

Accounting 202

Intermediate Financial Accounting

University of Pennsylvania
The Wharton School
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Course Objective

This course builds on the knowledge you obtained in your introductory financial accounting course. The course is typically (but not necessarily) taken after completing Accounting 201. That course discusses in detail the income statement, the balance sheet, the statement of cash flows, and the asset-side of the balance sheet. The objective of Accounting 202 is to provide a better understanding of the liability and equity side of the balance sheet. Case studies and illustrative examples from the financial press will be used to increase your familiarity with actual firms' financial statements and to emphasize the effect of financial accounting rules on the numbers presented in the financial statements. Thus, after completing both Accounting 201 and Accounting 202, you will have obtained many of the tools necessary to both prepare and analyze accounting statements and financial information provided by corporations. You will acquire an understanding of both the "how" of accounting procedures and the underlying reasons "why" these practices are adopted. These skills are essential for pursuing a broad range of professions in accounting and finance.

Course Materials

Textbook:

Intermediate Accounting by Donald E. Kieso, Jerry J. Weygandt, and Terry D. Warfield (KWW), 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 (e-book, soft cover, hard cover, etc...) Solutions to Kieso, Weygandt, and Warfield problems are available on the course website (password protected).

Course Website:

<https://wharton.instructure.com/courses/> (all course materials)

Office Hours:

Office hours are TBA or by appointment. I strongly encourage you to make full use of my office hours. However, please understand that office hours are intended to help you with any questions you have after you have attended the lectures, reviewed the materials, and attempted the homework assignments. Office hours are not intended as make-up lectures for those who fail to attend the lectures, nor as a comprehensive review of lectures already given.

Class Organization**Preparation for Class and Professionalism:**

Class sessions will follow a lecture/discussion format with student participation strongly encouraged. The lectures are designed to clarify and explain issues from the text, discuss the rationale underlying the techniques, and to compare and contrast accounting alternatives. You should complete the assigned reading and problems before class. We generally do not use class time to go over assigned problems. Use the solution for self-correction only. Professionalism consists of timeliness, respect for colleagues and the instructor, effectiveness in working with colleagues, etc. I strongly believe that learning is an active process and I expect you to treat this class as you would any significant work-related responsibility. In general, I will strongly emphasize fairness to all students taking the course. Please do not ask me to make exceptions to these rules that would be unfair to other students in the course.

Grading:

Your course grade will be determined as follows:

Classroom Professionalism	5%
Class Participation	5%
1 st Midterm Exam	40%
2 nd Midterm Exam	<u>50%</u>
	<u>100%</u>

Homework:

Recommended homework problems listed on the syllabus are optional (and not graded), rather than required. Of course, as this course is one related to applied knowledge, practice in completing homework problems, and similar practice problems obtained from the course website, are an important part of the learning process and critical to one's performance on the midterm exams.

Exams/Presentations:

The two midterm examinations account for 90% of your final grade. The first midterm exam is in-class and, of course, is not cumulative. The second midterm exam is also in-class, but will be "somewhat" cumulative in that 10% to 20% of its substance may relate to the first part of the course before the first midterm (Hint: Focus on homework problems and the first midterm for this earlier material). The exams are closed-book, but you will be allowed to bring one 8.5 x 11 inch, handwritten "cheat sheet" (double-sided) to

the midterms. 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. If you have an excused absence, the second midterm will count for 90% of the class grade, or a makeup date will be provided sometime after the second exam for both exams.

As for classroom presentations, students will be required to form groups of 3 to 4 members, and create a presentation of about 20 minutes in length to occur during designated class times. Topics may include any accounting issue related to topics discussed during the course or beyond. The presentations will not be formally graded, but will count for extra credit, which may increase the participant's grade by $\frac{1}{2}$ of a grade level. For example, a student, otherwise receiving a grade of B, may increase his/her grade to a B+ for a thoughtful and organized presentation. These presentations should serve as a learning experience for the participants and for the class as a whole.

Course Outline

(subject to change if we fall behind or get ahead of schedule)

No.	Date	Topic	Reading (before class) / Special remarks	Problems (after class)
1	TH 1/15	Introduction/Overview	Review of Intro	
2	T 1/20	Overview/Review of Liab.	Financial Acct.	
3	TH 1/22	Review of Liabilities/SE		
4	T 1/27	Current Liabilities and Contingencies	Ch. 13	E13-2/3, E13-5, E13-16
5	TH 1/29	Current Liabilities and Contingencies	Ch. 13	E13-13/14, P13-6, P13-8, P13-11
6	T 2/3	Long-term Liabilities	Ch. 14	E14-5, E14-9, P14-1, P14-5
7	TH 2/5	Long-term Liabilities	Ch. 14 & App. 14A	P14-6, E14-21 through 24, P14-13
8	T 2/10	Long-term Liabilities	Ch. 14 & App. 14A	
9	TH 2/12	Stockholders' Equity: Contributed Capital	Ch 15	E15-2, E15-6/7, E15-8/9, P15-5/6

No.	Date	Topic	Reading (before class) / Special remarks	Problems (after class)
10	T 2/17	Stockholders' Equity: Retained Earnings and Dividend Policy	Ch 15 & App. 15A	E15-14, E15-18, P15-8, P15-11
11	TH 2/19	No Class	Ch 16	E16-2, E16-6, E16-8 (related to Class on 2/17 and 2/24)
12	T 2/24	Dilutive Securities: Convertible Bonds, Warrants, Stock Compensation, EPS	Ch 16 & App. 16A	E16-11/12, P16-3
13	TH 2/26	No Class	Ch 16 & App. 16B	E16-15, E16-22, E16-26, P16-7 (related to Class on 2/24)
14	T 3/3	Review/Questions for Midterm	Ch 13, 14, 15 & 16	
15	TH 3/5	1 st Midterm Exam	Ch 13, 14, 15 & 16	
	T 3/10 TH 3/12	Spring Break Spring Break		
16	T 3/17	Income Taxes	Ch 19	E19-1, E19-4, E19-6, E19-17
17	TH 3/19	Income Taxes	Ch 19 & App. 19A	E19-9, E19-14/15, E19-24, P19-6
18	T 3/24	Presentations		
19	TH 3/26	Presentations		
20	T 3/31	Presentations		
21	TH 4/2	Leases	Ch 21	E21-2/3, E21-8, P21-9
22	T 4/7	Leases	Ch 21 & App. 21A/B	E21-4, E21-6, P21-3, P21-10/11
23	TH 4/9	Leases	Ch 21 & App. 21A/B	

No.	Date	Topic	Reading (before class) / Special remarks	Problems (after class)
24	T 4/14	Derivative Instruments	App. 17A	E17-22, E17-23, E17-25, P17-13, E17-26, P17-17
25	TH 4/16	Statement of Cash Flows	Ch 23	E23-1/2, E23-8/9, P23-1
26	T 4/21	Statement of Cash Flows	Ch 23	
27	TH 4/23	Catch-up and Review		
28	T 4/28	2 nd Midterm (No Final)		