

University of Pennsylvania  
The Wharton School  
Department of Accounting  
**Principles of Accounting — ACCT 101**  
Summer 2011

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Office Hours: Wed 2:45-4:00 420 SHDH

Class Schedule: Mon, Tue, Wed, Thu 01:00PM - 02:35PM

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Office hours: Tue 11:00 – 1:00 420 SHDH

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 (McGraw-Hill/Irwin, 2011, 7<sup>th</sup> edition). The textbook is required and available at the bookstore. There is also an online e-book option available. You should bring the textbook to every class. In addition, you will need to gain access to McGraw-Hill Connect system, which will be used for completion and grading of homework (and, potentially, exams). Access to the system will be included in the price of your textbook, if purchased from the bookstore, or it can be purchased separately. In order to register, visit the class site at [http://connect.mcgraw-hill.com/class/m\\_chin](http://connect.mcgraw-hill.com/class/m_chin).

The study guide that accompanies the textbook is optional, and should be available at the bookstore.

Supplementary material (SM): For certain topics the class schedule refers to supplementary material. This material can be found on the course web site. You should bring the relevant supplemental material, which is 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 2011, Accounting 101, section 910.

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.

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 I will expect you to learn it solely from reading the textbook. The lectures will cover only the more important (and generally more 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. 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.

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.
- You might find it helpful to try the suggested problems in **boldface** before class and the other problems after class. If time permits, the suggested problems will occasionally be discussed in 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.

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 two exams for this course.

<b>Exam</b>	<b>Date</b>
Mid-term Exam	06/13/2011
Final Exam	06/30/2011

Prior exams and their solutions will be posted on webCafé for your reference. There will be some differences between your exams and prior exams, as I am changing some of the material covered in the class. Before each exam, I will announce the topics for which you are responsible. 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 exam questions are intended to make you think about the material. Therefore, the format and the content of the questions may differ from the format and the content of prior exam questions.

The solution to each exam, including the score distribution on that exam, 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 approximately 6 homework assignments which will be handed in during the semester. The actual homework assignments and their due dates will be posted on webCafé and announced in class. Homework assignments can be completed as part of a group but all homework must be submitted individually. The submission process is done **electronically** and **must be by 9 a.m. on the day due.** 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.). **I strongly encourage you to submit your homework answers well in advance of the 9 a.m. 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.** 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.

**There are no make-up arrangements for homework assignments. No excuses will be accepted for missing the deadlines.** However, only 4 homeworks will count towards the final grade. Students can choose to complete all homeworks and drop the lowest scores, or they can choose to only complete 4 homeworks, in which case all completed homeworks will count. The purpose of only counting 4 of the 6 homeworks is to reduce the workload for the students.

Unannounced Quizzes: There will be quizzes given at the start of some classes throughout the course. As these will be timed assessments (likely 10 minutes or less), so arriving to class late on these days will result in reduced time to take the quiz. If you need additional time for quizzes because of a university-recognized disability, I need to be informed **directly by the Office of Student Disability Services** as soon as possible. I will make whatever accommodations are recommended by them. These quizzes will generally be part of your participation grade.

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

Quizzes	5%
Homework	10%
Midterm exam	35%
Final exam	50%

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 changing the above weights, except as outlined below for students that miss the midterm exam with a valid excuse.**

Any questions about grades, grading curves, etc. should be **addressed to me**.

If you believe your exam is incorrectly graded, you will be given an opportunity to request a regrade. Include a memo which fully (but concisely) explains your contention. 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.**

**Only I can grant permission to be excused from a scheduled exam.** The teaching assistant cannot grant such permission. 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. **Finally, any request to reschedule the final exam to accommodate a student's travel plans will be denied. 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.**

**Students who miss an exam without making valid excuse and permission 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**

**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, 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.

**COURSE OUTLINE**

All question numbers refer to the 7th edition of Libby, Libby and Short (2011). A few of the noted problems have different numbers in the 6<sup>th</sup> edition of the text. If different, the 6<sup>th</sup> edition numbers are included in parentheses.

	<b>DATE</b>	<b>TOPICS</b>	<b>READINGS</b>	<b>SUGGESTED PROBLEMS</b>
SESSION 1	05/23/2011	Introduction	Chapter 1 Chapter 5: pp 229-240, 246-248	<b>E1-1</b> , E1-3, E1-4, E1-5, <b>E1-9</b> , <b>CP1-1</b>
SESSION 2	05/24/2011	Overview of Financial Statements Balance Sheet - Concepts	Chapter 2 Chapter 5: pp. 241-242	M2-5, <b>M2-7</b> , E2-2, <b>E2-4</b> , E2-5
SESSION 3	05/25/2011	Balance Sheet - Concepts Accounting Process	Chapter 2	M2-8, M2-9, E2-6, E2-8, <b>E2-13</b> , <b>E2-16</b> , <b>E2-17</b> , <b>E2-18</b> , <b>P2-3</b> , <b>P2-4</b> , AP2-3, AP2-4
SESSION 4	05/26/2011	Income Statement - Concepts	Chapter 3 Chapter 5, pp. 242-244	M3-2, M3-3, <b>E3-3</b> , <b>E3-5</b> , P3-1, P3-3
	05/30/2011	<b>Memorial Day Observed (No classes)</b>		
SESSION 5	05/31/2011	Income Statement – Concepts and Accounting Process	Chapter 3	M3-5, M3-6, E3-8, <b>E3-13</b> , <b>E3-14</b> , <b>E3-18</b> , <b>E3-19</b> , P3-7
SESSION 6	06/01/2011	The Accounting Cycle	Chapter 4	M4-2, <b>E4-2</b> , E4-4, <b>E4-6</b> , <b>E4-8</b> , E4-12, <b>E4-13</b> , <b>E4-14</b> , <b>COMP4-1(P4-9)</b> , CP4-5
SESSION 7	06/02/2011	Timing of Revenue Recognition	Chapter 6 (skim) Supplement to Chapter 6	M6-1, <b>P6-1</b> , CP6-5
SESSION 8	06/06/2011	Statement of Cash Flows	Chapter 13	M13-1, <b>E13-1</b> , E13-3,
SESSION 9	06/07/2011	Statement of Cash Flows	Chapter 13	E13-4, E13-5, <b>E13-9(E13-8)</b> , <b>E13-10(E13-9)</b> , E13-11(E13-10), E13-12(E13-11), E13-13(E13-12), <b>P13-4</b>
SESSION 10	06/08/2011	Cash and Receivables	Chapter 6	E6-3, E6-9, <b>E6-15</b> , <b>E6-16</b> , <b>E6-18</b> , P6-2, P6-5
SESSION 11	06/09/2011	Cash and Receivables	Chapter 6 Timberland	<b>E6-17</b> , E6-22(E6-21), <b>P6-4</b> , <b>AP6-3</b>

SESSION 12	06/13/2011	<b>Mid-Term (In class)</b>		
SESSION 13	06/14/2011	Inventories – Cost Methods	Chapter 7 Chapter 7 Supp. A, B & C	<b>E7-7, E7-15, E7-20, P7-5, P7-7, P7-8, P7-10</b>
SESSION 14	06/15/2011	Inventories – Cost Methods	Chapter 7 Chapter 7 Supp. A, B& C Snap-On Tools	E7-3, <b>E7-8</b> , E7-10, E7-14, E7-18, E7-21, <b>P7-2</b>
SESSION 15	06/16/2011	Long-Lived Assets	Chapter 8	M8-1, <b>M8-3</b> , M8-4, M8-8, M8-10, E8-5, E8-7, E8-9, <b>E8-13, E8-15</b> , E8-22, E8-23
SESSION 16	06/20/2011	Long-Lived Assets	Chapter 8 Snap-On Tools	<b>P8-4, P8-7, AP8-4, CP8-8(CP8-9)</b>
SESSION 17	06/21/2011	Liabilities – Present Value, Notes and Mortgages	Chapter 9	<b>M9-7, M9-8, M9-9, E9-15, E9-22, P9-4, P9-6</b>
SESSION 18	06/22/2011	Liabilities – Bonds	Chapter 10	<b>M10-4</b> , E10-4, E10-11(E10-10), <b>E10-13(E10-12)</b>
SESSION 19	06/23/2011	Liabilities – Bonds & Leases	Chapter 10 General Mills	<b>P10-3, P10-13</b> , P10-14, AP10-7
SESSION 20	06/27/2011	Shareholders' Equity	Chapter 11 Grainger	E11-3, <b>E11-12</b> , E11-13, <b>E11-15, E11-23</b> , P11-2
SESSION 21	06/28/2011	Deferred Taxes	Companion Manual (Section2) Safeway	
SESSION 22	06/29/2011	Intercompany Investments	Chapter 12: pp. 599-612 Deere and Co.	<b>E12-1</b> , E12-3, E12-4, E12-5, E12-6, <b>E12-7, P12-6(P12-5)</b> , P12-7(P12-6)
SESSION 23	06/30/2011	<b>Final Exam (In class)</b>		