



## **ACCT 613: Introduction to Financial & Managerial Accounting**

**Professor Brian Bushee**

**Spring 2014**

### **Course Overview**

This course provides an introduction to both financial and managerial accounting. It emphasizes the analysis and evaluation of accounting information from the perspective of both investors as well as managers in the processes of planning, decision-making, and control. A large aspect of the course covers the fundamentals of financial accounting. The objective is to provide an overview of financial accounting and external reporting, including basic accounting concepts and principles, as well as the structure of the income statement, balance sheet, and statement of cash flows. The course also introduces elements of managerial accounting and emphasizes the development and use of accounting information for internal decisions. Topics include cost behavior and analysis, product and service costing and relevant costs for internal decision-making.

This course is recommended for students who will be using accounting information for making strategic decisions in manufacturing and service operations, as well as those going into general consulting, thinking of starting their own businesses, or simply seeking a broad understanding of accounting and financial reporting as it relates to shareholders, creditors, managers and other users of financial information.

### **Course Materials**

**Canvas:** The Canvas site (<http://wharton.instructure.com/courses/1208069>) includes all videos, pre-class and post-class quizzes, cases and solutions, slides, readings, exam material, textbook problem solutions, and any optional material on each topic. Note that no material will be distributed in class. Please download anything you need prior to class.

**Textbook (recommended):** *Financial & Managerial Accounting for MBAs*, Dyckman, T., R. Magee, G. Pfeiffer, A. Hartgraves, and W. Morse, Wharton Custom Edition, 2014, Cambridge Business Publishers. This textbook is especially customized for our course and is available only in the Penn Bookstore. In the detailed schedule below, practice problems from the textbook are assigned to reinforce the material covered for each topic (we refer to 'TB' for textbook in the syllabus). Solutions to the problems in the textbook are posted on the course website.

**Preparation before class:** **You are expected to watch video lectures and attempt pre-class quizzes prior to coming to class.** This will free up time during class to focus on specific issues that were not clear in the video lectures and on cases discussions in which we will address both mechanical accounting issues and important analytical and strategic issues. If you do not adequately prepare for class, you will have trouble following the discussion.

**Preparation after class:** **You are expected to attempt post-class quizzes after each class.** Instead of three or four big homework assignments, you will be asked to do a short quizzes after each class session. These short quizzes will improve your ability to find and analyze each topic in an annual report or other problem setting.

## **Grading**

**Grading formula:** Your course grade will be determined as follows:

Pre-class Quizzes	15%
Post-class Quizzes	15%
Class Participation	10%
Midterm Exam	30%
<u>Final Exam</u>	<u>30%</u>
Total	100%

**F policy:** In the past, students have received failing grades for this course. If you score below 50% of the total points for the entire course, I am likely to give you a grade of F.

**Pre-Class Quizzes:** Each class session will be require you to complete a pre-class quiz. These quizzes help test your comprehension of the videos or case material and provide me with an indication of what areas need further discussion in class. You must complete the quiz prior to 11:00 am on the day of the class session. You are allowed two attempts and your highest score is retained.

**Post-Class Quizzes:** Each class session will also require you to complete a post-class quiz. These quizzes help improve your ability to apply the material to read and analyze an annual report or other problem setting. You will generally have two weeks after each class to complete the quiz. You are allowed two attempts and your highest score is retained.

**Class participation:** I expect you to come to class prepared to discuss the cases or readings for that day. I will call on students that volunteer to participate and try to avoid cold calling. After each class, I award each student up to three points based on the quality on their class participation that day. I give points for anything that positively contributes to the class discussion, such as an attempt to reason through a problem (including "wrong" answers), a pertinent question, or a relevant fact from the case. There is no bonus for quantity of comments in a class.

**Midterm and Final Exams:** The midterm exam is scheduled for Wednesday, March 5 from 6:00 pm to 8:00 pm in JMHH F85-F95 and covers the material in lectures #1 through #11, inclusive. The final exam is scheduled for Monday, May 5, from 3:00 pm to 5:00 pm (rooms tba) and covers the material in lectures #13 through #24, inclusive. Although it is rare for the date and time of the Final Exam to change, the University Registrar does reserve the right to do so.

Exams are open-book and open-note. You are allowed to use a calculator during the exams.

It is the student's responsibility to attend examinations at the times and places specified. If a student cannot attend an examination, it is his/her responsibility to notify the MBA Office and the instructor prior to the exam (or as soon as possible). Only the MBA Office may grant a student authorization to be absent from an examination; there are no exceptions to this rule. In the event of an authorized absence from any exam, a make-up exam is given in September 2014 during the official make-up exam period set by the Registrar. You will receive a final grade of "Incomplete" for the course pending the completion of the make-up exam. An unauthorized absence from an examination will result in a grade of zero for that examination.

**Grading disputes:** All grading disputes must be appealed within one week following the return of the exam. To have an exam re-graded, please submit the original exam (with no modifications) and a written description of your disagreement with the initial grade. I reserve the right to review the entire exam; thus your grade could go up or down.

**Teaching Assistants and Office Hours:**

**Office Hours (1317 SH-DH):** Monday and Wednesday from 10:00 am to 11:00 am or by appointment. Please contact me via e-mail ([bushee@wharton.upenn.edu](mailto:bushee@wharton.upenn.edu)) to schedule office visits.

**Teaching Assistants:** There are two teaching assistants for the course: Kush Patel ([kushp@wharton.upenn.edu](mailto:kushp@wharton.upenn.edu)) and Helena Sarkanova ([hels@wharton.upenn.edu](mailto:hels@wharton.upenn.edu)). The TAs will hold office hours each week in SH-DH 215. The days of the office hours will vary by week, so please check Canvas for each week's specific time.

**Discussion Forums:** There are discussion forums established on Canvas for each class session. I would like to use these as much as possible for questions and answers on the material. That way, all students can benefit from the Q&A. Please try to post questions on the course material there, rather than emailing them to me or to the TAs.

**Ethics Matrix:**

The Wharton MBA Code of Ethics typically requests an Ethics Matrix for each class to provide ground rules and ethical guidelines for course materials and assistance from classmates or others. Below is the completed matrix for this course. If you have any questions about the matrix, please feel free to ask me.

ACCT 613 Financial & Managerial Accounting	Materials							People				
	Approved calculator	Laptop / other electronics	Summary sheet of notes	Current book / class notes	Past notes / summaries	Past exams / assignments	Internet content / other outside materials	Learning team / approved work team	Other student(s) in same section	Student(s) in other sections (same term)	Wharton student not taking the class this term	Person outside of Wharton
Pre-class Quizzes	A	A	A	A	A	A	A	D	D	D		
Post-class Quizzes	A	A	A	A	A	A	A	D	D	D		
Midterm Exam	A	A	A	A	A	A						
Final Exam	A	A	A	A	A	A						
	A = Allowed material Shaded Cell = Not allowed							W = Allowed to work together D = Discussion of general concepts and procedures is allowed but no sharing of specific answers. Shaded Cell = Not allowed				
<b><u>Other comments:</u></b>												
The information above covers many common situations but will not cover every circumstance. Remember: The <a href="#">Wharton MBA Code of Ethics</a> that you accepted requires, among other things, that you represent yourself and your work honestly, don't try to gain unfair advantage over other students, follow the instructor's guidelines and respect confidentiality of your work and the work of others.  Should you have questions, please contact your ethics liaison or professor.												

## ACCT 613: Topic and Assignment Schedule Spring 2014

**(NOTE: SUBJECT TO CHANGE. PLEASE SEE CANVAS FOR MOST UP-TO-DATE SCHEDULE)**

1	Mon	1/13	<p><b>Course Introduction</b></p> <p>Video: Video 1.1, Video 1.2</p> <p>TB Reading: Chapter 1</p> <p>TB Problems: M1-24, E1-28, E1-29, P1-36, P1-37</p>
2	Wed	1/15	<p><b>Balance Sheet and Bookkeeping</b></p> <p>Video: Video 2.1, Video 2.2, Video 2.3</p> <p>Case: Relic Spotter (Q1 – Q3)</p> <p>TB Reading: Chapter 2</p> <p>TB Problems: M2-18, M2-19, M2-26, E2-33, E2-44</p>
3	Wed	1/22	<p><b>Income Statement and Adjusting Entries</b></p> <p>Video: Video 3.1, Video 3.2, Video 3.3</p> <p>Case: Relic Spotter (Q4 – Q6), Viking Pottery</p> <p>TB Reading: Chapter 3</p> <p>TB Problems: M3-22, M3-24, E3-32, E3-38, P3-42, P3-49</p>
4	Mon	2/3	<p><b>Revenue Recognition and the Matching Principle</b></p> <p>Video: No video</p> <p>Case: United Airlines</p> <p>Add. Reading: Accounting Shift Would Lift Tech Profits; Zynga Explains Method for Recording Real Revenue; Boeing Hits a Milestone; Digging into Online Coupon Firm's Dealings; Excerpt from Microsoft Financials</p> <p>TB Reading: Chapter 6, p. 267-277</p> <p>TB Problems: M6-14, M6-24, E6-32, E6-39, E6-40</p>
5	Wed	2/5	<p><b>Statement of Cash Flows</b></p> <p>Video: Video 5.1, Video 5.2</p> <p>Case: Relic Spotter (Q7-Q8)</p> <p>TB Reading: Chapter 4</p> <p>TB Problems: M4-23, M4-26, M4-31, E4-34, E4-38, E4-41, E4-44</p>

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6	Mon	2/10	<b>Statement of Cash Flows (continued)</b>	
			Video:	Video 6.1
			Case:	Purple vs. Green, Callaway Golf
			TB Reading:	Chapter 4
			TB Problems:	P4-51, P4-54

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7	Wed	2/12	<b>Accounts Receivable</b>	
			Video:	Video 7.1, Video 7.2
			Case:	Barnes & Noble
			TB Reading:	Chapter 6
			TB Problems:	M6-18, M6-20, E6-33, E6-34

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8	Mon	2/17	<b>Inventory, Product Costing, and Cost of Goods Sold</b>	
			Video:	Video 8.1, Video 8.2
			Case:	Research in Motion
			TB Reading:	Chapter 7
			TB Problems:	M7-15, M7-19, M7-22, E7-26, E7-29, E7-31

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9	Wed	2/19	<b>Inventory, Product Costing, and Cost of Goods Sold (continued)</b>	
			Video:	No video
			Case:	TBA
			Add. Reading:	Boeing Hits a Milestone; Chesapeake's Obscure Costs
			TB Reading:	Chapter 17, p. 17-1 to 17-19
			TB Problems:	M17-14, M17-15, E17-21, E17-25, E17-26

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10	Mon	2/24	<b>Long-Lived Assets</b>	
			Video:	Video 10.1, Video 10.2
			Case:	Nordstrom
			TB Reading:	Chapter 8
			TB Problems:	M8-11, M8-14, E8-24, P8-36

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11	Wed	2/26	<b>Long-Lived Assets (continued)</b>	
			Video:	Video 11.1
			Case:	Snap-On Tools
			TB Reading:	Chapter 8
			TB Problems:	M8-17, M8-21, E8-29, E8-31

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12	Mon	3/3	<b>Ratio Analysis</b>	Video: Video 12.1 Case: Plainview Technology TB Reading: Chapter 5 TB Problems: M5-14, M5-24, E5-27, E5-33, P5-46
Wed 3/5			<b>Midterm Exam (6:00 pm – 8:00 pm; JMHH F85-F95)</b> (Topics covered: Sessions #1 - #11, inclusive)	
13x	Before	3/17	<b>Time Value of Money (Optional)</b>	Video: Video 13x.1, Video 13x.2, Video 13x.3 TB Reading: Appendix A, p. 614-634 TB Problems: EA-1, EA-2, EA-3, EA-5, EA-12, EA-17
13	Mon	3/17	<b>Long-Term Debt</b>	Video: Video 13.1, Video 13.2 Case: Starbucks TB Reading: Chapter 9, p. 413-432 TB Problems: M9-22, M9-29, M9-31, M9-34, E9-41
14	Wed	3/19	<b>Leases</b>	Video: Video 14.1 Case: Safeway TB Reading: Chapter 10, p. 453-466 TB Problems: M10-13, M10-15, E10-23, E10-26
15	Mon	3/24	<b>Deferred Taxes</b>	Video: Video 15.1, Video 15.2, Video 15.3 Case: Caterpillar TB Reading: Chapter 10, p. 476-483 TB Problems: M10-22, E10-33, P10-40, P10-41
16	Wed	3/26	<b>Owners' Equity</b>	Video: Video 16.1, Video 16.2, Video 16.3 Case: PepsiCo TB Reading: Chapter 11 TB Problems: M11-20, M11-21, M11-25, M11-35, E11-45, E11-54

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17	Mon	3/31	<b>Marketable Securities</b>	Video: Video 17.1, Video 17.2 Case: TBA TB Reading: Chapter 12, p. 555-567 TB Problems: M12-11, M12-12, E12-24, E12-26
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**NOTE: There are no videos for the remaining classes.**

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18	Wed	4/2	<b>Earnings Quality</b>	Case: FenceAlign
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19	Mon	4/7	<b>Managerial Accounting &amp; Cost Concepts</b>	TB Reading: Chapters 13 and 15 TB Problems: Chapter 13: M13-14, E13-22, E13-24 Chapter 15: M15-11, M15-12, M15-16, E15-25 Add. Reading: Lobster Glut Slams Prices; Will Costs Drive U.S. Firms Home?
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20	Wed	4/9	<b>Cost Concepts (continued)</b>	Case: Forest Gump TB Reading: Chapter 16 TB Problems: M16-12, M16-15, M16-17, E16-22, E16-26
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21	Mon	4/14	<b>Cost Allocation and Activity-Based Costing</b>	Case: Wilkerson Company TB Reading: Chapters 14 and 18, p. 18-1 to 18-13 TB Problems: Chapter 14: M14-11, M14-14, P14-27 Chapter 18: M18-10, M18-13, M18-16, E18-22
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22	Wed	4/16	<b>Customer Profitability Analysis</b>	Case: Infinity Bank TB Reading: Chapters 18, p. 18-14 to 18-17, and 19, p. 19-1 to 19-9 TB Problems: Chapter 18: M18-18, E18-26, E18-27 Chapter 19: M19-17
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23	Mon	4/21	<b>Decentralization and Transfer Pricing</b>
			Case: Caribbean Brewers
			TB Reading: Chapters 22, p. 22-1 to 22-9, and 23, p. 23-7 to 23-10
			TB Problems: Chapter 22: MA22-42
			Chapter 23: M23-19, E23-24, MA23-41

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24	Wed	4/23	<b>Review</b>
			Case: Review old exams

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	Mon	5/5	<b>Final Exam (3:00 pm – 5:00 pm; rooms tba)</b>
			(Topics covered: Sessions #13 - #24, inclusive)

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