

University of Pennsylvania
The Wharton School
Department of Accounting
Introduction to Financial Accounting — ACCT 101
Summer 2008

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Scheduled Class: Mon, Tue, Wed, Thur 1 – 2:35PM JMHH 255

Office Hour: Tuesday 2:35 – 3:35PM JMHH 255

Course Objectives: The objective of the course is for the student to learn to read, understand, and analyze financial statements. The course is intended for students with no previous exposure to financial accounting. The course adopts a decision-maker perspective of accounting by emphasizing the relation between accounting data and the underlying economic events that generated them. The course focuses initially on how to record economic events in the accounting records (i.e., bookkeeping and accrual accounting) and how to prepare and interpret the primary financial statements that summarize a firm's economic transactions (i.e., the balance sheet, the income statement, and the statement of cash flows). The course then examines in depth the major asset, long-term liability, and shareholders' equity accounts.

Textbook (LLS): *Financial Accounting* by Libby, Libby and Short (Irwin/McGraw-Hill, 2007, 5th edition). The textbook and solution manual (which will have supplemental material for leases) are both required and available at the bookstore. You should bring the textbook to every class. Copies are also on reserve at Lippincott-VanPelt Library.

The study guide that accompanies the textbook is recommended, but not required, and is available at the bookstore.

Supplementary Material (SM): For certain topics the class schedule refers to supplementary material. This material can be found on webCafé. You should bring the relevant supplemental material, which are indicated in your assignment sheet, to the respective class session.

Course Handouts: Supplemental class notes, cases, homework assignments, and solutions to the cases and problems will be available from webCafé.

Class Website: To access the webCafé system, go to <http://webcafe.wharton.upenn.edu> and choose ACCT, summer 2008, Accounting 101.

To download material at other than a Wharton computing site, you may have to click on the Adobe Acrobat link to download that program first. Solutions to online homework will also be accessible on webCafé after respective due dates.

Role of Textbook, Lectures, Class Notes and PowerPoint Slides: The textbook covers the basic material in the course, including transaction analysis, financial disclosure and interpretation. Some of the textbook material is sufficiently straight-forward that we will expect you to learn it solely from reading the textbook. The lectures will cover only the more important and difficult

material in the textbook as well as some additional material not covered in the textbook. The class notes briefly summarize the material in the lectures. In general, the class notes will not repeat material in the textbook. The lectures will be based on the assumption that you have read the material in the textbook and the class notes, *prior to class*. It is essential that you come to class having read the assigned material and worked the assigned problems.

Classroom Environment: I expect that students will be prepared for class. I suggest the following routine:

- Before class, read the assigned pages of the textbook. Try the assigned problems to test your understanding of the material. You are advised not to read the solutions until after you have made a genuine attempt to solve the problems. You are also advised not to simply memorize the solutions. Exam questions related to the same basic material might require alternative solution techniques.
- Read the assigned material (both textbook and supplemental material). The lecture notes and supplemental material often contain problems or examples which will be discussed in class and summarize the material in a way different from that provided in the textbook. Included in the supplemental material are disclosure examples with questions. Try to answer the questions prior to coming to class.
- Some of the suggested problems will be discussed in class during the indicated class session (time permitting). Therefore, you should be familiar with these problems prior to coming to class.
- After class, complete the suggested problems which you were unable to complete prior to class, and identify gaps in your understanding. If necessary, you should attempt additional questions and problems. I encourage you to work in groups. However, homework must be submitted individually. Further, the exams are an individual effort so only study in a group if this improves your *individual* understanding of the material.

I also expect that you will treat this course as a professional engagement.

- Be on time and remain throughout the class meeting.
- Cell phones off during class time AND office hour visits.
- Display courteous behavior to your classmates.
- Follow the Code of Academic Integrity. On behalf of the majority of the students who make an honest effort in this class, I will take action against anyone suspected of breaching this Code.

Exams: There are mid-term and final exams for this course.

Mid-term Exam	Monday, June 16, 2008	In Class
Final Exam	Thursday, July 03, 2008	In Class

Prior exams and their solutions will be posted on webCafé for your reference. **The final exam covers all the materials covered in the summer course.** Exam questions will test your understanding of these topics. **Exam questions will not be identical to questions from either prior exams or the textbook.** The graded final exam will be available from the accounting department after 2 weeks from the end of the semester. The solution to exams, including the score distribution on those exams, will be available from webCafé. Your exam grade will also be posted on webCafé and will be accessible through the “My Grades” link.

Homework: There will be five weekly homework assignments which will be posted on webCafé approx 6 days prior to the following due dates.

	<u>Given:</u>	<u>Due:</u>
HW1	Tuesday, May 27	midnight Thursday, May 29, 2008
HW2	Saturday, May 31	midnight Thursday, June 05, 2008
HW3	Saturday, June 07	midnight Thursday, June 12, 2008
HW4	Saturday, June 14	midnight Thursday, June 19, 2008
HW5	Saturday, June 21	midnight Thursday, June 26, 2008

Homework assignments can be completed as part of a group but all homework must be submitted individually. Consider the homework assignments as mini-take-home-quizzes. I do not answer questions on homework problems before submission deadlines except clarifying questions on typos etc.

There are no make-up arrangements for homework assignments. No excuses will be accepted for missing the deadlines. If you fail to submit one, you'll receive zero on the assignment. At the end of the semester, the lowest grade of your homework assignments will be replaced by the second lowest grade of yours. That is, if you do not submit just ONE homework assignment, you'll receive the second worst score on it instead of zero. If you fail to submit more than one, however, the second lowest grade is also zero so the replacement has no effect on your grade. The scores of each assignment are not standardized even if a particular assignment turns out to be more difficult than others, so it's always safest to submit all homework assignments.

The submission process is done **electronically** and **must be by midnight** (Thursday evening). Because these homework assignments will be graded electronically, it is important that you submit the answers in the form indicated by the question. In particular, make sure that you submit the answers in the denomination requested (e.g., thousands of dollars or millions of dollars, etc.) and in the precision requested (e.g., rounded to the nearest third decimal, etc.). Most of the questions will be multiple choices. **I strongly suggest that you submit your homework answers well in advance of the deadline. Close to the deadline the number of students trying to access the system may become so great that the system will freeze up, preventing the inputting of answers. If you are unable to submit your homework on time and electronically, please do not hand in a hard-copy. It will not be accepted and the grade would be zero.** The scores from your homework will be available electronically. Directions for submitting homework will be distributed via webCafé and explained in class in the near future.

Grading: The course grades will be assigned using the following weights:

Homework	30%
Mid-term exam	30%
Final exam	40%

Each homework problem will be assigned the same weight for grading purposes. Students taking the class pass/fail must achieve a grade of "D" or higher to get a "Pass". **Please note that the above weighting scheme will be followed. There is no possibility of earning extra credit or of changing the above weights.**

Any questions about grades, grading curves, etc. should be addressed to me. If you believe your exam is incorrectly graded, submit the entire original copy of the complete examination to me (not your teaching assistant) within **one week** of the return of the exam. Include a memo which legibly and fully explains your contention. Exam re-grade requests must also be accompanied by a signed re-grade request form which is available on webCafé. Exams which have been altered in any way will not be re-graded, the exam score will be changed to a zero and the appropriate judicial panel will be notified. Only exams written in pen will be accepted for a re-grade.

Exam Conflicts: Since all exams are in class during the regularly scheduled class time, there should be no exam conflicts.

You can make arrangements **ONLY** in the following two cases:

- (1) If you need additional time on an exam because of a university-recognized disability, the Instructor needs to be informed **directly by the Office of Student Disability Services, at least two weeks prior to the first exam**. I will make whatever accommodations are recommended by them.
- (2) If you have other extraordinary reasons which prevent you from taking an exam, contact **me** as soon as you know about the conflict **but at least 24 hours prior to the exam**. If your conflict arises within 24 hours of a scheduled exam, contact me as soon as you learn of the conflict. **But I must be informed prior to the exam.**

Students who miss an exam without making arrangements with me according to the above guidelines are subject to the following:

Failure to show up for the:

Mid-term exam

Final exam

Results in:

Exam grade of zero

Course grade of Fail

Only the instructor can grant permission to be excused from exams. To obtain permission to be excused from a scheduled exam, students will be asked to provide documented evidence of the conflict. A note documenting a visit to health services is **not** necessarily a sufficient excuse for missing an exam. Minor illnesses, including upper respiratory infections (i.e., colds), or fatigue, are examples of **UNACCEPTABLE** reasons for missing an exam. Students with serious illnesses are encouraged to consult the Dean's office; it, in turn, will provide documentation of the illness to all of the student's professors. **Also, illness during the time that a student had intended to study for an exam is not an excuse for missing a scheduled exam.**

Any request to reschedule the final exam to accommodate a student's travel plans will be denied. Do not make travel plans for the summer break before finding out when your final exam is. If you miss the final exam without receiving instructor permission, you will not be allowed to take the make-up exam and you will receive a failing grade.

If a student misses the mid-term exam with a valid excuse and permission:

There are no make-up exams for the mid-term exam. The portion of his/her course grade will be shifted to the final exam. That is, if a student misses the mid-term exam with a valid excuse AND the instructor's permission, the weight on his/her final exam will be 70%.

If a student misses the final exam with a valid excuse and permission:

He/she will be **required** to take a make-up exam. Make-up exams will be given only on the make-up exam date for exams, which is scheduled by the university. A student will receive a grade of "incomplete" for the semester. After the student takes the make-up exam on the university-scheduled date, I will change the incomplete to the earned course grade. If a student fails to show up for the make-up exam, he/she will receive a failing grade for the course.

Any questions regarding course policy should be addressed to me.

**ACCOUNTING 101, COURSE OUTLINE
SUMMER 2008**

SESSION	DATE	TOPICS	READINGS	SUGGESTED PROBLEMS
WEEK 1				
SESSION 1	5/27/2008	Introduction Overview of Financial Statements	Chapter 1 Supplement A&B of Chapter 1 Chapter 5: pp 231-245, 249-252	E1-1, E1-3, E1-4, E1-5, E1-9, CP1-1
SESSION 2	5/28/2008	Balance Sheet - Concepts	Chapter 2	M2-5, M2-7, E2-2, E2-4, E2-5
SESSION 3	5/29/2008	Balance Sheet - Concepts & Accounting Process HW1 due midnight	Chapter 2	M2-8, M2-9, E2-6, E2-8, E2-13, E2-16, E2-17, E2-18, P2-3, P2-4, AP2-3, AP2-4
WEEK 2				
SESSION 4	6/2/2008	Income Statement - Concepts	Chapter 3 Chapter 5: pp 245-247	M3-2, M3-3, E3-3, E3-5, P3-1, P3-3
SESSION 5	6/3/2008	Income Statement - Concepts & Accounting Process	Chapter 3	M3-5, M3-6, E3-5, E3-8, E3-13, E3-14, E3-18, E3-19, P3-7, ABC Merchandise Co. I (SM)
SESSION 6	6/4/2008	The Accounting Cycle	Chapter 4	M4-2, E4-2, E4-4, E4-6, E4-8, E4-12, E4-13, E4-14, P4-9, CP4-5
SESSION 7	6/5/2008	Timing of Revenue Recognition HW2 due midnight	Chapter 6 (skim), Supplement B of Chapter 6	M6-1, P6-1, CP6-5
WEEK 3				
SESSION 8	6/9/2008	Statement of Cash Flows	Chapter 13	ABC Merchandise Co. II (SM)
SESSION 9	6/10/2008	Statement of Cash Flows	Chapter 13	M13-1, E13-1, E13-3, E13-4, E13-5, E13-8, E13-9, 3-10, E13-11, E13-19, P13-4
SESSION 10	6/11/2008	Cash and Receivables	Chapter 6	E6-3, E6-9, E6-15, E6-16, E6-18, P6-2, P6-5
SESSION 11	6/12/2008	Cash and Receivables HW3 due midnight	Chapter 6 Timberland	E6-17, E6-21, P6-4, AP6-3

SESSION	DATE	TOPICS	READINGS	SUGGESTED PROBLEMS
WEEK 4				
SESSION 12	6/16/2008	Mid-term (in class/covers Sessions 1-11)		
SESSION 13	6/17/2008	Inventories - Cost Methods	Chapter 7 Supplement A,B,&C of Chapter 7	E7-7, E7-15, E7-20, P7-5, P7-7, P7-8, P7-10
SESSION 14	6/18/2008	Inventories - Cost Methods	Chapter 7 Harley Davidson Deere and Co.	E7-3, E7-8, E7-10, E7-14, E7-18, E7-21, P7-2
SESSION 15	6/19/2008	Long-lived Assets HW4 due midnight	Chapter 8 Delta	M8-1, M8-3, M8-4, M8-8, M8-10, E8-5, E8-7, E8-9, E8-13, E8-15, E8-22, E8-23
WEEK 5				
SESSION 16	6/23/2008	Long-lived Assets	Chapter 8 Delta	P8-4, P8-7, AP8-4, CP8-9
SESSION 17	6/24/2008	Liabilities - Present Value & Mortgages	Chapter 9: pp 461-483	M9-7, M9-8, M9-9, E9-14, E9-21, P9-4, P9-6
SESSION 18	6/25/2008	Liabilities - Bonds	Chapter 10	M10-4, E10-4, E10-10, E-10-12
SESSION 19	6/26/2008	Liabilities – Bonds HW5 due midnight	Chapter 10 General Mills	P10-3, P10-13, P10-14 AP10-7
WEEK 6				
SESSION 20	6/30/2008	Liabilities - Leases	Companion Manual (section 1) Western Power	E1-1, E1-4, E1-5 P1-1, C1-1 (MBA supplement)
SESSION 21	7/1/2008	Shareholder's equity	Chapter 11 Grainger	E11-3, E11-12, E11-13, E11-15, E11-23, P11-2
SESSION 22	7/2/2008	Intercompany Investments	Chapter 12: pp 605-617	E12-1, E12-3, E12-4, E12-5, E12-6, E12-7, P12-5, P12-6
SESSION 23	7/3/2008	Final Exam (in class/covers all sessions)		