

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

Instructor

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Office hours

Thursday 9 - 11 a.m. or by appointment

Course objectives

Accounting 201 covers the general presentation of the financial statements and the accounting practices for assets. The concepts/rules are taught in enough detail so that you can *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* who can extract relevant information from financial statements for making a variety of decisions, including equity valuation. Learning the preparation techniques is an important step in learning to be a sophisticated user. In addition, we will spend a good portion of the class time working out how to extract information from financial statements 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., 2011, 15th edition). The textbook is required and is available at the bookstore. You can purchase the book in any format (ebook, soft cover, hard cover, etc.). You do not need to purchase any supplemental materials such as study guides or solution manuals. The solutions to Kieso, Weygandt, and Warfield problems will be available on Canvas.

Class notes, homework assignments, additional reading material, and old exams will be available on Canvas. Class notes, including power point slides, will generally be available 2-3 days before the class.

Non-Wharton students may obtain a Wharton class account for access to Canvas. If you have been enrolled in a section of this course for at least one day, you can apply for a Wharton class account online at:

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

The account should work within approximately 20 minutes. If you encounter difficulty using the online application form or gaining access to Canvas, visit Wharton Computing's office, SHDH 114, or call that office at 215-898-8600 (have your PennCard handy).

Grading

Your course grade will be determined as follows:

HW#1	5%
Midterm exam	37%
HW#2	8%
Final exam	50%

Assignments/Exams:

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

There are two graded homework assignments.

HW#1: (Crystal Meadows)

Due Monday **September 29** by **10:30 am**, regardless of your scheduled class time. We will be discussing the assignment in class. Students can complete HW#1 as **individuals or in teams of two**. Submit the assignment via Canvas, but also bring a copy to class for discussion. If you are a team of two, submit only one assignment under either student's name. Include both names on the assignment. The second student should submit a document as his/her "assignment" that simply states: "See 'teammate's name' for my HW assignment." The assignment must be typed; supporting computations can be in an excel spreadsheet.

HW#1 asks questions about material that has already been covered in class related the statement of cash flows (prepare one!), as well as the balance sheet and income statement, including earnings quality. It serves as a review of the material through September 29.

HW#2: (Roman Holiday Pizza)

Due Monday **November 24** by **10:30 am**, regardless of your scheduled class time. We will be discussing the assignment in class. Submit the assignment via Canvas, but also bring a copy to class for discussion. The assignment must be typed; supporting computations can be in an excel spreadsheet.

HW#2 is a **group** assignment. You may work in groups of no more than four students. Groups are not permitted to share information with other groups. *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 2015).

THE FINAL EXAM IS: DECEMBER 17, 2014 (WEDNESDAY)
3-5 pm

Regrade requests: To request a regrade on homework assignments or an 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 2014

Important dates to consider: Rosh Hashanah begins at sundown on Wednesday September 24. The September 24 class will be videotaped. Note that HW#1 is due the following Monday. Yom Kippur is Saturday October 4. Fall break is October 9-12.

Date	Day	Topic	Kieso et al. reading	Other preparation
8/27	W	Introduction	Ch. 1, 2	E2-5, E2-9
9/3	W	Review/concepts ⁱ	Ch. 3	BE3-9, E3-7, E3-11, P3-9, Pathfinder case (see Canvas)
9/8	M	The financial statements: Income statement	Ch. 4	Q4-4, BE4-4, E4-13, E4-15, P4-3
9/10	W	Income statement, contd; Earnings quality		CA4-3, CA4-4
9/15	M	The financial statements: Balance sheet	Ch. 5, p. 212-227; Ch. 5 App 5A Ch. 24 App 24A	Q5-7, Q5-8, E5-11, BE24-8, E24-5
9/17	W	Full disclosure	Ch. 5, p. 236-245 Ch. 24	BE24-3, E24-2, BE24-5, BE24-6, BE24-7, P24-2, CA24-4
9/22	M	The financial statements: Statement of cash flows	Ch. 5, p. 228-236, Ch. 23	E5-14, P5-6, E23-11, E23-14, E5-18, P23-9
9/24	W	SCF, continued		
9/29	M	SCF and review (Discuss HW#1) ⁱⁱ		HW #1: Due today by 10:30 am
10/1	W	Cash and accounts receivable	Ch. 7, p. 344-358; p. 372-376	E7-2, E7-7, E7-8, P7-3, P7-6
10/6	M	Notes receivable, factoring	Ch. 7, p. 378-391 APP 7B	BE7-6, BE7-7, E7-16, E7-17, P7-15
10/8	W	Notes receivable, factoring, continued		Securitization examples in classnotes
10/13	M	Inventory	Ch. 8	E8-1, E8-16, E8-25, P8-7

ⁱ Kieso-Weygandt Chapter 3 is a review of the bookkeeping essentials covered in Accounting 101. The concepts and mechanical procedures in this chapter 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 HW#1 (Crystal Meadows *plus*) asks you to prepare a Statement of Cash Flows. It also asks you to compare the information provided by the SCF to the information provided by the income statement (unconditionally and conditional on earnings quality) and balance sheet, thus serving as a review of all three financial statements.

Date	Day	Topic	Kieso et al. reading	Other preparation
10/15	W	Inventory cont'd./ Purchase commitments	Ch. 9, p. 472-481; p. 483-485 (Purchase comms.)	E9-1, E9-10, P9-2
10/20	M	Exam 1 (in class)		
10/22	W	Long-lived assets: Acquisitions, self- constructed assets, and depreciation	Ch. 10	E10-2, E10-8, E11-5, E11-23, P10-7
10/27	M	Long-lived assets: Dispositions, exchanges, impairments	Ch. 11 APP 11A	E10-20, E10-24, P10-10, E11-18
10/29	W	Intangible assets	Ch. 12	E12-4, E12-9, E12-13, E12-14, E12-17, P12-5
11/3	M	Intangible assets, continued		Intangibles examples in classnotes
11/5	W	Fair value measurement	p. 56-58; p. 238- 239; APP 17C	Fair value examples in classnotes
11/10	M	Revenue recognition (Point of sale)	Ch. 18: p. 1040-1056	Examples in classnotes; BE18-3, BE18-6, E18-4, E18-5, E18-10
11/12	W	Long term contracting	Ch. 18: p. 1057-end	E18-12, P18-6, P18-7
11/17	M	Finish up long term contracting; IFRS		IFRS case (see Canvas)
11/19	W	Accounting changes and errors	Ch. 22	E22-2, E22-7, E22-12, P22-1
11/24	M	Review (Discuss HW#2) ⁱⁱⁱ		HW #2: Due today by 10:30 am
11/26	W	Happy T-Day! No class ^{iv}		
12/1	M	Marketable securities	Ch. 17, p. 950-964; p. 967-977	E17-3, E17-4, E17-6, E17-9
12/3	W	Marketable securities, continued		E17-10, P17-9, P17-10, P17-12
12/8	M	Equity method investments/VIEs	Ch. 17, 964-967; APP 17B	E17-11, E17-12, E17-17, C17-4

ⁱⁱⁱ HW#2 (Roman Holiday Pizza) serves as a review of revenue recognition, intangibles, impairment charges and fair value measurement.

^{iv} Thursday-Friday class schedule meets on Tuesday-Wednesday.