtful participation will greatly enhance everyone's learning experience.

Weekly collaborations are driven by the specific concepts covered in the case, and your video collaborations may include additional prepared materials, videos, or other resources as attachments if they are relevant to the subject matter. Collaborations must reflect your comprehension of the weekly assignment and/or related discussion activity as well as your ability to synthesize concepts and communicate them at an appropriate level.

You are expected to substantively contribute to the collaborative case discussions each week. More specifically, you are expected to add at least one collaboration to the main weekly video discussion by 11:59pm EST on Thursday, Friday, or Saturday, depending on your leadership role that week (SA, SAS, SAM, SAA, or CAO, respectively). Your main collaboration in this regard must meet your leadership role responsibilities that week and mention your leadership role in the video. Additionally, each student should collaborate substantively at least once with at least one other student in the same leadership role before the week ends on Sunday at 11:59pm EST. Therefore, each student is expected to collaborate at least two times each week as described. However, more collaboration is beneficial and encouraged. All



collaborations including responses are to be substantive and further the discussion of the subject matter. Collaborations should be about 3-5 minutes in length. A rubric for evaluating discussion platform activity is provided on Canvas. Please read it carefully and let me know if you have any questions.

Please focus your collaborations on topics and issues that are relevant to our course materials. Also, please follow some basic guidelines:

- Prepare yourself before collaborating.
- Contribute incremental value to the learning community.
- Provide evidence and examples to support your opinions of agreement or disagreement.
- Strive to draw relevant connections with theory and financial reporting concepts generally.
- Where appropriate, cite your resources.
- Share your relevant experiences.
- Be respectful and positive.

### **Midterm And Final Cases:**

The midterm and final cases are individual cases. A significant portion of the course grade will be based on your individual case assessments. It is in your best interest to make the most of your opportunities to learn from your teammates as you collaborate substantively each week. During the midterm and final weeks, we will not use the video discussion platform for class-wide case collaborations. In fact, collaboration on cases is not allowed during these two weeks. Instead, you must complete a report as described above for the assigned case individually and submit the report based solely on your individual efforts by the end of the week (Sunday at 11:59pm EST). For the final, in addition to submitting a report as described, you must also submit a presentation of your case summation and reflection with a 5-minute time limit.

**Grading:** Your course grade will be based on your relative class standing on total points accumulated during the term (typically, 90/87/80/70/<70 = A/B+/B/C/F). I will employ the following weighting scheme to assign your final grade:

Team Case Reports	35%
Class Case Collaborations	20%
Midterm Case	20%
Final Case	25%

You are responsible for periodically monitoring the accuracy of your raw scores as reported on Canvas and for notifying me of any errors in a timely manner.

### TENTATIVE COURSE OUTLINE AND ASSIGNMENTS\*

Also check the weekly modules on Canvas for relevant materials, assignments, and specifics.

<b>Week</b>	<b>Date</b>	<b>Case Topic</b>	<b>Assignment**</b>	<b>Optional</b>
1	9/3-9/8	Gross vs. Net Revenue	Team Role	9/3 Zoom
2	9/9-9/15	Gross vs. Net Revenue	Team Role	
3	9/16-9/22	Revenue Recognition	Team Role	
4	9/23-9/29	L-T Contract Revenue	Team Role	9/23 Zoom
5	9/30-10/6	Revenue Recognition (Blockchain)	Team Role	
6	10/7-10/13	Inventory/Supplies Exp	Team Role	
7	10/14-10/20	<b>MIDTERM CASE</b>	Individual Case Written	
8	10/21-10/27	Loss Contingencies	Team Role	10/21 Zoom
9	10/28-11/3	Lease Accounting	Team Role	
10	11/4-11/10	Distinguishing Liabilities From Equity	Team Role	
11	11/11-11/17	Fair Value Measurement	Team Role	
12	11/18-11/24	Business Combinations	Team Role	
13	11/25-12/1	<b>HAPPY THANKSGIVING!!!</b>		
14	12/2-12/8	VIEs And Consolidation	Team Role	
15	12/9-12/15	<b>FINAL CASE</b>	Individual Case Written / Case Presentation	

\* I may make changes to the schedule.

\*\* Team Role Rotation: Chief Accounting Officer, Senior Accounting Administrator, Senior Accounting Manager, Senior Accounting Supervisor, Senior Accountant