

Accounting 742: Problems in Financial Reporting

Course Objectives

Accounting 742 is designed to increase your ability to extract and interpret information in financial statements. We will focus on developing your accounting analysis skills, as well as your ability to utilize those skills in assessing a firm's underlying business strategy and underlying economic performance. For example, after taking this course, you should be able to use the disclosures in a firm's financial report to determine its accounting policy for a particular type of transaction and be able to determine how that policy choice affects its primary financial statements. Given your understanding of the drivers of the statements, you should be able to assess what, if anything, those statements communicate about the firm's strategy and economic performance.

Preparation and Performance, Quizzes, Exam, and Project

Class Preparation

Prior to each class, you will complete some class preparation questions on Canvas via a web interface. With the exception of Session 1, these questions must be completed by 8:00 AM the day of class. The goal of the class preparation questions is simple – to induce you to prepare for class. Note that the class discussion in most cases will build off of the class preparation questions (many of which are very simple), as opposed to just going over the answers to the class preparation questions. To obtain credit for engaging in class preparation, you must complete the preparation materials when they are due. No exceptions.

Quizzes

There will be three quizzes during the semester. The quizzes will be somewhat cumulative in the sense that you are responsible for all topic areas covered up to and including that quiz, although each quiz will be heavily skewed towards the topics covered since the prior set. Note that you may be asked about material that relates conceptually to what we have covered, even if we did not directly cover that material.

The quizzes will be delivered in a 1 to 1.5 hour window (depending on the length) via Canvas and you can take it from any location where you can access to the Internet. You may not discuss (very broadly defined) the exam with any other individuals except for me during the entire quiz window – no exceptions. You can use any written reference resources including your notes, GAAP guides, textbooks, and material on the web.

Final Exam

The final exam will be cumulative. Note that you may be asked about material that relates conceptually to what we have covered, even if we did not directly cover that material.

The final exam will be delivered in a 4-hour window via Canvas and you can take it from any location where you can access to the Internet. You may not discuss (very broadly defined) the exam with any other individuals except for me during the entire exam window – no exceptions. You can use any written reference resources including your notes, GAAP guides, textbooks, and material on the web.

Project

You will prepare an Accounting Analysis project with a group of 2 to 4 fellow students (each group can have no less than 2 and no more than 4 students – no exceptions). Details regarding the Accounting Analysis Project are provided in the Accounting Analysis Project assignment on Canvas.

Grading

Grades will be based upon the following allocation scheme:

Class Preparation and Performance	15%
Quizzes	27%
Final Exam	28%
Project	30%

Note: To pass the course you must pass the final exam.

Class Materials

Canvas

Class Preparation Materials

In advance of each class you should work through the material required for the pre class quiz associated with that class. The quiz can be found in the assignments tab of the Canvas site. The files associated with each class can be found in the files tab, and there will be a folder for each class. Within each folder will be three subfolders. The subfolder labeled Pre Class Materials will include cases, problems, or teaching notes that should be read prior to class. These items can be linked from the quiz page as well. The subfolder labeled In Class Materials will contain class slides as well as any other material we will cover in class that is not included in the Pre Class Materials. The class slides will be available at 6:00 PM the evening before class. The Post Class Material Subfolder contains material distributed during class, brief technical notes for the cases or problems discussed, and optional readings related to what was covered in class. This material will be made available at the end of the day that the class session is held.

In Class Quizzes

There will be three quizzes during the course. The quizzes will be delivered online via Canvas and will be accessed via the assignments tab.

Exam Materials

There will be a final exam during the exam period, which will also be delivered via Canvas. The exam will be delivered via Canvas as a Canvas quiz (but it is a final exam nonetheless) and will be accessed via the assignments tab. The exam will be based upon a single set of financial statements. Those statements will be made available on Wednesday, May 1.

Your Introductory Text or a GAAP Guide

There is no text for the class. Your introductory text can provide a useful reference for some of the material we will cover. You also might find a GAAP guide useful for reference purposes. More than one publisher offers a GAAP Guide (e.g., CCH and Wiley). In general, a GAAP Guide provides a good overview of technical accounting by topic area as well as references to the Accounting Standards Codification (ASC). Note that most students, however, will survive just fine on the class materials and the occasional web search.

FASB Accounting Standards Codification (ASC)

You will also have access to the Financial Accounting Standards Board's (FASB's) searchable accounting standards codification (ASC). The ASC is a great reference for technical accounting, although it is not necessarily the user-friendly. (It becomes friendlier with use.) To access the FASB site go to <http://www2.aahq.org/ascLogin.cfm>

The user name is XXXX and the password is XXXX.

Instructor Availability

My office is in 1321 SHDH, my phone number is (215) 573-7533, and my email address is pef@wharton.upenn.edu. Office hours are by appointment. Please contact me in advance to make an appointment. You are also welcome to stop by to see me at any time. If you stop by and I have other commitments, I will be happy to make an appointment with you for later in the day.

Accounting 742: Problems in Financial Reporting
 Spring 2019
 Summary Class Schedule
 (Tentative)

Session	Day	Date	Topics
1	Thursday	01/17	Introduction and Audit Report
2	Tuesday	01/22	Accruals, Cash Flows, and Ratio Analysis
3	Thursday	01/24	Accounting for Taxes I
4	Tuesday	01/29	Accounting for Taxes II
5	Thursday	01/31	Revenue Recognition
6	Tuesday	02/05	Revenue Recognition: Accounting Changes
7	Thursday	02/07	Revenue Recognition: Change in Business Model
8	Tuesday	02/12	Revenue Recognition: Franchises
9	Thursday	02/14	Revenue Recognition: Receivables/Securitizations
10	Tuesday	02/19	Revenue Recognition: Deferrals
11	Thursday	02/21	Quiz 1 – No Class
12	Tuesday	02/26	Expense Recognition
13	Thursday	02/28	Expense Recognition: When?
14	Tuesday	03/12	Expense Recognition: Capitalization vs. Expensing
15	Thursday	03/14	Expense Recognition: Capitalization vs. Expensing
16	Tuesday	03/19	Contracts, Commitments, and Contingencies/Leases
17	Thursday	03/21	Long-Term Debt and Fair Value Accounting
18	Tuesday	03/26	Pensions and Other Post Employment Benefits
19	Thursday	03/28	Quiz 2 – No Class
20	Tuesday	04/02	Derivatives and Hedging
21	Thursday	04/04	Earnings and Earnings per Share
22	Tuesday	04/09	Share-Based Compensation
23	Thursday	04/11	Active Investments: Control and Significant Influence
24	Tuesday	04/16	Multinationals
25	Thursday	04/18	Intangibles
26	Tuesday	04/23	Accounting and Organizational Form
27	Thursday	04/25	Summary and Conclusion
28	Tuesday	04/30	Quiz 3 – No Class