Accounting 202
Intermediate Financial Accounting

University of Pennsylvania
The Wharton School
Spring, 2008

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Course Objective

This course builds on the knowledge you obtained in your introductory financial accounting course. The course is typically (but not necessarily) taken after completing Accounting 201. That course discusses in detail the income statement, the balance sheet, the statement of cash flows, and the asset-side of the balance sheet. The objective of Accounting 202 is to provide a better understanding of the liability and equity side of the balance sheet. Case studies and illustrative examples from the financial press will be used to increase your familiarity with actual firms' financial statements and to emphasize the effect of financial accounting rules on the numbers presented in the financial statements. Thus, after completing both Accounting 201 and Accounting 202, you will have obtained many of the tools necessary to both prepare and analyze accounting statements and financial information provided by corporations. You will acquire an understanding of both the "how" of accounting procedures and the underlying reasons "why" these practices are adopted. These skills are essential for pursuing a broad range of professions in accounting and finance.

Course Materials

Textbook:

Intermediate Accounting by Donald E. Kieso, Jerry J. Weygandt, and Terry D. Warfield (KWW), John Wiley & Sons Inc., 2008, twelfth edition – 2007 FASB update. The textbook is required and is available at the bookstore. Solutions to Kieso, Weygandt, and Warfield problems are available on the course website (password protected).

Class Notes, Homework Assignments, and Additional Reading Material:

Class notes and homework assignments will generally be available 2-3 days before class on the course website. They should be downloaded and a hardcopy should be brought to class. The solutions manual will also be made available on the web page after we covered the material in class.

Course Website:

http://webcafe.wharton.upenn.edu (all course materials), or
http://accounting.wharton.upenn.edu/Spring2008/Acct202/ (syllabus only)

Office Hours:

Wednesday, 2:00 – 4:00 p.m. or by appointment. I strongly encourage you to make full use of my office hours. However, please understand that office hours are intended to help you with any questions you have after you have attended the lectures, reviewed the materials, and attempted at the homework assignments. Office hours are not intended as make-up lectures for those who fail to attend the lectures, nor as a comprehensive review of lectures already given.

Class Organization

Preparation for Class and Professionalism:

Class sessions will follow a lecture/discussion format with student participation strongly encouraged. The lectures are designed to clarify and explain issues from the text, discuss the rationale underlying the techniques, and to compare and contrast accounting alternatives. You should complete the assigned reading and problems before class. We generally do not use class time to go over assigned problems. Use the solution for self-correction only. Professionalism consists of class participation, timeliness, cooperation, respect for colleagues and the instructor, effectiveness in working with colleagues, etc. I strongly believe that learning is an active process and I expect you to treat this class as you would any significantly work-related responsibility. In general, I will strongly emphasize fairness to all students taking the course. Please do not ask me to make exceptions to these rules that would be unfair to other students in the course.

Grading

Your course grade will be determined as follows:

Quizzes (3)	15%
Homework (3)	15%
Midterm Exam	35%
Final Exam	35%
	100%

Quizzes:

You will have four quizzes throughout the semester. Quizzes are typically given at the beginning of the class, before we start a new topic. I will drop your one lowest score on the quizzes in computing your final quiz score. Your final quiz score is the sum of your highest three quiz scores and constitutes 15% of your final grade. If you miss a quiz you shall receive a score of zero on that quiz. No make up quizzes will be given.

Homework:

Your homework grade is the sum of your scores on the three required homework assignments and constitutes 15% of your final grade. The homework assignments are due at the beginning of class on the date noted on the syllabus. Please bring a copy of your solution to class. Your homework should be typed, double-spaced with 1" margins, and brief.

For most of the assignments, your write-up should not exceed more than about 2 or 3 pages. For the homework assignments, you may work in groups of no more than three students. Groups are not permitted to share information with other groups prior to the due date of the assignments. Please note the following: Relying on the work of your groupmates is not advisable as a learning technique. Relying on the work of other groups is not only unadvisable, but also unethical.

Exams:

The midterm examination accounts for 35% of your final grade, and the final examination accounts for 35% of your final grade. The exams are not cumulative (except for income taxes, which will be covered in both exams). The exams are closed-book, but you will be allowed to bring one 8.5 x 11 inch, handwritten "cheat sheet" (one page, single-sided) to the midterm and final exams. You must get my authorization to be excused from an exam prior to the exam (or as soon after the exam as possible in the case of an unexpected medical emergency). An unauthorized absence from an exam will result in a grade of zero for the exam. The University schedules the make-up exam for each of the two exams. It will most likely occur before classes begin next fall semester.

Grading Disputes:

To request a re-grade on an assignment, quiz or exam, please submit the original assignment or exam (without modification) and a description of your disagreement with the grading. All grading disputes must be appealed within one calendar week following the return of the assignment or exam. I reserve the right to review the entire assignment or exam.

Course Outline

(subject to change if we fall behind or get ahead of schedule)

No	Date	Topic	Reading (before class) / Special remarks	Problems (after class)
1	W 1/16	Introduction/Overview	Article 00-1	
	M 1/21	Martin Luther King Day		
2	W 1/23	Current Liabilities and Contingencies	Ch. 13, Articles 13-1 to 13-4	E13-2/3, E13-5, E13-16
3	M 1/28	Current Liabilities and Contingencies	Ch. 13 & App. 13A, Articles 13-5/6	E13-13/14, P13-6, P13-8, P13-11
4	W 1/30	Long-term Liabilities	Ch. 14, Articles 14-1 to 14-3	E14-1, E14-5, E14-9, P14-1, P14-5
5	M 2/4	Long-term Liabilities	Ch. 14 & App. 14A, Articles 14-4/5	P14-6, E14-21 through 24, P14-14

No	Date	Topic	Reading (before class) / Special remarks	Problems (after class)
6	W 2/6	Stockholders' Equity: Contributed Capital	Ch 15, Articles 15-1 to 15-3	E15-2, E15-6/7, CA15-3
7	M 2/11	Stockholders' Equity: Contributed Capital	Ch 15, Articles 15-4/5, Article 15-6 (HW1), **QUIZ** on current & long-term liabilities, contributed capital	E15-8/9, P15-5/6
8	W 2/13	Stockholders' Equity: Retained Earnings and Dividend Policy	Ch 15 & App. 15A, Articles 15-7 to 15-9	E15-14, E15-18, P15-8, P15-11, CA15-6
9	M 2/18	Dilutive Securities: Convertible Bonds & Warrants	Ch 16, Articles 16-1/2, **Due: HW1**	E16-2, E16-6, E16-8
10	W 2/20	Dilutive Securities: Stock Compensation	Ch 16 & App. 16A, Article 16-3, Article 16-4 (HW2), Articles 16-5 to 16-7	E16-11/12, P16-3
11	M 2/25	Dilutive Securities: Earnings per Share	Ch 16 & App. 16B, Articles 16-8/9	E16-13, E16-20, E16-24, P16-7, CA16-5
12	W 2/27	Income Taxes	Ch 19, Article 19-1, **Due: HW2**	E19-1, E19-4, E19-6, E19-17
13	M 3/3	Income Taxes	Ch 19 & App. 19A, Article 19-2, **QUIZ** on retained earnings and dividend policy, dilutive securities & income taxes	E19-9, E19-14/15, E19-24, P19-6
14	W 3/5	Catch-up and Review for Midterm Exam	All chapters covered so far	
15	Th 3/6	Midterm Exam	6:00 – 8:00 pm	
	M 3/10 W 3/12	Spring break		
	M 3/17	No class		

No	Date	Topic	Reading (before class) / Special remarks	Problems (after class)
16	W 3/19	Pensions	Ch 20, Articles 20-1/2	E20-2/3
17	M 3/24	Pensions	Ch 20, Articles 20-3/4	E20-8, E20-10 through 12
18	W 3/26	Pensions and Postretirement Benefits	Ch 20 & App. 20A, Articles 20-5 to 20-7	E20-13, P20-1, P20-8
19	M 3/31	Leases	Ch 21, Articles 21-1 to 21-3	E21-2/3, E21-8, P21-9
20	W 4/2	Leases	Ch 21 & App. 21A/B, Articles 21-4 (HW3) and 21-5	E21-4, E21-6, P21-3, P21-10/11
21	M 4/7	Derivative Instruments	App. 17A, Articles 17-1/2, **QUIZ** on Pensions & Leases	E17-19, E17-23/24, P17-13
22	W 4/9	Derivative Instruments	App. 17A, Articles 17-3/4	E17-21, P17-16/17
23	M 4/14	Statement of Cash Flows	Ch 23, Articles 23-1/2, **Due: HW3**	E23-1/2, E23-8/9, P23-1, CA23-1
24	W 4/16	Full Disclosure & Basic Financial Statement Analysis	Ch 24, Articles 24-1 to 24-3	CA24-3/4, CA24-7, CA24-10
25	M 4/21	Financial Statement Analysis & Earnings Management Issues	App. 24A/B, Articles 24-4 to 24-7, **QUIZ** on Derivatives, Ch 23 & 24	E24-4/5, P24-3, CA24-13
	W 4/23	No class		
26	M 4/28	Review for Final Exam	All chapters covered since the midterm (incl. income taxes)	
27	Fr 5/9	Final examination	3:00 – 5:00 pm	