

INTRODUCTION TO FINANCIAL ACCOUNTING
ACCT 611
FALL 2021
(VERSION 8/28/2021)



INSTRUCTOR

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CLASSES AND OFFICE HOURS:

ACCT 611 Section 1: Tuesday and Thursday (8:30 am – 10:00 am); Room: JMHH G60

ACCT 611 Section 2: Tuesday and Thursday (10:15 am – 11:45 am); Room: JMHH G60

My (Tentative) Office Hours:

In-person: Tuesday and Thursday (1:30 – 2:30 pm) and by appointment

Online via Zoom: by appointment

All times indicated in this syllabus are Philadelphia (Eastern Time and GMT-5 Hours)

WELCOME WHARTON MBA CLASS OF 2023!!

After a long eighteen months navigating the twists and turns of a pandemic, we will finally be returning to some semblance of normality this semester. I am very excited to finally be back in a real, live classroom and have you all as real, live students! I know that the MBA administrative team has advised you on all the health and safety protocols for the semester, so we'll skip that part. Instead, I simply wanted to let you know how excited I am to meet all of you and get to know you better during the course of the semester and, of course, work with you to become more knowledgeable and savvy consumers of corporate financial information. I also hope to convince you that accounting is much more interesting and important than you might have been led to believe!!

COURSE DESCRIPTION:

Financial accounting is concerned with the preparation and public dissemination of financial reports designed to reflect corporate performance and financial condition. By providing timely, relevant, and reliable information, these reports facilitate the decision-making of investors, creditors, and other interested parties.

This course provides a base level of knowledge needed by corporate managers and executives to understand and discuss corporate financial statements and reports. The course will familiarize you with the basic principles and practices of financial accounting by studying the concepts that underlie corporate financial statements. The course begins with an overview of the procedures necessary to prepare and understand the balance sheet, income statement, and statement of cash flows. The remainder of the course examines the accounting for the most common and significant transactions of a firm, such as accounts receivable and revenue recognition, inventories, long-term assets, debt, income taxes, investments, and stockholder's equity.

COURSE MATERIALS:**TEXTBOOK**

Dyckman, T., M. Hanlon, R. Magee, G. Pfeiffer, A. Hartgraves, and W. Morse, *Financial & Managerial Accounting for MBAs*, 3. Ed., Wharton Custom Edition, 2019, Cambridge Business Publishers. This textbook is especially customized for our course, covers all the chapters in the class, and is available only in the Penn Bookstore. In the detailed schedule below, practice problems from the textbook are assigned to reinforce the material covered for each topic. Solutions to the problems in the textbook are posted on the course website.

COURSE MATERIAL ON CANVAS:

The website for this course is on Canvas: <https://canvas.upenn.edu/courses/1600332>

This is where you will find all of the course material and content and it will be updated throughout the semester, so please check it frequently. In order to make it easy for you to navigate, I have arranged it so that each class session has its own separate Module that provides all of the activities and material for before, during, and after each session. In particular, you will find the following material on Canvas:

- **Pre-Class Videos:** These videos cover the core concepts for certain class sessions. Please watch any videos posted to Canvas before our class sessions.
- **Pre-Class Quizzes:** You may be required to complete a short on-line (i.e., Canvas) quiz *prior to* most of our class sessions. They will generally be due by 8:00 am on the day of the class session to which they relate. These are discussed in more detail below.
- **Pre-Class Questions:** Please post any questions that you have about the material for the upcoming class session. I will review your questions to find common themes that emerge and will clarify these issues in class. I will not reveal the identity of the students who asked questions, so please do not hesitate to ask any questions you might have.
- **Lecture Slides:** The lecture slides will be made available in advance of class sessions.
- **Homework Assignments:** There are seven online (i.e., via Canvas) homework assignments. These are discussed in more detail below.
- **Midterm and Final Exam Practice Problems and Solutions:** A few old midterm and final exams (along with solutions) will be provided as we get closer to the exam dates.
- **Recommended Textbook Readings and Problems:** These readings and problems are not required, but are highly encouraged—especially if this is your first exposure to financial accounting. The readings and problems have been selected to provide you with additional background material and opportunities to practice working with the accounting concepts that we will cover in class. The readings and questions for each session are included in the class schedule at the end of this syllabus as well as in the Canvas module for each session. Solutions to textbook problems are available on Canvas so you can check your own work.
- **Cases, Articles, and Other Materials for Class Sessions:**
 - **Cases:** We will be working through a case study during many of our class sessions. Most of these cases are based on real companies and draw on their actual financial statements, footnotes, and other related information. Please read the case before class so you are familiar with the setup, questions, and information provided. We will work through the cases together during our live meetings. These cases are designed to help you learn how

to locate, identify, and use financial and other information provided in the case. I will post solutions for each case to Canvas after the class session.

- **Articles:** The Canvas Module for most class sessions will include several recent articles from the business press (e.g., Wall Street Journal) that relate to the material that we will cover during the session. We will discuss many of these articles either in small groups and/or in class as a whole and I have selected them to help illustrate how key concepts from the session are relevant in practice. Please make sure that you are familiar with the articles before class and are prepared to discuss them during class.
- **Other Material:** Other material will be posted to the Canvas Module for certain sessions. Please have any of this material available during the class meeting.

GRADING POLICY:

Final grades will be determined using the following weights:

Midterm Exam	30 %
Final Exam	30 %
Pre-Class Quizzes	15 %
Homeworks	20 %
Class Engagement	5 %

STUDENT PREPARATION:

The course's Canvas website is organized into modules. Each module corresponds to a session on the class schedule. Each module is organized into activities you should complete prior to, during, or after that session's class period.

I recommend the following routine for each class session:

Before Class

- Watch any pre-class videos on Canvas before the scheduled class session.
- Complete any pre-class quizzes that are on Canvas after watching the pre-class videos (and before the scheduled class session).
- Think about the material presented and whether there is anything that you found confusing or which concepts could use additional clarification. Ask these and any other questions (or provide other comments and feedback) by completing the pre-class survey on Canvas in the Module for the upcoming session.
- Read over any cases and articles for the upcoming session to become familiar with them and attempt to answer as many of the case questions that you can. We will work through the solutions together during our class sessions.

During Class

- Attend class sessions, participate in the classroom discussions, work through cases and problems together, and, perhaps most importantly, be amazed by the exciting and wonderful world of accounting!

After Class

- Review solutions to any cases or problems discussed in class.
- As necessary, review the recommend textbook readings and practice problems.
- Work on and submit any upcoming homework assignments (via Canvas).

COURSE ENGAGEMENT AND CLASSROOM CONDUCT:

Engagement grades are based on your participation in class, as well as what you add to the learning experience of the entire class. Students who consistently make contributions that facilitate class discussions will receive 5 points. No contribution or contributions that are obvious, confusing or peripheral will result in zero points. Consistently discourteous behavior, or behavior that violates class protocols will also result in zero class participation points. Contributions between the endpoints will receive between 1 and 4 points, accordingly.

MIDTERM & FINAL EXAM:

The midterm exam is scheduled for **Wednesday, October 13th from 7 pm to 9 pm** and will cover the material from Sessions 1 – 12, inclusive. The final exam is scheduled by the University Registrar and will cover the material from Sessions 13 – 24, inclusive. The final exam has been scheduled for **Friday, December 17th from 3 pm to 5 pm**. Although it is rare for this date and time to change, it has happened, and the University Registrar reserves the right to do so.

Both exams will be online (via Canvas)

Exam scores will be posted online. If you feel that an exam has been incorrectly graded, you should contact me – *not a TA* – **within one week** after receiving your exam grade. Requests made after that time will not be considered. You should submit a **written** note that explains the point of contention. **Note that the entire exam will be re-graded.**

It is the student's responsibility to take the exams during the specified exam times. If you cannot do so because of a conflict, **it is your responsibility to notify the MBA Office** and the professor prior to the exam (or as soon as possible). **Only** the MBA Office may grant a student authorization to be absent from an examination; **there are no exceptions to this rule**. In the event of an *authorized* absence from any exam, a make-up exam is given in January 2022 during the official make-up exam period set by the Registrar. You will receive a final grade of "Incomplete" for the course pending the completion of the make-up exam. An unauthorized absence from an examination will result in a grade of zero for that examination.

PRE-CLASS QUIZZES

Prior to most classes, there will be a short on-line quiz consisting of about five questions (primarily multiple choice or true/false). These quizzes are meant to reinforce the material covered in the pre-class videos. Pre-class quizzes are generally due by 8:00 am on the day of the class session to which they relate. (For example, the pre-class quiz for Class #2 is due by 8:00 am on Thursday, September 2nd, which is the morning of Class #2).

You may attempt the quiz two times, with each quiz attempt randomly selecting questions from a question bank. You will see your score after each attempt, and can then decide whether to take the quiz a second time – the highest score on either attempt will be the score recorded for that quiz (i.e., there is no downside to attempting the quiz twice – at the same time, if you get a perfect score on the first attempt, there is no benefit to taking the quiz a second time – unless you simply like taking quizzes!).

Please see the Canvas website for exact due dates and times for pre-class quizzes.

HOMEWORKS

There are seven homework assignments with (tentative) due dates indicated below and in the class schedule. You can discuss these assignments with your classmates and work on them together in small groups, but you must submit your own answers in Canvas by the due dates and times listed below. Please note that these are hard deadlines and you will not be able to submit answers after the deadline since I will post the homework solutions shortly after the due date. Also note that it is not acceptable to simply copy another student's work and submit it as your own.

The homework assignments are largely based on the financial statements of a variety of publicly-traded companies. This will allow you to become more familiar with how companies prepare and present their financial and supplemental information. It will also give you practice locating, identifying, and using this information to understand the underlying economics of these companies.

The topics and due dates and times for the homework assignments are as follows:

Homework 1:	Statement of Cash Flows	Friday, Sept. 24 (11:59 pm)
Homework 2:	Accounts Receivable & Inventory	Friday, Oct. 1 (11:59 pm)
Homework 3:	Long-lived Assets	Friday, Oct. 8 (11:59 pm)
Homework 4:	Long-term debt, leases, contingencies	Friday, Nov. 5 (11:59 pm)
Homework 5:	Income Taxes	Monday, Nov. 15 (11:59 pm)
Homework 6:	Shareholders' Equity	Friday, Nov. 19 (11:59 pm)
Homework 7:	Investments	Wednesday, Dec. 8 (11:59 pm)

TEACHING ASSISTANTS AND REVIEW SESSIONS:

There are five teaching assistants for the course. One is an Accounting PhD student and the others are second-year MBA students who performed extremely well in the introductory financial accounting course last year. The TAs will hold regular office hours—both in-person and via Zoom—on most of the days every week (except during breaks or for holidays) based on a schedule that will be posted on the course website. A typical weekly office hour schedule is as follows (For details and updates see the schedule posted on the course website):

Monday	(Location: SHDH 215)	5:15 pm – 6:45 pm
Tuesday	(Location: SHDH 215)	5:15 pm – 6:45 pm
Wednesday	(Location: SHDH 215)	3:30 pm – 5:00 pm
Friday	(Location: SHDH 211)	10:15 am – 11:45 am

During office hours, one of the TAs will be present and will assist with questions about concepts, assigned problems/cases, or homework problems (however, they will not give you the solution to the homework assignments). Note that the TAs are jointly servicing both ACCT611 and ACCT613, so you may encounter students from both courses attending the same office hours.

The five TAs for the course are as follows:

Irina Luneva	iluneva@wharton.upenn.edu
Bradon Fix	bfix@wharton.upenn.edu
Michael Adams	adamsmj@wharton.upenn.edu
Patrick Nikong	pnikong@wharton.upenn.edu
Vikramveer Thankore	vthakore@wharton.upenn.edu

ETHICS MATRIX:

The Wharton MBA Code of Ethics typically requests an Ethics Matrix for each class to provide ground rules and ethical guidelines for course materials and assistance from classmates or others. Below is the completed matrix for this course. If you have any questions about the matrix, please feel free to ask me.

	Materials							People				
ACCT 613 Financial & Managerial Accounting	Approved calculator	Laptop / other electronics	Summary sheet of notes	Current book / class notes	Past notes / summaries	Past exams / assignments	Internet content / other outside materials	Learning team / approved work team	Other student(s) in same section	Student(s) in other sections (same term)	Wharton student not taking the class this term	Person outside of Wharton
In-Class Readings & Cases	A	A		A			A	W	W	W		
Homework Problem Sets	A	A		A			A	D	D	D		
In-Class Quizzes	A											
Midterm & Final Exams	A		A									
	A = Allowed material Shaded Cell = Not allowed							W = Allowed to work together D = Discussion of general concepts and procedures is allowed but no sharing of specific answers. Shaded Cell = Not allowed				
Other comments:												
<p>The information above covers many common situations but will not cover every circumstance. Remember: The Wharton MBA Code of Ethics that you accepted requires, among other things, that you represent yourself and your work honestly, don't try to gain unfair advantage over other students, follow the instructor's guidelines and respect confidentiality of your work and the work of others.</p> <p>Should you have questions, please contact your ethics liaison or professor.</p>												

Every topic we will cover in this course builds on the topics that precede it. Therefore, this course requires constant attention and consistent effort. Batch processing will almost surely be inefficient, frustrating, and unproductive. I strongly encourage you to keep up with the class. Let the fun begin!

CLASS SCHEDULE

	Date	Topic	Textbook Reading	In-Class Case	Practice Problems
1	Tues. 8/31	▪ Introduction	Chapter 1		M1-24, E1-28, E1-29, P1-38, P1-40
2	Thur. 9/2	▪ Mapping Business Activity into Financial Statements	Chapters 2 and 3	Animatronics (Q1 – Q4)	M2-18, M2-19, M2-26, E2-35, E2-44, M3-22
3	Tues. 9/7	▪ Mapping Business Activity into Financial Statements (cont'd)	Chapters 2 and 3	Animatronics (Q1 – Q4)	P2-66, M3-24, E3-32, P3-42, P3-49
4	Thurs. 9/9	▪ Balance Sheet Presentation ▪ Revenue Recognition and the Matching Principle	Chapter 2, p. 54-56 Chapter 6, p. 270-279		M6-14, M6-24, E6-33, E6-40
5	Tues. 9/14	▪ Revenue Recognition and the Matching Principle (cont'd)	Chapter 2, p. 54-56 Chapter 6, p. 270-279	Revenue Recognition Vignettes	M6-17, E6-27, E6-31, E6-41
6	Thurs. 9/16	▪ Statement of Cash Flows	Chapter 4	Animatronics (Q5)	M4-23, M4-26, M4-31, E4-34, E4-38, E4-41, E4-44
7	Tues. 9/21	▪ Statement of Cash Flows (cont'd)	Chapter 4	Callaway Golf	P4-51, P4-54
8	Thurs. 9/23	▪ Accounts Receivable	Chapter 6	Omnicell	M6-18, M6-20a-b, E6-34, E6-35, E6-38
9	Tues. 9/28	▪ Inventory and Cost of Goods Sold	Chapter 7 Chapter 17, p. 830-835	TBD	M7-15, M7-19, M7-20, E7-26, E7-29, E7-31, M17-14
10	Thurs. 9/30	▪ Long-Lived Assets	Chapter 8		M8-11, M8-14, E8-24, P8-36
11	Tues. 10/5	▪ Long-Lived Assets (cont'd)	Chapter 8	TBD	M8-17, E8-29, E8-35, P8-39
12	Thur. 10/7	▪ Intro to Financial Statement Analysis (FSA)	Chapter 5		M5-14, M5-18, M5-24, E5-32, E5-33, E5-34
WEDNESDAY 10/13			MIDTERM EXAM (7 pm – 9 pm) Covers Sessions 1 through 12 (inclusive)		

CLASS SCHEDULE (CONTINUED)

	Date	Topic	Textbook Reading	In-Class Case	Practice Problems
13	Tues. 10/26	▪ Long-Term Debt	Chapter 9 Appendix A (Time Value of Money)		M9-21, M9-22, M9-28, M9-31, M9-34, E9-40
14	Thur. 10/28	▪ Long-Term Debt (cont'd)	Chapter 9	Starbucks	M9-23, M9-26, E9-47, P9-53
15	Tues. 11/2	▪ Leases	Chapter 10, p. 462-476		M10-13, M10-15, E10- 26, E10-27
16	Thur. 11/4	▪ Accounting for Income Taxes	Chapter 10, p. 486-497		M10-23, E10-34, P10- 41
17	Tues. 11/9	▪ Accounting for Income Taxes (cont'd) ▪ Shareholders' Equity	Chapter 10, p. 486-497 Chapter 11	PepsiCo	P10-35, P10-42, M11- 20, M11-21
18	Thur. 11/11	▪ Shareholders' Equity (cont'd)	Chapter 11	PepsiCo	M11-25, M11-35, E11- 45, E11-54
19	Tues. 11/16	▪ Passive Investments	Chapter 12, p. 580-595		M12-11, M12-12, M12-20, E12-24
20	Thur. 11/18	▪ Intercorporate Investments	Chapter 12, p. 596-609 Appendix 12A & 12B		M12-15, M12-16, E12- 31, E12-32
21	Tues. 11/30	▪ Intercorporate Investments (cont'd)	Chapter 12, p. 596-609 Appendix 12A & 12B	Starbucks	M12-17, M12-18, E12- 28, E12-34, E12-42
22	Thur. 12/2	▪ Pensions and Other Post-Employment Benefits	Chapter 10, p. 477-486	Johnson & Johnson	M10-18, M10-19, M10-21, E10-31
23	Tues. 12/7	▪ Pensions and Other Post-Employment Benefits (cont'd) ▪ Contingencies and Warranties	Chapter 10, p. 477-486 Chapter 9, p.418-421		P10-38, P10-39, E9- 38, E9-39, E9-43, P9- 51
24	Thur. 12/9	▪ Final Review and Course Wrap-up		TBD	
FRIDAY, 12/17			FINAL EXAM (3 pm – 5 pm) Covers Sessions 13 through 24 (inclusive)		