

University of Pennsylvania, The Wharton School
ACCT 202 Intermediate Financial Accounting II
Spring 2017 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.

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 16th edition, by Kieso, Weygandt, and Warfield. 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 you obtain and learn how to use a financial calculator, either the Texas Instruments BA II Plus (standard input) or the Hewlett-Packard 12C (reverse Polish notation). During the January 24, 2017 class session, we will have a 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 12, 2017

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 17, 2017

Chapter 13 — Current Liabilities and Contingencies (Current Liabilities)

Supplemental readings — 13.1, 13.2, 13.3, 13.4

Class #3 • Thursday, January 19, 2017

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 — 13.5, 13.6, 13.7, 13.8

Class #4 • Tuesday, January 24, 2017

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 — 06.1, 06.2

Class #5 • Thursday, January 26, 2017

Chapter 14 — Long-term liabilities (Bonds Payable)

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

Supplemental readings — 14.1, 14.2

Class #6 • Tuesday, January 31, 2017

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

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

Supplemental readings — 14.3, 14.4

Class #7 • Thursday, February 2, 2016

Appendix 14A — Troubled-Debt Restructurings

Chapter 14 — Long-term liabilities (IFRS Insights)

Supplemental readings — 14.5, 14.6, 14.7

Class #8 • Tuesday, February 7, 2016

Exam #1

Class #9 • Thursday, February 9, 2017

Chapter 15 — Stockholders' Equity (Corporate Capital)

Chapter 15 — Stockholders' Equity (Reacquisition of Shares)

Supplemental readings — 15.1, 15.2

Class #10 • Tuesday, February 14, 2017

Chapter 15 — Stockholders' Equity (Dividend Policy)

Supplemental readings — 15.3, 15.4, 15.5

Class #11 • Thursday, February 16, 2017

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 — 15.6, 15.7

Class #12 • Tuesday, February 21, 2017

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

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

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

Supplemental readings — 16.1

Class #13 • Thursday, February 23, 2017

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

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

Supplemental readings — 16.2, 16.3

Class #14 • Tuesday, February 28, 2017

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 — 16.4, 16.5, 16.6

Class #15 • Thursday, March 2, 2017

Exam #2

Class #16 • Tuesday, March 14, 2017

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

Chapter 19 — Accounting for Income Taxes (Additional Considerations)

Supplemental readings — 19.1, 19.2

Class #17 • Thursday, March 16, 2017

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

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

Supplemental readings — 19.3

Class #18 • Tuesday, March 21, 2017

Appendix 19A — Comprehensive Example of Interperiod Tax Allocation

Chapter 19 — Accounting for Income Taxes (IFRS Insights)

Supplemental readings — 19.4, 19.5

Class #19 • Thursday, March 23, 2017

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

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

Supplemental readings — 20.1, 20.2

Class #20 • Tuesday, March 28, 2017

Chapter 20 — Accounting for Pensions and Postretirement Benefits (Prior Service Cost (PSC))

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

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

Supplemental readings — 20.3

Class #21 • Thursday, March 30, 2017

Appendix 20A — Accounting for Postretirement Benefits

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

Supplemental readings — 20.4, 20.5, 20.6

Class #22 • Tuesday, April 4, 2017

Exam #3

Class #23 • Thursday, April 6, 2017

Chapter 21 — Accounting for Leases (The Leasing Environment)

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

Supplemental readings — 21.1, 21.2, 21.3

Class #24 • Tuesday, April 11, 2017

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

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

Supplemental readings — 21.4, 21.5

Class #25 • Thursday, April 13, 2017

Chapter 21A — Accounting for Leases (Sale-Leasebacks)

Chapter 21 — Accounting for Leases (IFRS Insights)

Supplemental readings — 21.6, 21.7

Class #26 • Tuesday, April 18, 2017

Chapter 17A — Accounting for Derivative Instruments

Supplemental readings — 17.1

Class #27 • Thursday, April 20, 2017

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

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

Supplemental readings — 23.1, 23.2

Class #28 • Tuesday, April 25, 2017

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 — 23.3, 23.4, 23.5, 23.6

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

CPA EXAM MAPPING (CSO EFFECTIVE JANUARY 1, 2017) — All material in this course will be covered in the Financial Accounting and Reporting (FAR) section of the CPA exam. The 2017 AICPA Content Specification Outline (CSO), effective January 1, 2017, can be found here:

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

Textbook chapter	CPA Exam (FAR section) 2017 AICPA Content Specification Outline
13 — Current Liabilities and Contingencies	II.G, II.H, II.M.1, III.B, III.E
14 — Long-Term Liabilities	II.I, III.D, III.I
15 — Stockholders' Equity	II.J, I.C.4
16 — Dilutive Securities and Earnings per Share	III.F, III.O, II.M.5
19 — Accounting for Income Taxes	II.N
20 — Accounting for Pensions and Postretirement Benefits	II.M.2-4
21 — Accounting for Leases	III.N
17A — Accounting for Derivative Instruments	III.J
23 — Statement of Cash Flows	I.C.5

2017 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 2017 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	2017 CFA Level I Curriculum Learning Outcome Statements (LOS)
13 — Current Liabilities and Contingencies	Study Session 7 • Reading 25 • LOS d
14 — Long-Term Liabilities	Study Session 8 • Reading 31 • LOS a-e
15 — Stockholders' Equity	Study Session 7 • Reading 25 • LOS f
16 — Dilutive Securities and Earnings per Share	Study Session 7 • Reading 24 • LOS h-i
19 — Accounting for Income Taxes	Study Session 8 • Reading 30 • LOS a-j
20 — Accounting for Pensions and Postretirement Benefits	Study Session 8 • Reading 31 • LOS j
21 — Accounting for Leases	Study Session 8 • Reading 31 • LOS f-i
17A — Accounting for Derivative Instruments	n/a
23 — Statement of Cash Flows	Study Session 7 • Reading 26 • LOS a-i

Level II:

Textbook chapter	2017 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 5 • Reading 17 • LOS g-h
19 — Accounting for Income Taxes	n/a
20 — Accounting for Pensions and Postretirement Benefits	Study Session 5 • Reading 17 • LOS a-f
21 — Accounting for Leases	n/a
17A — Accounting for Derivative Instruments	n/a
23 — Statement of Cash Flows	Study Session 6 • Reading 19 • LOS i-j