

University of Pennsylvania  
 The Wharton School  
 Department of Accounting  
**Introduction to Financial Accounting — ACCT 101**  
 Fall 2014

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Teaching Assistants:

|                    |                            |
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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 the above “course email.” Please use the course email address rather than the professors’ personal email accounts for all correspondence related to the course.

Teaching Assistant Office Hours/Location: SHDH 420, hours to be post on Canvas

Professor Office Hours/Location: Michels: Tuesday 10:00am-noon, SHDH 1309  
 Radhakrishna: Tuesday 11:30am-12:30pm and  
 Thursday 11:30am-12:30pm, SHDH 1355

Course objectives: The objective of the course is 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).

Course handouts: Class notes, cases, homework assignments, and solutions to the cases and problems will be available on Canvas.

Textbook: Pearson publishing has put together a custom package for this course. The package consists of several documents compressed into one package: (1) *Introduction to Financial*

*Accounting* by Horngren, Sundem, Elliott and Philbrick (10<sup>th</sup> edition), (2) Wharton Accounting 101 Supplemental Material and Solutions Manual (10<sup>th</sup> edition); (1) is standalone textbook and can be purchased separately from the package. Several copies of the custom package are on reserve at Lippincott Library.

Role of Textbook and Lectures Notes: The textbook covers the basic material in the course. The lectures will cover the more important and difficult material as well as some additional material not covered in the textbook. The class schedule at the end of the syllabus provides the page numbers that correspond to the material we will cover in class. Suggested problems from the textbook will be posted on Canvas. These problems will be covered in recitation. The suggested readings and problems are for those that want additional clarification or practice. The textbook is used as a supplement for lecture notes, not as a substitute. Homework and exams will be based **exclusively** on material covered in lecture. Lecture notes (PowerPoint slides) will be posted prior to class on Canvas. The lecture notes briefly summarize the material in the lectures. Be aware that the lectures often contain problems which summarize the material in a way different from the textbook. Exams and homework will be based on the material and methods from lecture, not the textbook.

Class Website: To access the course website, go to <https://canvas.upenn.edu> and choose ACCT 101 - Fall 2014. **All homework will be submitted via the Canvas system.** Various course materials, including lecture notes and exam and homework solutions, will be distributed exclusively through Canvas. **Make sure you have access to this website.** Each enrolled Penn student can use their PennKey username and password for access.

Classroom Environment: I expect that students will be prepared for class. I suggest the following routine:

- Before class, read the lecture notes posted on Canvas.
- Take notes in class. After class download and review the lecture notes.
- If you are having difficulty, read the specified pages of the textbook and work through the end of chapter problems and solutions to supplement your understanding of the material.
- If you are still having difficulty, attend the Friday recitation sessions led by the teaching assistants. During these sessions, the TAs will review suggested problems from the textbook.

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

- I highly encourage you to attend class. It is the easiest way to stay on top of the material. Please be on time and remain throughout the class meeting.
- Cell phones silenced during class time and office hour visits.
- Display courteous behavior to your classmates. Please do not ask me to make exceptions to course policies that would be unfair to other students in the course.
- Follow the Code of Academic Integrity. Failing the class is the minimum penalty for cheating on an exam.

Exams: There are three exams for this course.

|                       |   |
|-----------------------|---|
| <b>First Midterm</b>  | <b>Monday, October 6, 2014 (6pm-8pm)</b>      |
| <b>Second Midterm</b> | <b>Monday, November 3, 2014 (6pm-8pm)</b>     |
| <b>Final Exam</b>     | <b>Wednesday, December 17, 2014 (3pm-5pm)</b> |

Practice exams and their solutions will be posted on Canvas for your reference. The content of the questions on the practice exam may differ from the content of the actual exam. Before each exam, I will announce the topics for which you are responsible. The graded exams will be distributed during TA recitation/office hours. The final exam will be available from the accounting department at the beginning of the next term. Your exam grade will be posted on Canvas. 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**. 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 Canvas 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 Canvas, 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. Late submissions, multiple submissions, and hard-copies are not accepted.** The scores from your homework will be available electronically. Directions for submitting homework will be distributed via Canvas.

Homework Due Dates: Refer to Course Outline below.

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

|                |     |
|----------------|-----|
| Homework       | 10% |
| First Midterm  | 20% |
| Second Midterm | 30% |
| Final Exam     | 40% |

Each homework assignment 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". **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 your professor via the course e-mail

Exam Regrades: If you believe your exam is incorrectly graded, submit a Regrade Request Form, available on Canvas, to your professor (not your teaching assistant) within ten days of the graded exam being made available.

Exam Scheduling Conflicts: Only your professor can grant permission to be excused from a scheduled exam because of a scheduling conflict or illness. 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 the start of classes** of exam conflicts with your other courses. In your email, include your complete class and exam schedule for the day of the exam. **Only scheduling conflicts with other courses or university representation will be considered. Internship, interviews, family vacation, or other travel plans are not acceptable scheduling conflicts.** In those cases of an acceptable exam conflict, arrangements will be made for you to take the exam at an alternate time. Note that if such an arrangement has been made and you fail to attend the exam at the arranged time, you will receive a grade of zero for the exam. If your schedule changes such that you no longer have a “conflict” with the regularly scheduled exam, you should notify your instructor by e-mail as soon as possible.

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. 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 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 due to illness will receive a grade of “incomplete” for the semester and will be required to take a make-up exam on the University's officially scheduled make-up exam date **next semester**. After the student takes the make-up, 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 grade of zero for the exam.

**Students who miss a midterm exam without making arrangements with me according to the above guidelines will receive a zero on the respective exam. Missing the final exam without making the appropriate arrangements will result in a failing grade for the course.**

## Course Schedule

Each lecture lists the meeting date for the Monday-Wednesday sections first, and the Tuesday-Thursday sections second.

Note that all exams/midterms are scheduled at the same time and date for all sections.

Under readings:

"CH" refers to chapters and pages in the textbook

"S-" refers to material in the "Wharton Accounting 101 Supplement"

"Case" refers to additional material available online through the Canvas system

|            | DATE                             | TOPICS   | READINGS   |
|------------|----------------------------------|--|--|
| LECTURE 1  | Wed. 8/27<br>Thurs. 8/28         | Introduction   | CH 1   |
|            | <b>Mon. 9/1</b>                  | <b>Labor Day – No Class</b>                                |  |
| LECTURE 2  | Wed. 9/3<br>Tues. 9/2            | Overview of Financial Statements<br>Balance Sheet Concepts | CH 2   |
| LECTURE 3  | Mon. 9/8<br>Thurs. 9/4           | Balance Sheet Concepts<br>Accounting Process               | CH 3   |
| LECTURE 4  | Wed. 9/10<br>Tues. 9/9           | Income Statement Concepts                                  | CH 2   |
| LECTURE 5  | Mon. 9/15<br>Thurs. 9/11         | Income Statement Concepts<br>Accounting Process            | CH 2<br>CH 4   |
| LECTURE 6  | Wed. 9/17<br>Tues. 9/16          | The Accounting Cycle                                       | CH 3   |
| LECTURE 7  | Mon. 9/22<br>Thurs. 9/18         | Statement of Cash Flows                                    | CH 5   |
| LECTURE 8  | Wed. 9/24<br>Tues. 9/23          | Statement of Cash Flows                                    | CH 5   |
| LECTURE 9  | Mon. 9/29<br>Thurs. 9/25         | Timing of Revenue Recognition                              | CH 2: p. 47, 52<br>CH 4: p. 140-146<br>CH 6: p. 232, 233 |
|            | Fri. 9/26                        | <b>Homework #1 due (by 9am)</b>                            |  |
|            | Wed. 10/1<br>Tues. 9/30          | In Class Review for Midterm #1                             |  |
|            | <b>Mon. 10/6<br/>Thurs. 10/2</b> | <b>No Regularly Scheduled Class</b>                        |  |
|            | <b>Mon. 10/6</b>                 | All Sections:<br><b>MIDTERM #1: 6pm-8pm</b>                |  |
| LECTURE 10 | Wed. 10/8<br>Tues. 10/7          | Measurement of Sales and<br>Accounts Receivables           | CH 6   |
|            | <b>Thurs. 10/9</b>               | <b>Fall Break – No Class</b>                               |  |
| LECTURE 11 | Mon. 10/13<br>Tues. 10/14        | Measurement of Sales and<br>Accounts Receivables           | CH 6<br>Timberland Case                                  |

|            |  |   |                            |
|------------|--|---|----------------------------|
| LECTURE 12 | Wed. 10/15<br>Thurs. 10/16               | Inventories – Cost Methods                                      | CH 7                       |
| LECTURE 13 | Mon. 10/20<br>Tues. 10/21                | Inventories – Cost Methods                                      | CH 7<br>Snap-On Tools Case |
| LECTURE 14 | Wed. 10/22<br>Thurs. 10/23               | Long-Lived Assets   | CH 8                       |
| LECTURE 15 | Mon. 10/27<br>Tues. 10/28                | Long-Lived Assets   | CH 8<br>Snap-On Tools Case |
|            | Wed. 10/29<br>Thurs. 10/30               | In Class Review for Midterm #2                                  |                            |
|            | <b>Fri. 10/31</b>                        | <b>Homework #2 due (by 9am)</b>                                 |                            |
|            | <b>Mon. 11/3</b>                         | All Sections:<br><b>MIDTERM #2: 6pm-8pm</b>                     |                            |
|            | <b>Mon. 11/3</b><br><b>Tues. 11/4</b>    | <b>No Regularly Scheduled Class</b>                             |                            |
| LECTURE 16 | Wed. 11/5<br>Thurs. 11/6                 | Liabilities – Current Liabilities<br>and Present Value Concepts | CH 9<br>CH 9 appendix      |
| LECTURE 17 | Mon. 11/10<br>Tues. 11/11                | Liabilities – Bonds   | CH 9                       |
| LECTURE 18 | Wed. 11/12<br>Thurs. 11/13               | Liabilities - Leases  | CH 9, S-1<br>Safeway Case  |
| LECTURE 19 | Mon. 11/17<br>Tues. 11/18                | Shareholders' Equity  | CH 10                      |
| LECTURE 20 | Wed. 11/19<br>Thurs. 11/20               | Deferred Taxes  | CH 9: p. 403-406 S-1       |
|            | <b>Fri. 11/21</b>                        | <b>Homework #3 due (by 9am)</b>                                 |                            |
| LECTURE 21 | Mon. 11/24<br>Tues. 11/25                | Intercompany Investments  | CH 11<br>Deere Case        |
|            | <b>Wed. 11/26</b><br><b>Thurs. 11/27</b> | <b>Thanksgiving Break –<br/>No Class</b>                        |                            |
| LECTURE 22 | Mon. 12/1<br>Tues. 12/2                  | Ratio Analysis  | CH 12                      |
| LECTURE 23 | Wed. 12/3<br>Thurs. 12/4                 | Financial Statement Analysis                                    | CH 12                      |
|            | <b>Fri. 12/5</b>                         | <b>Homework #4 due (by 9am)</b>                                 |                            |
|            | Mon. 12/8<br>Tues. 12/9                  | In Class Review for Final Exam                                  |                            |
|            | <b>Wed. 12/17</b>                        | <b>All Sections:<br/>FINAL EXAM: 3pm-5pm</b>                    |                            |