

University of Pennsylvania

The Wharton School

Department of Accounting

Introduction to Financial Accounting — ACCT 101

Fall 2011

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Please contact the teaching assistants for course content related questions only. Any questions regarding course registration, exam scheduling or course withdrawals should be mailed to accounting101@wharton.upenn.edu

Office hours/Location:

WILL BE ANNOUNCED IN CLASS

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 (HSEP): *Introduction to Financial Accounting* by Horngren, Sundem, Elliott and Philbrick (Pearson, 10th edition). Both the textbook and study guide that accompanies the textbook are recommended (but not required). A few copies are on reserve at Lippincott-VanPelt Library.

Supplementary material (SM): For certain topics the class schedule refers to supplementary material. This material can be found on the course web site.

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, Fall 2011, Accounting 101. **All homeworks and will be submitted via the webCafé system.** Various course materials, including lecture notes and exam & homework solutions, will be distributed exclusively through webCafé. **Make sure you have access to this website.** If you have problems accessing the site email webcafe@wharton.upenn.edu.

Role of Textbook and Lectures Notes: The textbook covers the basic material in the course, including transaction analysis, financial disclosure and interpretation. The lectures will cover the more important and difficult material as well as some additional material not covered in the textbook. Homeworks and exams will be based exclusively on material covered in the lecture. Lecture notes (PowerPoint slides) will be posted after class to the website. The lecture notes briefly summarize the material in the lectures.

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 end of chapter 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.
- Take notes in class. After class download and review the lecture notes. The lectures and supplemental material often contain problems or examples which summarize the material in a way different from the textbook.
- Attend the Friday recitation sessions led by the teaching assistants. During these sessions, the TAs will review prior year's exams, suggested problems from the textbook, and will respond to questions regarding the material covered in class.

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

- Attendance is not required. Should you choose to attend, please 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 three exams for this course.

First Exam	Wednesday, October 12, 2011 (In-Class)
Second Exam	Monday, November 7, 2011 (In-Class)
Final Exam	Wednesday, December 14, 2011 3 PM – 5 PM

ALL EXAMS WILL BE IN MULTIPLE CHOICE FORMAT.

Last year's exams and their solutions will be posted on webCafé for your reference. There will be some differences between your exams and prior exam. The content of the questions may differ from the content of prior exam questions. Before each exam, I will announce the topics for which you are responsible. Exam questions will test your understanding of these topics. The exam questions are intended to make you think about the material.

The graded first and second exams will be distributed during TA recitation/office hours. The graded final exam will be available from the accounting department at the beginning of the Spring semester. The solutions 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.

If you need additional time on an exam because of a university-recognized disability, I must 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.

Homework: There will be four homework assignments which will be handed in during the semester. The actual homework assignments 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** via webCafé, and homeworks **must be submitted by 9 a.m. on the due date.** 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.

Homework Due Dates:

Refer to Course Outline below.

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

Homework	10%
First exam	20%
Second 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 via the course e-mail: accounting101@wharton.upenn.edu

If you believe your exam is incorrectly graded, submit the entire original copy of the complete examination to me (not your teaching assistant) within ten days of the exam date. 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 will be available on webCafé following each exam. **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 Scheduling Conflicts: Only I can grant permission to be excused from a scheduled exam because of a scheduling conflict. Teaching assistants cannot grant such permission. To obtain permission to be excused from a scheduled exam because of a scheduling conflict, students must provide documented evidence of the conflict. Notify me via the course e-mail within two weeks of any exam conflicts with your other courses. **Only scheduling conflicts with other courses or university representation will be considered. Internship is not an acceptable schedule conflict.**

Missed Exams Due to Illness: Only I can grant permission to be excused from a scheduled exam for illness. Teaching assistants cannot grant such permission. To obtain permission to be excused from a scheduled exam because of illness, students must provide documented evidence of the illness.

A note documenting a visit to health services is not 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. Also, illness during the time that a student had intended to study for an exam is not an excuse for missing a scheduled exam. **Students with serious illnesses who wish to be excused must consult the Dean's office;** it, in turn, will provide documentation of the illness to all of the student's professors.

A student who has permission to miss an exam will receive a grade of “incomplete” for the semester. If a student has permission to miss either the first or second exam, he/she will be required to take a make-up exam on a mutually agreeable date in the Spring of 2012. If a student has permission to miss the final exam, he/she will be required to take a make-up exam on the University’s scheduled make-up exam date in the Spring of 2012. After the student takes the make-up exam in the Spring of 2012, 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.

Make-up exams will not be offered at any other time.

Any request to reschedule the final exam to accommodate a student’s travel plans will be denied. Do not make travel plans for the winter break before finding out when your final exams are. *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 arrangements with me according to the above guidelines are subject to the following:

Failure to show up for the:

First exam
Second exam
Final exam

Results in:

Exam grade of zero
Course grade of Fail
Course grade of Fail

Any questions regarding course policy should be addressed to me.

**ACCOUNTING 101, COURSE OUTLINE
FALL 2011**

Questions for “Leases” and “Deferred Taxes” are from the Supplement by HSEP that is available on webCafé. SM indicates supplementary material that is available on WebCafé.

	DATE	TOPICS	READINGS
LECTURE 1	Wed. 9/7	Introduction	CH 1; CH 4 – pg. 146
LECTURE 2	Mon. 9/12	Overview of Financial Statements Balance Sheet - Concepts	CH 2 – pg. 8; CH 4 – pg. 152
LECTURE 3	Wed. 9/14	Balance Sheet - Concepts Accounting Process	CH 2; CH 4 – pg. 152; CH 5 – pg. 200
LECTURE 4	Mon. 9/19	Income Statement - Concepts	CH 1 – pg. 8; CH 2 – pg. 55-58; CH 4 – pg.157-161
LECTURE 5	Wed. 9/21	Income Statement – Concepts and Accounting Process	CH 4 – pg. 138-139; 147-148; 157-161; CH 8 – pg. 344-345; CH 9 – pg. 400-401
LECTURE 6	Mon. 9/26	The Accounting Cycle	CH 4
LECTURE 7	Wed. 9/28	Statement of Cash Flows	CH 5
LECTURE 8	Mon. 10/3	Statement of Cash Flows	CH 5; CH 8 – pg.345; Ch 11 – pg. 504-505; CH 10 – pg. 446
LECTURE 9	Wed. 10/5	Timing of Revenue Recognition	CH 2 – pg. 47, 52; Ch 6 – pg. 232-233; CH 4 – pg. 146, 141 <ul style="list-style-type: none"> • SAB 101 • Supplemental Revenue Recognition
	Wed. 10/5	Homework #1 due	
	Mon. 10/10	NO CLASS FALL BREAK	
	Wed. 10/12	Exam #1	

LECTURE 10	Mon. 10/17	Cash and Receivables	CH 4 – pg. 140-48,160; CH 2 – pg. 47-51, 61-26
LECTURE 11	Wed. 10/19	Cash and Receivables	CH 6 – pg. 233-240; CH 8 – pg. 340-341, CH 9 – pg. 382
LECTURE 12	Mon. 10/24	Inventories – Cost Methods	Chapter 7
LECTURE 13	Wed. 10/26	Inventories – Cost Methods	Chapter 7 Case ¹ : Snap-On Tools
LECTURE 14	Mon. 10/31	Long-Lived Assets	Chapter 8 Delta
LECTURE 15	Wed. 11/2	Long-Lived Assets	Chapter 8 Case ² : Snap-On Tools
	Wed. 11/2	Homework #2 Due	
	Mon. 11/7	Exam #2	
LECTURE 16	Wed. 11/9	Liabilities – Present Value Notes and Mortgages	Chapter 9
LECTURE 17	Mon. 11/14	Liabilities – Bonds	Chapter 9 Case: General Mills
LECTURE 18	Wed. 11/16	Liabilities - Leases	Chapter 9 SM: HSEP Supplement Case ³ : Safeway
LECTURE 19	Mon. 11/21	Shareholders' Equity	Chapter 10 Case: Grainger
	Mon 11/21	Homework #3 Due	
	Wed. 11/23	Thanksgiving No Class	
LECTURE 20	Mon. 11/28	Deferred Taxes	CH 9 – pg. 403-406 SM: HSEP Supplement
LECTURE 21	Wed. 11/30	Intercorporate Investments	Chapter 11 Case: Deere and Co.

¹ Case is available on webCafé in the “Cases” folder.

² Case is available on webCafé in the “Cases” folder.

³ Case is available on webCafé in the “Cases” folder.

LECTURE 22 (FINAL CLASS)	Mon. 12/5	Exam Review	
	Wed 12/7	Homework #4 Due	
	Wed 12/14	FINAL EXAM 3 - 5 PM FINAL EXAM IS COMPREHENSIVE WITH EMPHASIS ON LECTURES 16-22	