

University of Pennsylvania, The Wharton School
ACCT 202 Intermediate Financial Accounting II
Spring 2016 semester

INSTRUCTOR

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CLASS MEETING TIMES

001	TR	0130PM-0300PM	60	LEC
002	TR	0300PM-0430PM	60	LEC

OFFICE HOURS

Monday 3:00 p.m. – 5:00 p.m.

Please email me if you would like to schedule a different time. I am generally available and flexible with meeting times. I should also be available immediately after the 3:00 p.m. – 4:30 p.m. section of each class day.

COURSE OBJECTIVES

This course builds on the knowledge you obtained in your introductory financial accounting course. This is a 2nd semester intermediate accounting course and is typically taken after completing ACCT 201. The ACCT 201 course covers the income statement, statement of cash flows, and asset side of the balance sheet. In contrast, ACCT 202 primarily covers 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 information presented in financial statements. After completing both ACCT 201 and ACCT 202, you will have obtained many of the tools necessary to both prepare and analyze financial statements and accounting information provided by firms. 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.

This course will also help you prepare for CPA and/or CFA exams, if you are planning to sit for those. Refer to the CPA Exam and CFA Exam topic mapping in this syllabus for further details.

PREREQUISITES

An introductory financial accounting course such as ACCT 101 or equivalent knowledge. The 1st semester intermediate accounting course (ACCT 201) is recommended but not required. The first course session will be a refresher on financial accounting institutions, mechanics, and outputs.

TEXTBOOK AND SUPPLEMENTAL READINGS

Textbook — Intermediate Accounting 15th edition, by Kieso, Weygandt, and Warfield. Either the original 15th edition or the 2014 FASB Update version are both fine for this course. We will cover all the material in the textbook that was not covered in ACCT 201. In the last topic of the course, we will revisit the statement of cash flows (Chapter 23) in light of the new material you will learn in this course.

Supplemental readings — There are also supplemental readings posted on the class website. These are mostly popular press articles that highlight real world examples of the business and accounting scenarios we discuss in class, contemporary controversies over certain accounting treatments, the standard setting and convergence efforts of the FASB and IASB, and various other topics. Please read these prior to class and be prepared to discuss them.

GRADING

25% Exam #1

25% Exam #2

25% Exam #3

25% Exam #4

Missed exams will be dealt with on a case-by-case basis, and make-up opportunities will be given only for the most unusual and extreme of circumstances (I am the sole arbiter), or for university-approved reasons. Any exam absence not cleared will result in a zero score. You MUST take your exam in your registered section.

Exams are not cumulative, except that when we get to Chapter 23 revisiting the statement of cash flows (the final topic of the course), you will need to know the cash flow impact of the transactions we study throughout the course, and how to present them in the statement of cash flows.

All exams are closed book. You should have a NON-PROGRAMMABLE calculator for all exams (I recommend using a financial calculator; see below). Graphing calculators will not be allowed during exams. Sharing of calculators during exams will not be allowed. Phones, laptops, tablets, and other such devices must be powered off and stored away during exams.

FINANCIAL CALCULATOR

Although in the exams you will be provided with tables for time value of money calculations, I highly recommend using a financial calculator for this course and for exams, either the Texas Instruments BA II Plus (standard input) or the Hewlett-Packard 12C (reverse Polish notation). During the January 26, 2016 class session, we will have a refresher tutorial on how to use these two financial calculators.

FASB ACCOUNTING STANDARDS CODIFICATION (ASC)

On September 15, 2009 (the effective date of SFAS 168), the FASB officially adopted the Accounting Standards Codification (ASC). The ASC now serves as the single official source of authoritative, nongovernmental U.S. Generally Accepted Accounting Principles (GAAP) recognized by the FASB. You can access the ASC here:

URL: <http://www2.aaahq.org/ascLogin.cfm>

See the class website for login credentials.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

At the end of each course topic we will discuss similarities and differences between IFRS and U.S. GAAP approaches, and the convergence efforts of the FASB and IASB. Unless instructed otherwise, you should apply U.S. GAAP for all exam problems and practice problems. However, you should be familiar with the convergence efforts and major areas of similarity and difference between U.S. GAAP and IFRS that we discuss. You can access all current non-superseded International Financial Reporting Standards through the "eIFRS Basic" portal on the IASB website (free registration required).

<http://www.ifrs.org/IFRSs/Pages/IFRS.aspx>

LUNCH

I am able to treat groups of 3, 4, 5, or 6 students to lunch. If you are interested, please email me your group members, lunch venue, and a few dates and times that work for you.

TENTATIVE COURSE SCHEDULE

Class #1 • Thursday, January 14, 2016

Class introduction

Review: The institutional setting of financial accounting in the United States and internationally

Review: Financial accounting concepts, processes, and outputs

Skim the following chapters of the textbook if you need a refresher on the these topics:

Chapter 1 — The purpose and institutional settings of financial accounting

Chapter 2 — Concepts underlying financial accounting

Chapter 3 — The mechanics of the accounting process

Chapter 4 — Financial statements (income statement, stockholders equity, comprehensive income)

Chapter 5 — Financial statements (balance sheet, statement of cash flows)

Class #2 • Tuesday, January 19, 2016

Chapter 13 — Current Liabilities and Contingencies (Current Liabilities)

Supplemental readings — 13.01, 13.02, 13.03, 13.04, 13.05

Class #3 • Thursday, January 21, 2016

Chapter 13 — Current Liabilities and Contingencies (Contingencies)

Chapter 13 — Current Liabilities and Contingencies (Presentation and Analysis)

Chapter 13 — Current Liabilities and Contingencies (IFRS Insights)

Supplemental readings — 13.06, 13.07, 13.08, 13.09, 13.10

Class #4 • Tuesday, January 26, 2016

Chapter 6 — Accounting and the Time Value of Money

Review of time value of money concepts needed for future topics

Tutorial on how to use a financial calculator

Supplemental readings — 06.01, 06.02, 06.03

Class #5 • Thursday, January 28, 2016

Chapter 14 — Long-term liabilities (Bonds Payable)

Chapter 14 — Long-term liabilities (Valuation of Bonds Payable)

Supplemental readings — 14.01, 14.02

Class #6 • Tuesday, February 02, 2016

Chapter 14 — Long-term liabilities (Long-term Notes Payable)

Chapter 14 — Long-term liabilities (Reporting and Analyzing Liabilities)

Supplemental readings — 14.03, 14.04

Class #7 • Thursday, February 04, 2016

Appendix 14A — Troubled-Debt Restructurings

Chapter 14 — Long-term liabilities (IFRS Insights)

Supplemental readings — 14.05, 14.06, 14.07

Class #8 • Tuesday, February 09, 2016

Exam #1

Class #9 • Thursday, February 11, 2016

Chapter 15 — Stockholders' Equity (The Corporate Form)

Chapter 15 — Stockholders' Equity (Corporate Capital)

Supplemental readings — 15.01, 15.02, 15.03

Class #10 • Tuesday, February 16, 2016

Chapter 15 — Stockholders' Equity (Preferred Stock)

Chapter 15 — Stockholders' Equity (Dividend Policy)

Supplemental readings — 15.04, 15.05, 15.06, 15.07

Class #11 • Thursday, February 18, 2016

Chapter 15 — Stockholders' Equity (Presentation and Analysis of Stockholders' Equity)

Appendix 15A — Dividend Preferences and Book Value per Share

Chapter 15 — Stockholders' Equity (IFRS Insights)

Supplemental readings — 15.08, 15.09

Class #12 • Tuesday, February 23, 2016

Chapter 16 — Dilutive Securities and Earnings per Share (Dilutive Securities)

Chapter 16 — Dilutive Securities and Earnings per Share (Accounting for Stock Compensation)

Supplemental readings — 16.01, 16.02

Class #13 • Thursday, February 25, 2016

Chapter 16 — Dilutive Securities and Earnings per Share (Computing Earnings per Share)

Supplemental readings — 16.03, 16.04, 16.05

Class #14 • Tuesday, March 01, 2016

Appendix 16A — Accounting for Stock-Appreciation Rights

Appendix 16B — Comprehensive Earnings per Share Example

Chapter 16 — Dilutive Securities and Earnings per Share (IFRS Insights)

Supplemental readings — 16.06, 16.07, 16.08

Class #15 • Thursday, March 03, 2016

Exam #2

Class #16 • Tuesday, March 15, 2016

Chapter 19 — Accounting for Income Taxes (Fundamentals of Accounting for Income Taxes)

Supplemental readings — 19.01, 19.02, 19.03

Class #17 • Thursday, March 17, 2016

Chapter 19 — Accounting for Income Taxes (Accounting for Net Operating Losses)

Chapter 19 — Accounting for Income Taxes (Financial Statement Presentation)

Supplemental readings — 19.04, 19.05, 19.06, 19.07

Class #18 • Tuesday, March 22, 2016

Chapter 19 — Accounting for Income Taxes (Review of the Asset-Liability Method)

Appendix 19A — Comprehensive Example of Interperiod Tax Allocation

Chapter 19 — Accounting for Income Taxes (IFRS Insights)

Supplemental readings — 19.08, 19.09, 19.10, 19.11

Class #19 • Thursday, March 24, 2016

Chapter 20 — Accounting for Pensions and Postretirement Benefits (Nature of Pension Plans)

Chapter 20 — Accounting for Pensions and Postretirement Benefits (Accounting for Pensions)

Supplemental readings — 20.01, 20.02, 20.03

Class #20 • Tuesday, March 29, 2016

Chapter 20 — Accounting for Pensions and Postretirement Benefits (Using a Pension Worksheet)

Chapter 20 — Accounting for Pensions and Postretirement Benefits (Reporting Pension Plans in Financial Statements)

Supplemental readings — 20.04, 20.05

Class #21 • Thursday, March 31, 2016

Appendix 20A — Accounting for Postretirement Benefits

Chapter 20 — Accounting for Pensions and Postretirement Benefits (IFRS Insights)

Supplemental readings — 20.06, 20.07

Class #22 • Tuesday, April 05, 2016

Exam #3

Class #23 • Thursday, April 07, 2016

Chapter 21 — Accounting for Leases (Leasing Environment)

Chapter 21 — Accounting for Leases (Accounting by the Lessee)

Supplemental readings — 21.01, 21.02

Class #24 • Tuesday, April 12, 2016

Chapter 21 — Accounting for Leases (Accounting by the Lessor)

Chapter 21 — Accounting for Leases (Special Lease Accounting Problems)

Supplemental readings — 21.03, 21.04

Class #25 • Thursday, April 14, 2016

Appendix 21A — Sale-Leasebacks

Chapter 21 — Accounting for Leases (IFRS Insights)

Supplemental readings — 21.05, 21.06, 21.07, 21.08, 21.09

Class #26 • Tuesday, April 19, 2016

Chapter 17A — Accounting for Derivative Instruments

Supplemental readings — 17.01, 17.02, 17.03, 17.04, 17.05, 17.06

Class #27 • Thursday, April 21, 2016

Chapter 23 — Statement of Cash Flows (Preparation of the Statement)

Chapter 23 — Statement of Cash Flows (Illustrations—Tax Consultants)

Supplemental readings — 23.01, 23.02

Class #28 • Tuesday, April 26, 2016

Chapter 23 — Statement of Cash Flows (Special Problems in Statement Preparation)

Chapter 23 — Statement of Cash Flows (Use of a Worksheet)

Chapter 23 — Statement of Cash Flows (IFRS Insights)

Supplemental readings — 23.03, 23.04, 23.05, 23.06, 23.07

Exam #4 during final exam period — Date, time, and location to be determined

CPA EXAM MAPPING (CSO EFFECTIVE JANUARY 1, 2016) — All material in this course will be covered in the Financial Accounting and Reporting (FAR) section of the CPA exam. The 2016 AICPA Content Specification Outline (CSO), effective January 1, 2016, can be found here:

<http://www.aicpa.org/becomeacpa/cpaexam/examinationcontent/pages/default.aspx>

Textbook chapter	CPA Exam (FAR section) 2016 AICPA Content Specification Outline
13 — Current Liabilities and Contingencies	II.G + II.H + III.E
14 — Long-Term Liabilities	II.I + III.D
15 — Stockholders' Equity	II.J
16 — Dilutive Securities and Earnings per Share	III.F + II.M.5
19 — Accounting for Income Taxes	II.N
20 — Accounting for Pensions and Postretirement Benefits	II.M
21 — Accounting for Leases	III.N
17A — Accounting for Derivative Instruments	III.J
23 — Statement of Cash Flows	I.C.5

2016 CFA EXAM MAPPING — Almost all material in this course is covered in the "Financial Reporting and Analysis" topic area of Level I and some of it is covered in Level II (Financial Reporting and Analysis is not tested in Level III). This topic area comprises 20% of the Level I curriculum and 15-20% of the Level II curriculum. The 2016 CFA Exam Level I and Level II Curriculum Learning Outcome Statements (LOS) can be found here:

http://www.cfainstitute.org/programs/cfaprogram/courseofstudy/Pages/study_sessions.aspx

Level I:

Textbook chapter	2016 CFA Level I Curriculum Learning Outcome Statements (LOS)
13 — Current Liabilities and Contingencies	Study Session 8 • Reading 26 • LOS d
14 — Long-Term Liabilities	Study Session 9 • Reading 32 • LOS a-e
15 — Stockholders' Equity	Study Session 8 • Reading 26 • LOS f
16 — Dilutive Securities and Earnings per Share	Study Session 8 • Reading 25 • LOS h-i
19 — Accounting for Income Taxes	Study Session 9 • Reading 31 • LOS a-j
20 — Accounting for Pensions and Postretirement Benefits	Study Session 9 • Reading 32 • LOS j
21 — Accounting for Leases	Study Session 9 • Reading 32 • LOS f-i
17A — Accounting for Derivative Instruments	n/a
23 — Statement of Cash Flows	Study Session 8 • Reading 27 • LOS a-i

Level II:

Textbook chapter	2016 CFA Level II Curriculum Learning Outcome Statements (LOS)
13 — Current Liabilities and Contingencies	n/a
14 — Long-Term Liabilities	n/a
15 — Stockholders' Equity	n/a
16 — Dilutive Securities and Earnings per Share	Study Session 6 • Reading 19 • LOS g-h
19 — Accounting for Income Taxes	n/a
20 — Accounting for Pensions and Postretirement Benefits	Study Session 6 • Reading 19 • LOS a-f
21 — Accounting for Leases	Study Session 5 • Reading 17 • LOS e-f
17A — Accounting for Derivative Instruments	n/a
23 — Statement of Cash Flows	Study Session 7 • Reading 21 • LOS i-j