

University of Pennsylvania
The Wharton School
Department of Accounting
Introduction to Financial Accounting — ACCT 101
Summer 2009

DISCLAIMER: This syllabus is preliminary and subject to change, especially the course outline.

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Class Times: Mon, Tue, Wed, Thur 1:00–2:35PM; Room Assignment TBA

Office Hour: Location and times TBA

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, 6th 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. If you find an older version, specifically the 5th Edition, it is acceptable but be aware that some of the problem numbers will be different. 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 2009, Accounting 101.

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.
- 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 is a mid-term and final exam for this course. Each exam covers all material up to the point of the exam.

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| Mid-term Exam | Monday, June 15, 2009 |
| Final Exam | Thursday, July 02, 2009 |

Homework: There will be several homework assignments distributed in class and their due dates will be announced at that time. Homework assignments can be completed as part of a group but all homework must be submitted individually. All homework must be submitted in class on the date due; late homework will not be accepted.

Class Participation: I encourage students to ask questions and participate in class discussions about the topic of the day. Some discussions will revolve around homework assignments.

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

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| Class Participation | 5% |
| Homework | 15% |
| Mid-term exam | 30% |
| Final exam | 50% |

Students taking the class pass/fail must achieve a grade of "D" or higher to get a "Pass".

If you believe your exam is incorrectly graded, submit the entire original copy of the complete examination to me 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. Any request to reschedule the final exam to accommodate a student's travel plans will be denied.

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:

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| <u>Failure to show up for the:</u> | <u>Results in:</u> |
| Mid-term exam | Exam grade of zero |
| Final exam | 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.

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 80%.

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.

ACCOUNTING 101, COURSE OUTLINE
SUMMER 2009

| SESSION | DATE | TOPICS | READINGS | SUGGESTED PROBLEMS |
|---------------|-----------|---|--|--|
| WEEK 1 | | | | |
| SESSION 1 | 5/26/2009 | 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 | 5/27/2009 | Balance Sheet - Concepts | Chapter 2 | M2-5, M2-7, E2-2, E2-4, E2-5 |
| SESSION 3 | 5/28/2009 | Balance Sheet - Concepts & Accounting Process | 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 | 6/1/2009 | Income Statement - Concepts | Chapter 3 Chapter 5: pp 245-247 | M3-2, M3-3, E3-3, E3-5, P3-1, P3-3 |
| SESSION 5 | 6/2/2009 | 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 | 6/3/2009 | 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 | 6/4/2009 | Timing of Revenue Recognition | Chapter 6 (skim), Supplement B of Chapter 6 | M6-1, P6-1, CP6-5 |
| WEEK 3 | | | | |
| SESSION 8 | 6/8/2009 | Statement of Cash Flows | Chapter 13 | ABC Merchandise Co. II (SM) |
| SESSION 9 | 6/9/2009 | 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 | 6/10/2009 | Cash and Receivables | Chapter 6 | E6-3, E6-9, E6-15, E6-16, E6-18, P6-2, P6-5 |
| SESSION 11 | 6/11/2009 | Cash and Receivables | Chapter 6 Timberland | E6-17, E6-21, P6-4, AP6-3 |

| SESSION | DATE | TOPICS | READINGS | SUGGESTED PROBLEMS |
|---------------|-----------|---|--|---|
| WEEK 4 | | | | |
| SESSION 12 | 6/15/2009 | Mid-term | | |
| SESSION 13 | 6/16/2009 | 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 | 6/17/2009 | 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 | 6/18/2009 | Long-lived Assets | 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 | 6/22/2009 | Long-lived Assets | Chapter 8 Delta | P8-4, P8-7, AP8-4, CP8-9 |
| SESSION 17 | 6/23/2009 | 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 | 6/24/2009 | Liabilities - Bonds | Chapter 10 | M10-4, E10-4, E10-10, E-10-12 |
| SESSION 19 | 6/25/2009 | Liabilities – Bonds | Chapter 10 General Mills | P10-3, P10-13, P10-14 AP10-7 |
| WEEK 6 | | | | |
| SESSION 20 | 6/29/2009 | Liabilities - Leases | Companion Manual (section 1) Western Power | E1-1, E1-4, E1-5 P1-1, C1-1 (MBA supplement) |
| SESSION 21 | 6/30/2009 | Shareholder's equity | Chapter 11 Grainger | E11-3, E11-12, E11-13, E11-15, E11-23, P11-2 |
| SESSION 22 | 7/1/2009 | 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 | 7/2/2009 | Final Exam | | |