

FUNDAMENTALS OF FINANCIAL ACCOUNTING
ACCT 6110
FALL 2024
(VERSION 8/23/2024)



INSTRUCTOR

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TENTATIVE OFFICE HOURS:

Monday 1:30 pm – 2:30 pm, or by appointment

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, employees, suppliers, customers, 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/1810502>

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
- **Homework and Quizzes** (for submission on Canvas) and **Cases** (for in-class discussion)
- **Exam Practice Problems and Solutions** (from old exams)
- **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	30%
Attendance and In-class engagement	15%
Post-class quizzes (4 highest scores out of 5)	10%
Homework (5 highest scores out of 6)	15%

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. 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 **Friday, October 11th from 11 am to 1 pm**, and covers the material in lectures #1 through #12, inclusive. The final exam covers the material in lectures #13 through #23, inclusive. The final exam is scheduled by the MBA program office for **Monday, December 9th from 7 pm to 9 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.

- 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 2025 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.

Grading disputes: 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.**

CLASS PARTICIPATION AND CONDUCT:

Class participation grades are based on what you add to the learning experience of the entire class. Being present in class consistently will give you five points, which accounts for 5% of your total grade. Students who consistently make contributions that facilitate discussions, help clarify technical points, or provide new insights will receive 10 points, which accounts for 10% of your total grade. 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 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 that requires you to come in late, please inform your professor ahead of time and sit in an open aisle seat close to the door you entered through.
- You should remain in attendance for the duration of class, except in an emergency. If a unique situation arises that requires you to 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 use Wharton's aPlus+ Attendance 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.

POST-CLASS QUIZZES:

There are five quizzes with due dates indicated in the class schedule. Each quiz consists of 10 multiple-choice questions. These quizzes must be submitted **via Canvas by the due date and time listed below**. They are meant to help you understand and digest important concepts in class.

These quizzes collectively account for 10% of your total grade. Out of the five quizzes, I will pick the four highest scores (i.e., each accounting for 2.5%). You may discuss these quizzes with others, but everyone must submit his or her own solution.

HOMEWORK ASSIGNMENTS:

There are six homework assignments with due dates indicated in the class schedule. Like the quizzes, you may discuss these assignments with others, but everyone must submit his or her own solution.

The homework assignments will be available on Canvas. 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 homework assignments collectively account for 15% of your total grade. The **five highest scores** of the six homework assignments will be counted toward your final grade.

AI POLICIES FOR HOMEWORK AND QUIZZES:

You are **not** allowed to use generative AI (e.g, tools like ChatGPT) for your homework and quizzes 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.

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.

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 TAs for the course are as follows:

Sam Burke	burkesam@wharton.upenn.edu
Kieran Desai	kieranbi@wharton.upenn.edu
Sachin Doshi	doshisac@wharton.upenn.edu
Arman Hassan	akhassan@wharton.upenn.edu
Ashish Kulkarni	ashkulki@wharton.upenn.edu
Connor Mahoney	cmahone@wharton.upenn.edu

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.

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:												
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. Should you have questions, please contact your ethics liaison or professor.												

Every topic we will cover in this course builds on the preceding topics. 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.

TENTATIVE CLASS SCHEDULE

	Date	Topic	Textbook Reading	In-Class Case	Practice Quizzes
1	8/26	▪ Introduction	Chapter 1		
2	8/28	▪ Balance Sheet	Chapters 2 and 3		
3	9/4	▪ Income Statement--Revenue Recognition and the Matching Principle	Chapters 2 and 3		
4	9/9	▪ Income Statement--Revenue Recognition and the Matching Principle	Chapters 2 and 3		
Monday, 9/9			Homework 1 is due at 9:00 pm		
5	9/11	▪ Financial Statements (in-depth)	Chapters 2 and 3		
6	9/16	▪ Statement of Cash Flows	Chapter 4	Simpson Corp	
7	9/18	Statement of Cash Flows (cont'd)	Chapter 4	Tesla	Quiz 1 due at 9pm
8	9/23	▪ Accounts Receivable	Chapter 6	V.F. Corp/SVB	
Monday, 9/23			Homework 2 is due at 9:00 pm (Balance Sheet, Income Statement, and SCF)		
9	9/25	▪ Inventory and Cost of Goods Sold	Chapter 7		Quiz 2 due at 9pm
10	9/30	▪ Long-Lived Assets	Chapter 8		
Monday, 9/30			Homework 3 is due at 9:00 pm (Accounts Receivable and Inventory)		
11	10/2	▪ Long-Lived Assets	Chapter 8	SunOpta, Inc.	Quiz 3 due at 9pm
12	10/7	▪ Catch-up and Review			

Monday, 10/7			Homework 4 is due at 9:00 pm (Long-Lived Assets)		
FRIDAY 10/11			MIDTERM EXAM (11 am - 1 pm) Covers Sessions 1 through 12 (inclusive)		
13	10/21	▪ Long-Term Debt	Chapter 9		
14	10/23	▪ Long-Term Debt (cont'd)	Chapter 9	Starbucks	
15	10/28	▪ Commitments and Contingent Liabilities	Chapters 9 and 10, p. 3-15	Starbucks	
16	10/30	▪ Deferred Taxes	Chapter 10		Quiz 4 due at 9pm
17	11/4	Shareholders' Equity	Chapter 11		
Monday, 11/4			Homework 5 is due at 9:00 pm (Long-term Debt and Taxes)		
18	11/6	▪ Shareholders' Equity (cont'd)	Chapter 11	PepsiCo	
19	11/11	▪ Passive Investments	Chapter 12	Deere & Co.	
20	11/13	▪ Intercorporate Investments	Chapter 12		Quiz 5 due at 9pm
21	11/18	▪ Environmental, Social, and Governance reporting 1			
Monday, 11/18			Homework 6 is due at 9:00 pm (Shareholders' Equity and Intercorporate Investment)		
22	11/20	▪ Environmental, Social, and Governance reporting 2			
23	12/2	▪ Final Review			
MONDAY, 12/9			FINAL EXAM (7pm to 9pm) Covers Sessions 13 through 23 (inclusive)		