

The Wharton School
University of Pennsylvania

ACCT 6130

Fundamentals of Financial and Managerial Accounting

Spring 2025

Instructor

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Office hours

Wednesdays, 2:30-4:00pm and by appointment.

Course objectives: This course provides an introduction to both financial and managerial accounting and emphasizes the analysis and evaluation of accounting information from the perspective of both investors and managers in the processes of planning, decision-making, and control. A large aspect of the course covers the fundamentals of financial accounting. The objective is to provide an overview of financial accounting and external reporting, including basic accounting concepts and principles, as well as the structure of the income statement, balance sheet, and statement of cash flows. The course also introduces elements of managerial accounting and emphasizes the development and use of accounting information for internal decisions. Topics include cost behavior and analysis, product costing, and relevant costs for internal decision making. This course is recommended for students who will be using accounting information for making strategic decisions in manufacturing and service operations, as well as those interested in financial services, general consulting, thinking of starting their own businesses, or simply seeking a broad understanding of corporate disclosure and financial reporting as it relates to shareholders, creditors, managers, and other users of financial information (so frankly, it's recommended for virtually anyone and everyone!).

Required Course Materials

Textbook (TB): M. Hanlon, R. Magee, G. Pfeiffer, Kulp, X. and Drago, A., Financial & Managerial Accounting for Decision Makers, Wharton Custom Text, Fourth Edition, 2024, Cambridge Business Publishers.

Materials on Course Website, “Canvas site” (<https://canvas.upenn.edu/courses/1840515>):

Log in to “Canvas” with your PennKey and password. On this site you will find:

- Lecture slides
- Course Packs (CP)
 - Articles Section – interesting new articles related to each topic to show you how accounting is relevant!
 - Notes Sections – an outline and condensed notes for each topic.
 - Problems Sections – financial statement applications to be discussed in class, additional practice problems, and cases to be prepared outside of class.
- Course Handouts
- Attendance Check in Link through aPlus+
- Class Recording Requests through Class Recording Permissions
- Announcements
- Discussion Board
- Quizzes, including Homeworks
- Solutions
- Old Exams
- Recordings
- Zoom links, as needed
- Grades

Grading

Your course grade will be determined as follows:

Class engagement	10 pts.
Quizzes (5 total)	10 pts.
Homework assignments (5 total)	20 pts.
Midterm exam	30 pts.
Final exam	30 pts.
Total	<u>100 pts.</u>

Quizzes: There will be 6 online quizzes during the term, of which I will count your top 5 scores. These are simple and are designed to ensure that you are keeping up with the material. They will be available before the class in which the material is taught and due the evening after the material is taught – to encourage you to be prepared for class and pay attention in class! These are individual assignments. You will find these assignments in Canvas under “Quizzes.”

Homework Assignments: There will be 6 online homework assignments during the term, of which I will count your top 5 scores. These are more complex and will be similar to exam questions (as well as Problem Coursepack questions!). They will be due after the material is covered in class. These are individual assignments. You will find these assignments in Canvas under “Quizzes.”

Class Engagement:

There are several ways you can engage in class.

- a. *Contribute to class discussion:* Students who consistently make contributions that facilitate discussion, help to clarify technical points, or provide new insights will receive the maximum class participation grade. **You cannot contribute if you are not there, so attendance matters.** Further, contributions that are obvious, peripheral, or beyond the scope of the class will result in no points.

Please note that there are no penalties for “wrong” answers; it is the attempt to thoughtfully reason through or identify a problem that is valued and adds to the learning experience for everyone. Reward is **not given for quantity** of comments. In fact, students who monopolize the conversation may have points deducted. With more than 70 students in each class, everyone cannot comment substantively each class meeting, but you should be a contributor in at least one of the cases as well as some of the other problems and articles we discuss in class.

- b. *Participate in polls during and prior to class.* Staying engaged in class is helpful for your learning and the learning of others. This is a great way to shore up the class discussion component.
- c. *Post relevant articles* on the Canvas Discussion Board that help students (and me!) understand the real-world implications of topics discussed in class. These should be from credible sources, not repetitive of classmates’ posts or class discussion, and generally not considered “spam” or inappropriate by any of us.
- d. *Answer questions on the discussion board.* If you know the answer to one of your classmates’ questions and I or the TAs have not responded yet, helping them out is a great way to add to the learning of the entire class.

Cases: Cases are designed to reinforce your understanding of material covered in class (i.e., as review) and to give you an appreciation of the complexities involved in actual financial statements and financial and managerial reporting issues that is necessary if you want to be a “sophisticated” user of financial information.

There are **five** cases that we will discuss in class. You should read the cases and work through the case questions prior to class. You may discuss the case in groups. During case discussions I will use polls and warm calling to assess if you understand the material and motivate an interesting discussion. Your contribution to the discussion of cases will determine part of your class engagement grade.

AI Policy:

You may not use generative AI or the work of others (plagiarism) when completing quizzes or preparing homework assignments or cases. This will be considered a violation of the Wharton Code of Ethics and will be reported to the MBA Ethics Committee.

Perhaps more importantly, you will not learn optimally if you engage in this behavior. Working through issues on your own, or in group discussions, will solidify your understanding and allow you to take the knowledge with you.

Class Protocol: The classroom is intended to be a place where the student’s opportunity to learn is maximized. My hope is to create an environment where students feel free to share their views, where students are comfortable expressing confusion or disagreement, and where participants respect the opinions and time of all others in the room. As a starting point to achieve this, I require all of us to abide by the following set of norms at Wharton:

From the Wharton Learning Agreement:

- Arrive on time and ready to begin. I had a teacher a while ago who had a sign hanging in the classroom that said, “**Early is on time and on time is late.**” That’s a good motto to live by.
- Please do not go in and out of the classroom. Leaving is disturbing to everyone around you.
- Display your name plate.
- Turn off and put away your phone. If you must keep a phone on by reason of a personal emergency, you should inform me before class begins.
- Do not use your laptop or tablet for anything other than class while in class. I know it’s tempting, but it’s also distracting to those around you. And it’s kind of rude.

Attendance:

This course will be using aPlus+ in Canvas for attendance. This application is new this year. You can find it in the left navigation list in Canvas. You will use this app to:

- Check into class for attendance.
- Submit an excused absence request for days that you miss class.

Requesting recordings:

This course will use the Class Recordings Permission link in Canvas for you to request access to view a video recording of class. The request for recordings is now separate from the request for an excused absence (new this year!). **Please note that I will release all class videos about a week before the midterm and final so that you can use them for studying.**

Midterm and Final Exams

The midterm and final exams are closed book, but students may bring one 8½ x 11 sheet of paper with notes written on it. In addition, each exam will be based in part on an excerpt of a financial statement and students should print out a copy of that excerpt and have it, with their notes on it, available during the exam.

The midterm exam is scheduled for **Wednesday, March 5 from 7pm – 9pm**. The final exam is not cumulative; however, the material is, in some sense, cumulative. The final exam is scheduled for **Wednesday, April 30 from 9am – 11am**. You must take the exams at the scheduled times and places (see the schedule at the end of this syllabus). Make-up examinations will not be provided except in extraordinary circumstances. If you cannot take an exam at the scheduled time and place, you must **notify me and the MBA Program Office prior to the exam** (or as soon as possible in the case of unexpected medical emergencies). The MBA Program Office is the primary decision maker of what constitutes an authorized absence. **An unauthorized absence from an exam will result in a grade of zero for that exam.**

Grading disputes: You may disagree with the point allocation on exams. All grading disputes must be appealed in writing within one week following the return of the exam (unless otherwise noted). A request for a re-grade will not be considered if it is submitted more than one week after the return of the exam (or after the specified deadline). To have an exam re-graded, you must submit your original exam with a written description of your disagreement with the initial grade which describes why you think your answer is correct. Requests such as “please regrade my exam” or “please regrade Question 5” without a description of why will not be honored. I reserve the right to review the entire exam.

Teaching assistants

There are three teaching assistants for the course, all of whom are 2nd year MBA students who performed extremely well in introductory accounting last year. They will help me answer your questions via the discussion board on the Canvas site, hold office hours, and assist with most of the grading. **A weekly office hour schedule will be posted on Canvas.**

During office hours at least one TA will be present and will assist with questions about concepts or problems/cases.

The TAs for the course are as follows:

Kieran Desai	kieranbi@wharton.upenn.edu
Sachin Doshi	doshisac@wharton.upenn.edu
Arman Hassan	akhassan@wharton.upenn.edu

Pro Tips for Preparing for Class:

Like anything, you get better at accounting with practice! Here is my suggestion for the best way to prepare for class:

- **Prior to class, read the material assigned for the day.** This will include portions of the required textbook or Notes Coursepack. The text material presents the basic mechanics that must be mastered before one can become an effective user of financial statements. The course pack includes notes on each topic. Students who don't feel the need to work through the examples in the textbook chapter may find the notes to be "quicker." However, students with weaker backgrounds or who are struggling with a topic are advised to work through the material in the textbook. The Notes should be a useful summary of the material for later use (exams and life after Wharton).
- **Prior to class, do some assigned text problems.** This will allow you to know if you understand what you read and to ask helpful questions in class. You are not expected to work through each of the textbook and course pack practice problems before class. Extra problems are there for practice and to help you check (or double check) your mastery of the material after class. Solutions to textbook problems are posted on Canvas.
- **After class, work through the course pack practice problems.** These often require more involved analysis than the textbook problems. These materials also include examples extracted directly from published financial statements to allow students to familiarize themselves with using real statements rather than simplified 'textbook' examples. In many instances, these problems are from prior exams. We will often spend some portion of the class time discussing these problems. The course pack practice problems also provide a great way to review for the exams. The solutions to these practice problems are included in the course pack.
- **Prior to class, read any case that is assigned for discussion.** These are usually more in-depth, have greater nuance, and will represent the culmination of a topic.
- **To prepare for an exam or homework assignment, work through additional course pack problems and old exams.** Remember, accounting is a subject you can only truly learn by **working problems**. The material in the course is cumulative and it takes some time to soak in. You cannot wait until the night before the exams and expect to successfully cram and memorize. This will not help you on the exams, and it certainly will not help you retain anything after the course is over.

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				
	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			A	W	W	W		
Homework Problem Sets	A	A	A	A			A	D	D	D		
In-Class Quizzes/Polls	A	A	A	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				
<u>Other comments:</u>												
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.												

Class Schedule

Key

- TB refers to the Hanlon, et al. textbook.
- CP refers to readings or problems in the Notes or Problems Course Pack.

1	Tue	01/21	Introduction	Readings: TB: Chapter 1 CP: Introduction Notes Problems: TB: M1-24, E1-29, E1-30, P1-38 CP: None
2	Thu	01/23	Balance Sheet and Accounting Mechanics	Readings: TB: Chapter 2, pages 1 – 12 CP: Accounting Process - Balance Sheet Notes Problems: TB: M2-17, M2-26, E2-34, E2-46 CP: Eli Lilly, Travelers Insurance, Harker Co.
3	Tue	01/28	Income Statement and More Accounting Mechanics	Readings: TB: Chapter 2, pages 12 – 30. Chapter 3 CP: Accounting Process - Income Statement Notes Problems: TB: M2-18, M2-19, M2-28, E2-35, P2-57, P2-58, P2-66, M3-23, M3-24, M3-27, M3-28, E3-39, E3-40, E3-49, P3-56 CP: ABC Merchandise
Tue 01/28 Quiz #1 due at 11:59pm			Topic: Revenue and Expenses	
4	Thu	01/30	Revenue Recognition	Readings TB: Chapter 6, pages 1 – 14 CP: Revenue Recognition Notes Problems: TB: M6-14, M6-16, M6-26, E6-34, E6-37, E6-48, E6-50 CP: Salesforce.com
Mon 02/03 Homework #1 due at 11:59pm			Topic: Dual Entry Accounting	
5	Tue	02/04	Statement of Cash Flows	Readings: TB: Chapter 4 CP: Statement of Cash Flow Notes Problems: TB: M4-24, M4-26, M4-31, E4-35, CP: Simple Inc., Gains and Losses, ABC Merchandise

6	Thu	02/06	Statement of Cash Flows, continued
		Readings:	TB: Chapter 4 CP: Statement of Cash Flow Notes
		Problems:	TB: E4-40, E4-42, E4-44, P4-51, P4-54 CP: Jana Juice, Psilos

7	Tue	02/11	SCF Wrap Up and Financial Statement Analysis
		Readings:	TB: Chapter 5 CP: Financial Statement Analysis Notes
		Problems:	TB: M5-15, M5-16, M5-17, E5-31 CP: Hershey's, Kohl's & Dillard's

Thu 02/13 Quiz #2 due at 11:59pm Topic: Accounts Receivable
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8	Thu	02/13	Accounting Foundations Wrap Up & Begin Accounts Receivable
		Readings	TB: Chapter 6, pages 14 – 28 CP: Accounts Receivable Notes
		Problems:	TB: M6-18, M6-19, M6-21, M6-22, E6-39, E6-41, E6-45 CP: DHC, Inc., Larcker Liquor,
		Case:	Chemalite, Inc.

Mon 02/17 Homework #2 due at 11:59pm Topic Primary Financial Statements
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9	Tue	02/18	Finish A/R & Begin Inventory
		Readings:	TB: Chapter 7, Appendix 7A CP: Inventory Notes
		Problems:	TB: M7-15, M7-16, M7-23, E7-33, E7-34 CP: Columbia Sportswear, Best Furniture, ICF

10	Thu	02/20	Finish Inventory & Begin Tangible Long-lived Assets
		Readings:	TB: Chapter 8, pages 1 – 17 CP: Long-Lived Assets Notes
		Problems:	TB: M8-11, M8-15, E8-29, P8-44 CP: American Greetings

Mon 02/24 Homework #3 due at 11:59pm Topic: A/R & Inventory
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11	Tue	02/25	Long-lived Assets: Finish PP&E, Begin Intangible Assets
		Readings:	TB: Chapter 8, pages 17 – 24 CP: Long-Lived Assets
		Problems:	TB: E8-36, E8-37, C8-51 CP: DISH Network

12 Thu 02/27 **Finish Intangible Assets**

Problems: TB: E8-36, E8-37, C8-51
CP: Pfizer

Case: Intangible Asset Valuation at Liberty Media

Mon	03/03	Homework #4 due at 11:59p	Long-term Assets
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Mon	03/03	Review Session (Remote via Zoom, 3:30pm – 5:00pm)
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Wed	03/05	Midterm Exam, 7p – 9p (Sessions 1-12, through Long-term Assets)
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Tue	03/18	Quiz #3 due at 11:59pm	Topic: Long-term Debt
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13 Tue 03/18 **Long-term Debt: Present Value, Notes, and Mortgages**

Readings: TB: Chapter 9
CP: Long-term Liabilities Notes

Problems: TB: M9-26, M9-36, M9-39, M9-42, E9-45
CP: Munson Grocery

14 Thu 03/20 **Long-term Debt: Bonds**

Readings: TB:
CP: Long-term Liabilities Notes

Problems: TB: M9-29, E9-44, E9-45, E9-58, P9-67, M10-15,
M10-16, P10-47
CP: LTD, Inc.

Tue	03/25	Quiz #4 due at 11:59pm	Topic: Income Taxes
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15 Tue 03/25 **Long-term Debt: Contingent Liabilities/Accounting for Taxes (Begin)**

Readings: TB: Chapter 10 (“Contingencies”), pages 36 – 39
CP: Long-term Liabilities Notes

Problems: TB: M9-29, E9-44, E9-45, E9-58, P9-67, M10-15,
M10-16, P10-47
CP: B&G Foods

16 Thu 03/27 **Accounting for Taxes**

Readings: TB: Ch. 10 (“Income Taxes”), pages 25 - 36
CP: Income Taxes Notes

Problems: TB: M10-30, E10-43, E10-44, P10-52, P10-53
CP: ABC Merchandise revisited, Kohl’s

Mon 03/31 Homework #5 due at 11:59pm Topic: LT Debt & Taxes
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17	Tue	04/01	Stockholders' Equity	Readings:	TB: Chapter 11, Appendix 11A CP: Stockholders' Equity Notes
			Problems:	TB: M11-20, M11-21, M11-22, M11-26, M11-35, M11-40, M11-41, E11-62 CP: Roku	

18	Thu	04/03	Managerial Accounting & Cost Concepts	Readings:	TB: Ch. 13, 14 (pages 1 – 12 and 21-23) and 15 CP: Managerial Accounting and Cost Concepts Notes
			Problems:	TB: M13-15, E13-24, M14-11, M14-14, E14-28 M15-14, M15-19, E15-33, P15-39 CP: Lobster Fishing in Maine	

19	Tue	04/08	Cost Concepts continued	Problems:	TB: M16-12, M16-15, M16-20, E16-28, E16-33 CP: Forest Gump
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Thu 04/10 Quiz #5 due at 11:59pm Topic: Costing
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20	Thu	04/10	Product Costing/Activity-based Costing	Readings:	TB: Chapter 17, pages 1 – 22 CP: Activity Based Costing
			Problems:	TB: M17-14, M17-16, E17-26, E17-30, E17-31, P17-45 CP: Best Furniture revisited	

Mon 04/14 Homework #6 due at 11:59pm Topic: Stockholder Equity & Cost Concepts

21	Tue	04/15	Activity-based Costing/Customer Profitability	Readings:	TB: Chapter 18, CP: Activity-based Costing Notes
			Problems:	TB: M18-10, M18-16, E18-21, E18-25, E18-29, E18, 30	
			Case:	Wilkerson Manufacturing, Johnson Beverage	

Thu 04/22 Quiz #6 due at 11:59pm Topic: Transfer Pricing

22 Thu 04/17 **Performance Reporting**
Readings: TB: Ch. 22, p. 1 – 19
CP: Performance Reporting Notes

Problems: TB: M22-18, M22-20, M22-22, E22-31, P22-42
CP: TBD

23 Tue 04/22 **Transfer Pricing**
Readings: TB: Ch. 23, pages 8 – 14
CP: Transfer Pricing Notes

Problems: TB: M23-17, M23-18, M23-19, E23-25, E23-27,
P23-40
CP: Penn’s Pens

Case: Caribbean Brewers (if time, else finish on Tuesday, 04/24)

24 Tue 04/24 **Finish Transfer Pricing/Course Wrap up/Final Exam Review**

Sun 04/27 Review Session (Remote via Zoom, 5 – 6:30pm)

Wed 04/30 Final Exam, 9a– 11a (Sessions 13-24, Long-term Debt through Transfer Pricing)
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