

INTRODUCTION TO FINANCIAL ACCOUNTING
ACCT 6110
FALL 2023
(VERSION 8/16/2023)



INSTRUCTOR

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TENTATIVE OFFICE HOURS:

Tuesday 3:30 pm – 4:30 pm

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 WEBSITE:

The website for this course is on Canvas: <https://canvas.upenn.edu/courses/1739862>

COURSE MATERIALS:

- **Textbook:** Hanlon, Magee, Pfeiffer, Kulp, and Dragoo, *Financial & Managerial Accounting for MBAs*, 4. Ed., Wharton Custom Edition, Cambridge Business Publishers. This textbook is especially customized for our course 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.

Material on Course Website:

- **Lecture Slides:** the lecture slides will be made available in advance of class (at least one week before the scheduled date).
- **Homework Assignments** (for submission on Canvas) and **Cases** (for in-class discussion)
- **Exam Practice Problems and Solutions** (from old exams)

- **Articles:** business press articles are sometimes provided on Canvas and provide context for issues discussed in class.
- **Course pack:** additional materials and practice problems in case you want more practice!

GRADING POLICY:

Final grade of each student will be determined based on the higher of the following two weighting schemes (total: 100 points):

Midterm Exam	30%
Final Exam	40%
Attendance and in-class engagement	10%
Homework	20%

Grading will follow the following curve that adheres to the schools mandated grade guidelines. Historically this course does give some failing grades each year. I reserve the right to raise/lower your course grade by one or more levels based on my subjective assessment of your participation and contributions to the class discussions; such an adjustment is *rare*. For equal and fair treatment, any request for a grade adjustment for reasons other than grading errors will be disregarded.

MIDTERM & FINAL EXAMS:

The midterm exam is scheduled by the MBA program office for **Tuesday, October 3th from 7 pm to 9 pm**, and covers the material in lectures #1 through #10, inclusive. The final exam covers the material in lectures #11 through #24, inclusive. The final exam will occur during the MBA core exam week (December 6—11) and will be determined later in the semester. Although it is rare for this date and time to change, it has happened, and the University Registrar reserves the right to do so.

Exams are closed-book, but you are allowed to bring to each exam **one double-sided piece** of 8 ½" x 11" paper with notes. This paper may contain handwritten or typed (any font and size) notes. You are allowed to use a regular calculator (but not the calculator app on your phone) during the exams.

It is the student's responsibility to attend examinations at the times and places specified. If you cannot attend an examination, **it is your responsibility to notify the MBA Office** and the professor 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 2024 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.

The graded midterm exam will be returned to the student during the TA's office hours **within one week** following the posting of the exam trades. The graded final exam can be picked up at the reception area of the accounting suite (SH-DH 1300) until the first week of spring semester classes (you will need to bring your student ID to collect the exam). Exam scores will be posted online.

If you feel that an exam has been incorrectly graded, you should return the exam to the professor – not a TA – within one week of the return of the exam. Requests made after that will not be considered. You should submit the original copy of the completed examination together with a **written** note that explains the point of contention. **The entire exam will be re-graded.**

HOMEWORK ASSIGNMENTS:

There are five homework assignments with due dates indicated below and in the class schedule. You may discuss these assignments with others, but everyone must submit his or her own solution. Copying another student's work or submitting it as your own will be considered an act of cheating. The homework assignments will be available on the course website. They must be submitted **via Canvas by the due date and time listed below**. Deadlines are strict, so please make sure to meet them. **Please do not hand in a hard copy as it will not be accepted.** Scores and solutions for homework assignments will be posted online on the course website within a day of the deadline.

The **tentative** due dates and times for the homework problem sets are described in the class schedule toward the end of the syllabus.

The **four highest scores** of the five homework assignments will be counted toward your final grade.

You are **not** allowed to use generative AI (e.g, tools like ChatGPT) for your homework in this class. Using such tools in this course will be considered a violation of the MBA Code of Ethics and I will report suspected use to the MBA Ethics Committee. Please contact me if you have questions about this policy.

CLASS PARTICIPATION AND CONDUCT:

Class participation grades are based on what you add to the learning experience of the entire class. Students who consistently make contributions that facilitate discussions, help to clarify technical points, or provide new insights will receive 10 points. No contribution or contributions that are obvious, confusing, or peripheral will result in zero points. Consistently discourteous behavior (see below) will also result in zero class participation points. Contributions between the endpoints will receive between one and nine points, accordingly.

Both as a courtesy to your fellow students and the professor, and to ensure that everyone has the greatest opportunity to learn, please observe the following:

- Class starts and ends on time. If a unique situation arises such that you must come in late, please inform your professor ahead of time and sit in an open aisle seat close to the door you arrived through.
- You should remain in attendance for the duration of class, except in an emergency. If a unique situation arises such that you must leave early, please inform your professor before class and sit in an open aisle seat near the exits of the classroom.
- Please do not carry on private conversations during class.
- All phones/electronic devices should be turned to silent. The use of computers/tablets must be strictly for the purpose of this class.

This course will be using Wharton's Attendance and Video Request module in Canvas. You will use this module to:

- Check into class for attendance.
- Submit an absence excuse request for days that you miss class.
- Submit a class video access request to view a recording of a class lecture.

You can find the Attendance and Video Request module in the left navigation list of the Canvas course

site, called “**Attendance and Video Requests**”. Please make sure to review the information on using the attendance module in the Wharton Computing Knowledge Base so you are ready to check in when you arrive.

If you encounter difficulty checking in to a class, make sure to request an absence using the **Technology** reason with an explanation of what happened. If you continue to run into issues, please reach out to Student Computing for help.

Although you must have an excused absence to request timely access to a class video recording, all students will be provided with access to the full set of class video recordings shortly before the midterm and final exam periods to allow you to use the videos for studying purposes.

STUDENT PREPARATION:

You should come to class having reviewed the daily class slides and, on days with an assigned article or case study, having read these materials and worked through the case questions. It is also recommended that you read the suggested chapter sections from the textbook either before or immediately after the class, and work through at least some of the suggested practice problems from the textbook.

TEACHING ASSISTANTS:

There are six teaching assistants for the course. Each of these TAs is a second-year MBA student who performed extremely well in the introductory financial accounting course last year. The TAs will hold regular office hours on four out of five days every week (except during breaks or for holidays) based on the schedule posted on the course website. The tentative weekly office hour schedule is as follows (For details and updates see the schedule posted on the course website):

Monday	(SH-DH 103)	4:30 pm – 5:30 pm
Wednesday	(SH-DH 103)	4:30 pm – 5:30 pm
Thursday	(SH-DH 103)	4:30 pm – 5:30 pm

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 ACCT6110 and ACCT6130, so you may encounter students from both courses attending the same office hours.

The TAs for the course are as follows:

Ben Kirshner	bkirsh@wharton.upenn.edu
Heidi Wang	heidiyw@wharton.upenn.edu
Najib Zgheib	nzgheib@wharton.upenn.edu
Peter Otto	potto@wharton.upenn.edu
Shahryar Nayyer	nayyers@wharton.upenn.edu
Yash Punjabi	yash.punjabi.wg24@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 6110 Financial 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!

TENTATIVE CLASS SCHEDULE

	Date	Topic	Textbook Reading	In-Class Case	Practice Problems (Tentative)
1	8/28	▪ Introduction	Chapter 1		M1-24, E1-27, E1-29, P1-38, P1-40
2	8/30	▪ Balance Sheet	Chapters 2 and 3		M2-18, M2-19, M2-21, M2-22
3	9/6	▪ Income Statement--Revenue Recognition and the Matching Principle	Chapters 2 and 3		M2-24, M2-26, P2-66, M3-22, M3-24, M3-28, M3-29
4	9/11	▪ Income Statement--Revenue Recognition and the Matching Principle	Chapters 2 and 3		
5	9/13	▪ Constructing Financial Statements	Chapters 2 and 3	Simpson Corp	E2-35, P2-66, E3-39, P3-58
6	9/18	▪ Statement of Cash Flows	Chapter 4	Simpson Corp	M4-23, M4-26, M4-31, E4-34, E4-38, E4-41, E4-44, P4-51, P4-54
7	9/20	▪ Statement of Cash Flows (cont'd)	Chapter 4	Callaway Golf	
Wednesday, 9/20			Homework 1 is due at 6pm (Covers Session 1 through 5)		
8	9/25	▪ Accounts Receivable	Chapter 6	V.F. Corp	M6-17, M6-18, M6-21, E6-37, E6-40
9	9/27	▪ Inventory and Cost of Goods Sold	Chapter 7		M7-15, M7-19, M7-22, E7-33, E7-34
10	10/2	▪ Catch up and review			
MONDAY, 10/2			Homework 2 is due at 6pm (Covers Sessions 6 through 9)		
TUESDAY 10/3			MIDTERM EXAM (7 pm – 9 pm) Covers Sessions 1 through 10 (inclusive)		

	Date	Topic	Textbook Reading	In-Class Case	Practice Problems
11	10/4	▪ Long-Lived Assets	Chapter 8		M8-11, M8-17, E8-22, E8-33, E8-42, P8-44, P8-47
12	10/9	▪ Long-Lived Assets (cont'd)	Chapter 8		
13	10/23	▪ Long-Lived Assets (Intangible)	Chapter 8	SunOpta, Inc.	E8-36, E8-37
14	10/25	▪ Long-Term Debt	Chapter 9		M9-24, M9-25, M9-28, M9-31, M9-32, M9-33, M9-38, E9-47, E9-48
15	10/30	▪ Long-Term Debt (cont'd)	Chapter 9	Starbucks	
MONDAY, 10/30			Homework 3 is due at 6pm (Covers Sessions 11 through 13)		
16	11/1	▪ Commitments and Contingent Liabilities	Chapters 9 and 10, p. 3-15	Starbucks	M10-14, M10-16, E10-31, P10-49
17	11/6	▪ Shareholders' Equity	Chapter 11		M11-19, M11-21, M11-36, M11-41, E11-48, E11-62
18	11/8	▪ Shareholders' Equity (cont'd)	Chapter 11	PepsiCo	
19	11/13	▪ Passive Investments	Chapter 12	Deere & Co.	M12-11, M12-12, M12-13, M12-17, E12-29, E12-31, E12-34
20	11/15	▪ Intercorporate Investments	Chapter 12		
WEDNESDAY, 11/15			Homework 4 is due at 6pm (Covers Sessions 14 through 18)		
21	11/20	▪ Deferred Taxes	Chapter 10		
22	11/27	▪ Deferred Taxes	Chapter 10		
23	11/29	▪ Environmental, Social, and Governance reporting			
WENESDAY, 11/29			Homework 5 is due at 6pm (Covers Sessions 19 through 21)		
24	12/4	▪ Final Review and Course Wrap-up			
TBD			FINAL EXAM Covers Sessions 11 through 24 (inclusive)		