

**University of Pennsylvania
The Wharton School
Intermediate Financial Accounting — ACCT 201**

Instructor

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Office hours

Tuesday 10 - 12 a.m. or by appointment

Course objectives

This course covers the general presentation of the financial statements and the accounting practices for assets. The concepts/rules are taught at a level that will allow you to *prepare* financial statements. I recognize, however, that most of you do not intend to be financial statement preparers. You want to be sophisticated financial statement users that can extract relevant information from financial statements to be used in a variety of decisions, including equity valuation. The objective of the course is to make you a sophisticated user of the financial statements; learning the preparation techniques is a means to this end. We will spend a good portion of the class time working out how to extract information from financial statements (“reverse engineering”) that have been prepared by a firm.

Course materials

Textbook: *Intermediate Accounting* by Donald E. Kieso, Jerry J. Weygandt, and Terry D. Warfield (John Wiley & Sons, Inc., 2009, 13th edition). The textbook is required and is available at the bookstore. Solutions to Kieso, Weygandt, and Warfield problems are available in webCafé.

Class notes, homework assignments, additional reading material, and old exams will be available on webCafé. Class notes, including power point slides, will generally be available 2-3 days before the class. Non-Wharton students (with a PennKey) must create a Wharton computing account to gain access to the webCafé. To create an account, go to:

<http://accounts.wharton.upenn.edu>

Grading

Your course grade will be determined as follows:

Homework (4)	25%
Midterm exam	30%
Final exam	45%

Assignments/Exams:

The course outline that follows shows the topics to be covered in each class session. You should complete the assigned reading and problems before class. The problems will help you gauge your understanding of the material. You should do the assigned problems, but they will not be graded.

Homework: Your homework grade is the sum of your scores on the four *required* homework assignments. A fifth optional homework assignment is available (due date = December 9). If you submit this assignment, I will use the best four of your five homework scores. You may *not* skip one of the required assignments (i.e., take a zero) and substitute the fifth optional assignment in its place without my permission in advance.

The homework assignments are due at the beginning of class on the date noted on the syllabus. Please bring an extra copy of your solution to class for discussion. You do not have to type the homework assignments, but we must be able to decipher your solution.

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 group members is not advisable as a learning technique. Relying on the work of other groups is not only *unadvisable*, but it is also *unethical*.

Exams: The exams are not cumulative. The exams are closed-book, but you will be allowed one note sheet. 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 make-up exam date for *both* exams is the date that the University schedules for make-ups of final exams. For fall semester classes, the make-up exam date is typically scheduled in the first week of classes in the following winter semester (i.e., January 2010).

THE FINAL EXAM IS: DECEMBER 15, 2009 (TUESDAY)
3-5 pm

Regrade requests: To request a regrade on an assignment or exam, please submit the original assignment or exam (without modification) and a description of your disagreement with the grading. All regrade requests must be made within one calendar week following the return of the assignment or exam. I reserve the right to review the entire assignment or exam.

Accounting 201

Topic and Assignment Schedule

Fall 2009

Date	Day	Topic	Kieso et al. reading	Other preparation	Graded HW due
9/9	W	Introduction	Ch. 1, 2	E2-7, E2-8	
9/14	M	Review/concepts ⁱ	Ch. 3	BE3-9, E3-7, E3-18, P3-9, Pathfinder GPS case (basis for class discussion)	
9/16	W	The financial statements: Income statement	Ch. 4	Q4-4, E4-6, E4- 12, E4-14, P4-3	
9/21	M	The financial statements: Balance sheet	Ch. 5, p. 176- 197; Ch. 24 (exclude appendices)	Q5-7, Q5-8, E5- 11, CA5-4, BE24-3, E24-2, P24-2, C24-4	HW 1: Special items ⁱⁱ
9/23	W	Fair value measurement	p. 42-43 p. 193-194 APP 17C	SFAS 157 examples on webCafé (basis for class discussion)	
9/28	M	Accounting changes and errors	Ch. 22	E22-2, E22-7, E22-12, P22-1	See also Nov. 25 ⁱⁱⁱ
9/30	W	The financial statements: Statement of cash flows	Ch. 5, 197-208, Ch. 23	E5-17, E23-11, E23-15, E5-18, P5-7, C5-6	
10/5	M	Statement of cash flows, continued			
10/7	W	Statement of cash flows, continued			
10/12	M	Cash and receivables	Ch. 7, p. 318- 331; p. 343- 344; APP 7A	E7-2, E7-7, E7-8, P7-3	HW 2: Statement of Cash flows
10/14	W	Notes receivable, factoring	Ch. 7, p. 331- 343	BE7-6, BE7-7, E7- 16, E7-17, E7-18	
10/19	M	No class-fall break			

ⁱ The material in Chapter 3 should be a review of Accounting 101. The concepts and mechanical procedures in these chapters form the foundation for the rest of the course. Do not fall behind. If you are struggling with this material, try the following additional problems: BE3-1, E3-1, E3-5, P3-1, P3-5, and P3-6.

ⁱⁱ You should have the technical skills to complete HW1 by Sept. 21. However, because Rosh Hashanah ends at sundown Sept. 20, you may submit HW1 on Sept. 23.

ⁱⁱⁱ Sept. 28 is Yom Kippur. I will repeat this lecture on Wednesday Nov. 25 (the day before T-giving) if requested by enough interested students. This material will be tested on the final exam, not the midterm.

Date	Day	Topic	Kieso et al. reading	Other preparation	Graded HW due
10/21	W	Notes receivable, factoring, continued	APP 7B	Securitization examples on webCafé (basis for class discussion)	
10/26	M	Exam 1 (in class)			
10/28	W	Inventory	Ch. 8	E8-1, E8-3, E8-16, E8-21, E8-25, P8-1, P8-7	
11/2	M	Inventory	Ch. 9, p. 436- 445; p. 446- 448 ^{iv}	E9-1, E9-10, E9-21, P9-2	
11/4	W	Marketable securities	Ch. 17, 856- 870; 873-881	E17-3, E17-4, E17-6, E17-9	HW 3: Inventory
11/9	M	Marketable securities, continued		E17-10, P17-9, P17-10, P17-12	
11/11	W	Equity method investments/VIEs	Ch. 17, 870- 872; APP 17B	E17-11, E17-12, E17-17, C17-5	
11/16	M	Long-lived assets: Acquisitions, self- constructed assets, and depreciation	Ch. 10	E10-2, E10-8, E11-2, E11-5, E11-23, P10-7	
11/18	W	Long-lived assets: Dispositions, exchanges, impairments	Ch. 11 APP 11A	E10-24, P10-10, E11-18	
11/23	M	Revenue recognition (Miscellaneous/ SAB 101)	Ch. 18, 930- 937	Examples on webCafé discussed in class; Q18-2, BE18-1, C18-5	HW 4: Depreciation
11/25	W	Happy T-Day! No class		Make up for Sept. 28	
11/30	M	Revenue recognition (Long term contracting)	Ch. 18, 937- 956	E18-5, E18-8, P18-4, P18-6	
12/2	W	Finish L-T contracting; start intangibles	Ch. 12 APP 12A	E12-4, E12-11, E12-17, P12-5;	
12/7	M	Intangible assets		SFAS 142 examples on webCafé to be discussed in class	
12/9	W	Earnings quality			Optional HW

^{iv} Section on purchase commitments