



## **ACCT613: Introduction to Financial & Managerial Accounting Spring 2017 - Syllabus**

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### **Course Objectives**

Knowledge of accounting is a core requirement of any career in business – whether you choose to specialize in finance, marketing, strategy or human resources. In any company, the accounting system provides much of the data needed to make business decisions. The aim of this course is to help you build a strong base of this essential building block at the outset of your business education.

The course has two distinct parts – Financial Accounting and Managerial Accounting. Financial accounting is taught in the first 9 weeks of the course. Managerial accounting is taught in the last part of the course.

The financial accounting part of the course is designed to provide globally oriented managers with a comprehensive graduate level introduction to financial accounting. You will learn how the accounting system used by firms stores the information used to measure and report their economic performance and financial position to external constituents such as stockholders, debt holders and potential investors. In the process you will build a solid foundation of accounting concepts and mechanics; and develop a perspective for the intelligent use of this information. By the end of the course you should know how reports are prepared, and be able to read and interpret financial reports and draw conclusions about a firm's performance.

In this part of the course you will learn how the accounting is done – that is, how the information is recorded, organized and collated to produce the most important reports. You will learn to create various accounting reports. Thereafter, you will learn to systematically review some of the important parts of the financial statements. You will learn to analyze the information and make inferences about firm quality, performance and risk.

In the second part of the course you will get an overview of the cost systems and performance measurements used for managerial decisions. The focus is more on internal reports used for managing the firm (in contrast, financial accounting information focuses on information reported to outsiders by companies). In this portion of the course, you will review cost concepts and learn about cost measurement systems and other performance evaluation metrics for managerial decision-making.

### **Course Materials**

The course will be taught entirely from my notes. The class notes, cases and exercises for each week will be posted on *Canvas* well in advance. You will have enough time to skim through the material before we meet in class. To save trees, I will not be bringing printed copies of handouts to class. The files posted on canvas will be formatted so that you can take notes directly on your laptop or notepad. If you require paper copies, you must print it yourself and bring it with you to class. THERE IS NO REQUIRED BOOK FOR THIS COURSE. The RECOMMENDED textbook for this course is *Financial & Managerial Accounting for MBAs*, by Dyckman, Magee, Pfeiffer, Hargraves and Morse, Wharton, Second Edition, Cambridge Business Publishers. Note that this book is recommended but NOT required. It is specially recommended for those who would like to have additional practice problems. Solutions to the problems in the book will be made available on request. Note that what is taught in class will not necessarily follow the material in the book. Therefore following the book is not a substitute for attending the class.

Please note that class notes are written with the aim of promoting class discussions. Therefore, by design, they have gaps that are filled during class discussions – this promotes the process of discovery. Consequently, the class notes are not a substitute for a book. Attending classes therefore becomes very important. It is highly recommended that you attend all classes or seek my permission to make arrangements for catching up on what you missed.

One of the aims of this course is to get you comfortable in reading through financial statements and drawing conclusions. We will closely follow the financial reporting of several companies. The financial statements of these companies will be made available on *Canvas*. In fact, during the final exam you will be asked to answer questions that will require you to read a financial statement to answer the questions.

We will work through several cases during the course. All the cases used in the course will be posted on *Canvas*. Cases are intended for class discussion and solutions will be posted following the discussion.

Sharing of course materials with anyone who is not currently enrolled in the course or someone who is not in your section is not allowed (both giving and receiving). It would be considered a violation of the honor code (and potentially of the copyrights).

### Grading

Problem Sets (See schedule for dates)	200
Cases (See schedule for dates)	90
Midterm Quiz (Feb 21)	150
Final Exam (May 2)	200
Class Participation	60
Total	700

Please review the information below on the different components that will make up your grade.

**(1) Problem Sets:** There are two problem sets to be submitted during the semester. The due date (and time) for the submissions is given in the schedule provided at the end of this syllabus. This is an INDIVIDUAL exercise – each of you must submit a solution to the problem sets ON CANVAS to receive a grade. Problem sets are always due at 11:59 p.m. on the days they are due. Problem sets will be graded for completeness and correctness (not effort). If you miss a submission there is no way to make-up.

**(2) Cases:** There are 8 cases for discussion during the course. Of these, only the managerial accounting cases must be submitted for grading. There are three (3) managerial accounting cases. The remaining five (5) cases are financial accounting cases. The financial accounting cases are “in-class cases” and do not have to be submitted. They will not be graded. You are required to prep for all the cases before you come to class. Cases are group work. Each managerial accounting case becomes due before 12:00 noon on the day the case is discussed, and should be submitted on CANVAS. If you miss a submission there is no way to make-up.

**(3) Exams:** There are two exams in this course.

1. **\*Midterm Quiz:** This exam will be held on February 21, during class hours. You will be tested on all material covered in class till the end of Session 8. This exam will be 80 minutes long. Please check your room assignments for the exam, which may be different from your class room. There will be no midterm exam during the 2/28 to 3/3 exam period.
2. **Final Exam:** This exam will be held on May 2, from 3:00 p.m. to 5:00 p.m. It will cover all the remaining financial accounting material not covered in the midterm, and all of the managerial accounting material. This exam will be 2 hours long.

Exams are closed book, but you are allowed to bring to each exam one sheet of 8.5” x 11’ paper with your own notes (It must be your own notes). The notes may be handwritten or typed (any font size) – but it must be your own notes and may not include any information that is copied and pasted from elsewhere. You may write on one side of the sheet. You will need to submit your sheet with the exam. If you bring notes and do not submit it with your exam, you will lose 10 points in the exam. You are allowed to use a regular calculator during the exams, but phones and computers will not be allowed.

**(4) Attendance/Class Participation:** Attendance and class attendance is highly encouraged. You will sit in assigned seats during the term. Failure to show up and participate will result in your losing points for attendance/participation. (This will be enforced from the third lecture on Jan 17). I will look for on-time arrival and professional behavior during class including but not limited to, not leaving while the class is in session, no private conversations, no use of unauthorized electronics, preparedness to participate in class, responses to questions asked during class, and sharing your professional experience and similar demonstrations of positive engagement.

I reserve the right to improve any student's course grade based on my subjective assessment of the student's contribution to the learning of the class. On the other hand, consistent demonstration of unprofessional behavior might negatively impact a student's course grade.

The final grades will be based on the school's mandated grade distribution. Note that this allows for up to 5% failing grades. Historically this course does give some failing grades each year.

It is the student's responsibility to attend examinations at the times and places specified. If a student cannot attend an exam, it is his/her responsibility to notify the MBA office and the instructor prior to the exam (or as soon as possible). Only the MBA office may grant student authorization to be absent from an exam; there are no exceptions to this rule. In the event of an authorized absence from any exam, a make-up exam is given at the beginning of the following term during the official make-up exam period set by the Registrar. You will receive a final grade of "Incomplete" pending the completion of the make-up exam. An unauthorized absence from an examination will result in score of zero for that exam.

Exam scores will be posted online. A student who feels that an exam has been incorrectly graded may request a grade review from the professor (not the TA). The request must be done within a specified date that will be announced on *Canvas* – no requests will be entertained after that period. When a request is received, the entire exam will be regraded.

### **Pedagogy**

The class format is lectures interspersed with several in-class problem solving opportunities and case discussions throughout the course. The students in the class will be divided into a number of groups (approximately 4 to 5 persons per group). Class activities such as problem solving, and case analysis will be done in groups.

I will be posting additional exercises on Canvas which contain practice problems (and solutions). You should work on these problems after the lecture.

It is highly recommended that students who have never done any accounting before should complete the online course ACCT603 before taking this course. This will be helpful and enable you to easily catch up with those who have previously done accounting.

A tentative course and assignment schedule is attached at the end of this syllabus.

### **Teaching Assistants**

There are three teaching assistants for the course. Your TAs are second year MBA students who performed extremely well in the introductory financial accounting course last year. The TAs will hold office hours throughout the term – the time and location will be posted on *Canvas*. During office hours, the TA will be present and assist with questions about concepts, and help with assigned cases and homework problems. But, they will not solve the assignment questions.

## **Ethics Matrix:**

The Wharton MBA Code of Ethics typically requests an Ethics Matrix for each class to provide ground rules and ethical guidelines for course materials and assistance from classmates or others. Below is the completed matrix for this course. If you have any questions about the matrix, please feel free to ask me.

	Materials							People				
ACCT 613 Financial & Managerial Accounting	Approved calculator	Laptop / other electronics	Summary sheet of notes	Current book / class notes	Past notes / summaries	Past exams / assignments	Internet content / other outside materials	Learning team / approved work team	Other student(s) in same section	Student(s) in other sections (same term)	Wharton student not taking the class this term	Person outside of Wharton
In-Class Readings & Cases	A	A		A				W	W	W		
Homework Problem Sets	A	A		A				D	D	D		
Cases	A	A		A				A				
Midterm & Final Exams	A		A									
	A = Allowed material Shaded Cell = Not allowed							W = Allowed to work together D = Discussion of general concepts and procedures is allowed but no sharing of specific answers. Shaded Cell = Not allowed				
<b><u>Other comments:</u></b>												
<p>The information above covers many common situations but will not cover every circumstance. Remember: The <a href="#">Wharton MBA Code of Ethics</a> that you accepted requires, among other things, that you represent yourself and your work honestly, don't try to gain unfair advantage over other students, follow the instructor's guidelines and respect confidentiality of your work and the work of others.</p> <p>Should you have questions, please contact your ethics liaison or professor.</p>												

## Schedule / Assignments

	<i>Date</i>	<i>Readings;</i> <i>Graded Assignments</i>
	Pre-Course	<ul style="list-style-type: none"> <li>• <b>Recommended:</b> Complete the “Basics of Financial Accounting” ACCT603: Online course in the three weeks before start of class.</li> <li>• Acquire basic understanding of “Time value of money” concepts.</li> </ul>
1	Jan 10	Introduction and overview; Review of the outline of financial statements. Introduction to the accounting process. [FA: Handout 1]
2	Jan 12	Recording transactions, Constructing Financial Statements - Income Statement. [FA: Handout 1]
3	Jan 17	Closing entries; Balance Sheet; Revenue and Expense recognition. [FA: Handout 1]
4	Jan 31	Adjusting entries; Books of Accounts – Journal, Ledger, Debits/Credits; [FA: Handout 1] <i>In-Class Case: Frequent Flyer</i>
5	Feb 2	Adjusting entries review; Understanding flows in the accounts [FA: Handout 1]
6	Feb 7	The Cash Flow Statement; [FA: Handout 2] <i>In-Class Case: Super Company</i>
7	Feb 9	The Cash Flow Statement [FA: Handout 2]; Introduction to Financial Statement Analysis [FA: Handout 3]
8	Feb 14	Introduction to Financial Statement Analysis [FA: Handout 3]; Midterm Review
9	Feb 16	Accounts Receivable [FA: Handout 4]
	<b>Feb 19</b>	<b>Problem Set 1 Due @ 11:59 p.m.</b>
10	<b>*Feb 21</b>	<b>*Midterm Quiz - Topics covered Session 1 – 8 (inclusive)</b>
11	Feb 23	Accounts Receivable; Inventory [FA: Handout 4] <i>In-Class Case: Tootsie</i>
12	Feb 28	Inventory, Accounts Payable, Working Capital Analysis [FA: Handout 4]
13	Mar 14	Long Term Assets [FA: Handout 5]



14	Mar 16	Long Term Assets [FA: Handout 5] <i>In-Class Case: Snap-On Tools</i>
15	Mar 21	Liabilities – Liabilities, Debt, Leases; [FA: Handout 6]
16	Mar 23	Liabilities – Liabilities, Debt, Leases; [FA: Handout 6] <i>In-Class Case: Starbucks</i>
17	Mar 28	Financial Assets [FA: Handout 7]
18	Mar 30	Owners' Equity & other topics; Review [FA: Handout 8]
	<b>Apr 2</b>	<b>Problem Set 2 Due @ 11:59 p.m.</b>
19	Apr 4	Introduction to Managerial Accounting & Cost Concepts; [MA: Handout 1]
20	Apr 6	Cost behavior and relevant costs [MA: Handout 2] <i>Case (to be submitted): Justin Anson – Submission DUE on Apr 6, @12:00 noon.</i>
21	Apr 11	Cost behavior and relevant costs [MA: Handout 2] ; Cost Volume Profit; Break-Even Analysis [MA: Handout 3]
22	Apr 13	Cost Volume Profit; Break-Even Analysis [MA: Handout 3]; Activity Based Costing; [MA: Handout 4] <i>Case (to be submitted): New England Hospital – Submission DUE on Apr 13 @ 12:00 noon</i>
23	Apr 18	Activity based costing [MA: Handout 4] Capital budgeting and performance evaluation [MA: Handout 5]
24	Apr 20	Capital budgeting and performance evaluation [MA: Handout 5]; Transfer Pricing [MA: Handout 6] <i>Case (to be submitted): Green Valley – First Submission DUE @ Apr 20, 12:00 noon; Follow Up submission DUE @ Apr 23, 11:59 p.m.</i>
	Apr 25	Review for final exam (1:30 – 3:30 p.m.)
	<b>May 2 (3:00 to 5:00 p.m.)</b>	<b>Final Exam: (2 hours)</b> <b>Topics covered Session 9 – 24 (inclusive)</b>

**\* There will be no exam during the 2/28 to 3/3 period.**