

ACCT 612
Introduction to Financial Accounting (Accelerated)
Fall Semester 2014

Instructor

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1322 Steinberg Hall - Dietrich Hall

Office Hours: 1:30-2:50 pm Monday and Wednesday or by appointment

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Course Objectives

ACCT 612 is an elite class for elite students who want to learn or review standard, introductory financial accounting course material in an accelerated, 6-week period. Please review the **Schedule of Assignments** below for a list of specific topics covered.

Course Innovations

This year introduces two important course innovations in ACCT 612. First, I am teaching the course for the first time. This implies that anything related to ACCT 612 in the past (e.g., previous syllabi, old exams, prior grading algorithms, etc.) will have little-to-no applicability going forward. Second, as a pedagogical innovation, ACCT 612 will be fully integrated into its companion, full semester, introduction-to-financial-accounting courses, ACCT 611 and ACCT 613. By “fully integrated” I mean that all three courses will use the same textbook, and similar cases, lecture slides, etc.: in effect, ACCT 612 will cover the same *core material* as ACCT 611 and ACCT 613, but at an accelerated pace. While it is not feasible to cover *all* the material in ACCT 611 and ACCT 613 (because these courses have the luxury of a full semester), most of the core material in these courses will be covered in ACCT 612.

Course website

The website for ACCT 612 can be found on Canvas: <https://canvas.upenn.edu/courses/1253246>.

Course material that can be found on the website includes:

- Lecture slides (which will be available in advance of the scheduled class date)
- Solutions to the assigned textbook exercises and problems
- Cases for in-class discussion (along with solutions *after* the case is discussed)
- Supplementary reading

Textbook (required)

Dyckman, T., R. Magee, G. Pfeiffer, A. Hartgraves, and W. Morse, *Financial & Managerial Accounting for MBAs*, Wharton Custom Edition, 2014, Cambridge Business Publishers. Cambridge Business Publishers customized this textbook for use in ACCT 611, 612, and 613 (in conjunction with offering a substantial discount to students); this textbook is only from the Penn Bookstore. In the **Schedule of Assignments** below, “TB” is an abbreviation for the “T(ext)B(ook)”: specifically, Dyckman, Magee, Pfeiffer, Hartgraves, and Morse (2014).

Grading

Because ACCT 612 is an elite class for elite students, grading will be as straightforward as possible: the midterm exam will be graded based on 50 pts., the final exam will be graded based on 50 pts., and a student's course grade will be based on the cumulative score on both exams (in other words, based on 100 pts.). There will be no other quizzes, assignments, homework, required problems to-be-turned-in, etc., and class attendance and class participation will be completely voluntary.

Teaching assistants (TAs) and review sessions

The three TAs for the course are

- Krystal Barker kbarker@wharton.upenn.edu
- Robert Hostetter hosrob@wharton.upenn.edu
- Emily Kasavana kasavana@wharton.upenn.edu

Information about the TAs, their offices, and their office hours will be posted on Canvas.

Midterm and final exams

The midterm exam is scheduled for September 18 from 4:30-6:30 pm, and will cover the course material in Classes #1-6: see the **Schedule of Assignments** below. The final exam is scheduled for October 10 from 10 am-12 noon, and will be comprehensive; nonetheless, as a practical matter, it will focus *primarily* on the course material in Classes #7-12. In continuing with the theme of ACCT 612 being an elite class for elite students, both exams will be closed book, closed notes, no electronic devices, etc.: in effect, the only items a student can take with him or her to the exam are writing materials and calculators (we will supply blank 'scratch paper' if a student so desires).

Students have a responsibility to attend examinations at the specified times. If a student cannot attend an examination, it is his/her responsibility to notify the MBA Office (and me) prior to the exam. The MBA Office has exclusive purview over whether to grant a student authorization to be absent from an examination. In the event of an *authorized* absence from any exam, a make-up exam will be administered in January, 2015, during the official make-up exam period that is set by the Registrar: a student 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.

Summary statistics of performance on the midterm and final exams, along with suggested solutions, will be posted to Canvas. *Requests to re-grade exams are strongly discouraged!* Exams should be thought of as part of a collaborative process between an instructor and students; if a student has a valid inquiry about how a specific question was graded, he or she must submit: 1) the original copy of the exam; and 2) a *detailed* explanation of the issue/controversy/error. When processing a re-grade request, we reserve the right to review the entire exam – not just the issue in question.

Schedule of Assignments

Prior to August 27	Preliminary Course Preparation
	Case: Animatronics (Questions 1-4)
August 27 Class #1	Statement of Cash Flows
	Slides: Class #1
	TB Reading: Chapter 4
	TB Problems: E4-34, E4-38, E4-41, E4-44, P4-51, P4-52, P4-54
	Cases: Animatronics (Question 5); Callaway Golf
	Supp. Reading: Cash Never Flow Lies; PepsiCo Statement of Cash Flows; Quick Cash via Receivables Deals
September 3 Class #2	Revenue Recognition
	Slides: Class #2
	TB Reading: Chapter 6, p. 267-277
	TB Problems: M6-14, M6-24, E6-32, E6-39, E6-40
	Case: United Airlines
	Supp. Reading: Got'em, Gotham; Accounting Shift Would Lift Tech Profits; Zynga Explains Method for Recording Real Revenue; Boeing Hits a Milestone; Digging into Online Coupon Firm's Dealings; Microsoft Financials
September 8 Class #3	Accounts Receivable
	Slides: Class #3
	TB Reading: Chapter 6
	TB Problems: M6-18, M6-20, E6-33, E6-34
	Case: Barnes & Noble
	Supp. Reading: Freedom to fudge; Accounting Issues at WorldCom; At Nortel, Warning Signs Existed Months Ago
September 10 Class #4	Inventory and Cost of Goods Sold (COGS)
	Slides: Class 4
	TB Reading: Chapter 7
	TB Problems: M7-15, M7-19, M7-22, E7-26, E7-29, E7-31
	Case: Research in Motion
	Supp. Reading: Big Oil's Accounting; Unraveling Inventory's Riddle; Fade to BlackBerry; Boeing Hits a Milestone; Chesapeake's Obscure Costs

September 15	Long-Lived Assets	
Class #5	Slides:	Classes #5 & #6
	TB Reading:	Chapter 8
	TB Problems:	M8-11, M8-14, E8-24, P8-36
	Case:	Berwick Tools
	Supp. Reading:	IFRS Spells Write-Downs; DirecTV Write-Downs

September 17	Long-Lived Assets (continued)	
Class #6	Slides:	Classes #5 & #6
	TB Problems:	M8-17, M8-21, E8-29, E8-32, E8-35
	Supp. Reading:	Demystify the Lehman Shell Game; HP to Book 8 bn Charge; SEC Makes B&N Justify Goodwill

September 17	Review for Midterm Exam: 4:30-6:00 pm (JM HH F95)	
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September 18	Midterm Exam: 4:30-6:30 pm (JM HH G06)	
	Topics Covered:	Classes #1-6

September 22	Long-Term Debt	
Class #7	Slides:	Class #7
	TB Reading:	Chapter 9, Appendix A (Time-Value of Money)
	TB Problems:	M9-22, M9-23, M9-31, M9-34, E9-47, P9-53, P9-55
	Case:	Starbucks
	Supp. Reading:	Citigroup Finds a Profit; Morgan Stanley to Post a Loss from Bonds

September 24	Leases	
Class #8	Slides:	Class #8
	TB Reading:	Chapter 10, p. 453-466
	TB Problems:	M10-13, M10-15, E10-23, E10-26
	Case:	Safeway (Leases)
	Supp. Reading:	New Accounting Rules Ruffle the Leasing Market; Leases Suffer Identity Crisis; Northeast Airlines Financials

September 29 Class #9	Deferred Taxes Slides: Class #9 TB Reading: Chapter 10, p. 476-483 TB Problems: M10-22, E10-32, P10-40, P10-41, P10-42, C10-47 Case: Safeway (Taxes) Supp. Reading: SEC Challenging Multinationals on Plans for Foreign Earnings; Sony Profits Are Far Off with Write-Down; Motorola Deal Offers Google Tax Benefits; Tax Twist: At Some Firms, Cutting Corporate Tax Rates May Cost Billions
October 1 Class #10	Marketable Securities and Intercorporate Investments Slides: Class #10 & #11 TB Reading: Chapter 12, p. 555-581 TB Problems: M12-11, M12-12, E12-24, E12-26, E12-38 Case: Peet's Coffee Supp. Reading: Bank Quandary - Valuing the Assets; Distortions in Baffling Financial Statements
October 6 Class #11	Marketable Securities and Intercorporate Investments (continued) Slides: Class #10 & #11 TB Reading: Chapter 12, p. 555-581 TB Problems: M12-14, M12-15, E12-28, E12-29, E12-34 Supp. Reading: Buyers Beware: The Goodwill Games
October 8 Class #12	Financial Statement Analysis: Professor Stephanie A. Sikes Slides: Class #12 TB Reading: Chapter 5
October 9	Review for Final Exam: 4:30-6:00 pm (JM HH F85)
October 10	Final Exam: 10 am-12 noon (JM HH G06) Topics Covered: Comprehensive, but primary focus on Classes #7-12

Other Supplementary Reading

- *IFRS and US GAAP: similarities and differences*, PwC
- *Revenue recognition — Multiple element arrangements*, Ernst & Young
- *Lehman's Shell Game – Poor Risk Management*, Dutta, Caplan, and Lawson