

**ACCOUNTING AND FINANCIAL  
REPORTING  
ACCT 101  
SPRING 2020**



(VERSION 1/14/20)

**Instructor**

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**Office Hours:**

Teaching Assistant Office Hours/Location: SHDH 103, hours to be posted on Canvas  
Professor Office Hours/Location: Tuesday 3:00pm-4:30pm, SHDH 1310

**Course Objectives:**

This course provides an introduction to financial accounting as the “language of business.” It emphasizes the analysis and evaluation of accounting information from the perspective of both investors and managers in the processes of planning, decision-making, and control. The objective of the course is to provide an overview of financial accounting and external reporting, including the basic accounting concepts and principles, as well as the structure of the income statement, balance sheet, and statement of cash flows. The course covers the accounting for and the analysis of the most common and significant business transactions of a firm, such as credit sales, delivery of products and services, manufacturing processes and procurement, creation of operating infrastructure including production facilities, intellectual property, and goodwill, debt and equity financing, as well as other (potential) obligations towards customers, suppliers, or tax authorities.

We recommend this course for students who will be using accounting information for investment decisions, who will be considering strategy choices in manufacturing and service operations, or

who are simply seeking a broad understanding of accounting and financial information as it relates to shareholders, creditors, managers, and other stakeholders in the firm. The content of this course will be essential if you want to pursue a career in investment banking, financial analysis, consulting, or general management and to those thinking of starting their own business.

### **Course Website:**

The website for this course is on Canvas. To access the course website, go to <https://canvas.upenn.edu> and choose ACCT 101 – Spring 2020. Each enrolled Penn student can use their PennKey username and password for access.

On the website, we provide the following material:

- **Lecture Slides:** the lecture slides will be made available in advance of class (at least one week before the scheduled date). We often will post updated versions (including the solutions of problems covered in class) of the lecture slides after class.
- **Exam Practice Problems and Solutions** (from old exams)
- **Articles:** business press articles are *sometimes* referenced in the course syllabus and provide context for issues, some of which will be discussed in class.

### **Course Textbook (required):**

Dyckman, T., M. Hanlon, R. Magee, and G. Pfeiffer, *Financial Accounting for Undergraduates*, 1. Ed., Wharton Custom Edition, 2018, Cambridge Business Publishers.

This textbook is especially customized for our course, covers all the chapters in the class, and **is available only in the Penn Bookstore**. Several copies of the custom textbook are on reserve at Lippincott Library. Solutions to the TB problems are posted on the course website.

### **Grading Policy:**

The course grade is based on **relative performance evaluation** (i.e., a curve), but we use no forced grade distribution. Final grades are determined using the following weights:

Midterm Exam #1	25%.
Midterm Exam #2	30%.
Final Exam	35%.
Homework	10%.

Please note that the above weighting scheme will be strictly adhered to. There is no possibility of earning extra credit or of changing the above weights.

We note that no student who remains in the course after the drop period is negatively affected by the fact that other students have withdrawn. Students taking the class pass/fail must achieve a

grade of "D" or higher to get a "Pass".

### **Midterm & Final Exams:**

Exams are administered **in the evening. The contents of the exams are NOT cumulative.**

**There are two midterm exams and one final exam for this course.** Each exam lasts 80 minutes and will be held out-of-class. For exam dates, times, and the topics covered, see the class schedule below. The final exam is scheduled by the University Registrar. Although it is rare for this date and time to change, the University Registrar does reserve the right to do so.

Exams are closed-book. But you are allowed to bring to each exam **one piece of 8 ½" x 11" paper with notes (double-sided)**. This paper may contain handwritten or typed (any font and size) notes. You are allowed to use a regular calculator during the exams. We will post practice exams together with solutions on Canvas for preparation.

The graded mid-term exams will be returned to the students by the TAs **during the designated TA office hours** (see the schedule posted on the course website). They must be picked up in person and will not be available for pick-up at any other point in time. The graded final exam can be picked up at the reception area of the accounting suite (SH-DH 1300) until the end of the first week of fall semester classes (you will need to bring your student ID to collect the exam).

### **Exam Accommodation and Conflicts:**

It is the student's responsibility to attend examinations at the times and places specified. If you need additional time to complete an exam because of a **university-recognized disability**, please inform your instructor (by e-mail) and the Office of Student Disabilities Services (SDS) within two weeks of the start of classes. You will be provided with the accommodations that are approved by that Office.

Only your professor can grant permission to be excused from a scheduled exam because of a scheduling conflict or illness. Teaching assistants cannot grant such permission.

To be excused from a scheduled exam because of a scheduling conflict, students must provide documented evidence of the conflict. Only scheduling conflicts related to academic activities or university representation will be considered---internships, interviews, family vacations, or other travel plans are not acceptable scheduling conflicts. **Notify your professor of any conflict via email within two weeks of the start of classes.**

To be excused from a scheduled exam because of illness, students must consult with their professor and provide documented evidence of the illness. A "course absence report" in and of itself, does not excuse you from an exam. Minor illnesses, including upper respiratory infections (i.e., colds), or fatigue, are examples of unacceptable reasons for missing an exam. Illness during the time that a student had intended to study for an exam is not an acceptable reasons for missing an exam.

**A student who has permission to miss an exam due to a scheduling conflict or illness will receive a grade of “incomplete” for the semester and will be required to take a make-up exam on the University’s officially scheduled make-up exam date during the following semester. After the student takes the make-up, the incomplete will be changed to the earned course grade. If a student fails to show up for the make-up, he/she will receive a grade of zero for the exam.**

***STUDENTS WHO MISS AN EXAM WITHOUT MAKING ARRANGEMENTS IN ACCORDANCE WITH THE ABOVE GUIDELINES WILL RECEIVE A GRADE OF ZERO FOR THE RELEVANT EXAM.***

### **Requests for Regrades:**

If a student feels that there was a mistake in the grading of an exam, he/she must submit the original exam (with no adjustments) together with a **written explanation** of the points of contention **to the professor** – not a TA – **within one calendar week** following the return of the exam. We will not consider submissions after one calendar week.

We will only re-grade exams if they: (i) were originally written in non-erasable pen, (ii) used no correction tape, white-out, etc., and (iii) have not been edited or marked up in any way following their return.

*Any exam submitted for re-grade is subject to a **complete review**, which may result in an increase or decrease in the total score. All re-grade decisions are final.*

### **Homework:**

There will be three homework assignments to be completed during the semester. The homework assignments will be posted on Canvas and announced in class. Homework assignments can be completed as part of a group but **all homework must be submitted individually.**

**Homework assignments must be submitted electronically through Canvas by 9 a.m. on the due date. Directions for submitting homework will be distributed via Canvas, and I strongly encourage you to submit your homework answers well in advance of the 9 a.m. deadline. Late submissions, multiple submissions, and hard-copies are not accepted.**

Because these homework assignments will be graded electronically, it is important that you submit the answers in the form indicated by the question. In particular, make sure that you submit the answers in the denomination requested (e.g., thousands of dollars or millions of dollars, etc.) and in the precision requested (e.g., rounded to the nearest third decimal, etc.). Homework Due Dates: Refer to Class Schedule.

### **Class Participation and Professionalism:**

Both as a courtesy to your fellow students and the professor, and to ensure that everyone has the

greatest opportunity to learn, please adhere to the following principles of professionalism:

- Class starts and ends on time. If a unique situation arises such that you must come in late or leave early, please inform your professor ahead of time and sit in an open aisle seat close to the door.
- Students should remain in attendance for the duration of class, except in an emergency.
- All phones and other electronic devices should be turned off, with the exception of computers/tablets that are strictly used for the purpose of this class.
- We expect that you will treat this course as a professional engagement. Please do not carry on private conversations during class.
- Follow the Code of Academic Integrity. On behalf of the majority of the students who make an honest effort in this class, we will take action against anyone suspected of breaching this Code. Students caught cheating will receive a grade of “F” for the course and will be remanded to the appropriate school disciplinary board.

### **Student Preparation:**

The lectures will cover all the relevant material for this course. The class schedule at the end of the syllabus provides an overview of the topics covered in each class session together with the relevant lecture slides, cases, and additional reading materials. Lectures slides are self-contained, and we often will post both pre-lecture and post-lecture versions of the lecture slides to Canvas. The syllabus also provides a reference to the relevant sections in the textbook together with select textbook problems that relate to the material in class. The textbook and problems serve as supplement to the lecture notes for those who want additional practice.

Students should come to class having reviewed the daily class slides and, on days with an assigned article, case study, having read/watched these materials and worked through the case questions. It is also recommended that students read the suggested chapter sections from the textbook either before or immediately after the class, and work through at least some of the suggested practice problems from the textbook. We suggest the following routine:

- Step #1: Before class, read the lecture slides, articles, and cases posted on Canvas.
- Step #2: Take notes in class and ask questions. After class, review the post-lecture notes which contain the solutions for the problems discussed in class.
- Step #3: **Ask questions in class. Don't be shy.**
- Step #4: If you are having difficulty, read the specified pages of the textbook and try the suggested problems to supplement your understanding of the material.
- Step #5: If you are still having difficulty, visit the TAs during their office hours. See the TA office hour schedule posted on Canvas for details.

**Withdrawal from the Course:**

In order to withdraw from the course, the student must meet the university deadline and requirements regarding withdrawals. If a student wishes to withdraw after the deadline, he/she will be required to submit a petition to the Wharton Undergraduate Division to obtain approval. Please obtain the School's approval before you ask your instructor.

**Class Schedule** (all of the topics listed below will be covered and **changes will be notified on canvas**)

**Key:** TB Reading refers to the Dyckman et al. textbook (Wharton custom edition, see **p2**)

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1	Wed	1/15	<b>Introduction</b>
			Slides: Session 1
			TB Reading: Chapter 1

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2	Wed	1/22	<b>Overview of Financial Statements</b>
			Slides: Session 2
			TB Reading: Chapters 1 and 2
			Topics: The four financial statements
			Textbook Probs: Chapter 1: M1-24, E1-28, E1-29, P1-38, P1-40 Chapter 2: P2-60

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3	Mon	1/27	<b>Economic Events in Financial Statements</b>
			Slides: Sessions 3 & 4
			TB Reading: Chapters 2 and 3
			Topics: BofA mini-case, transaction analysis, T-accounts introduction, accounting for stock issuance.
			Textbook Probs: M2-16, M2-19, M2-24, E2-35

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4	Wed	1/29	<b>Income Statements</b>
			Slides: Session 3&4
			TB Reading: Chapters 2 and 3
			Topics: Recording transactions, cash vs accrual accounting, revenue and expense recognitions
			Textbook Probs: M2-25, M2-26

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5	Mon	2/3	<b>Adjusting Entries</b>
			Slides: Session 5
			TB Reading: Chapters 2 and 3
			Topics: Revenue and expense recognitions and adjusting entries
			Textbook Probs: M2-28, E2-48, M3-22, M3-24, E3-32

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6 Wed 2/5 **Accounting Cycle**

Slides: Session 6  
 TB Reading: Chapters 2 and 3  
 Topics: Depreciation, closing the books, Simpson Corp problems  
 Textbook Probs: M2-27, E2-37, E2-46, E3-38

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7 Mon 2/10 **Statement of Cash Flows**

Slides: Sessions 7  
 TB Reading: Chapter 4  
 Topics: Cash flow statement and its construction  
 TB Problems: M4-23, M4-26, M4-31, E4-34, E4-38, E4-41, E4-44  
 Add. Reading: Cash Never Flow Lies

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8 Wed 2/12 **Statement of Cash Flows (continued)**

Slides: Sessions 8  
 TB Reading: Chapter 4  
 Topics: Cash flow statement and its construction  
 TB Problems: P4-51, P4-54  
 Add. Reading: Tesla Doubles Loss but Burns Less Cash

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**Homework #1 due (by 9am)**

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9 Mon 2/17 **Review Session for Midterm Exam #1**  
 (Topics covered: Sessions #1 - #8, inclusive)

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10 Wed 2/19 **Midterm Exam #1 (6 pm – 7:20 pm; rooms tba)**  
 (Topics covered: Sessions #1 - #9, inclusive)

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11 Mon 2/24 **Accounts Receivable**

Slides: Session 10  
 TB Reading: Chapter 6  
 TB Problems: M6-18, M6-20, E6-34, E6-35

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**12 Wed 2/26 Accounts Receivable**

Slides: Session 11  
TB Reading: Chapter 6

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**13 Wed 3/2 Inventory, Product Costing, and Cost of Goods Sold**

Slides: Session 12  
TB Reading: Chapter 7  
TB Problems: M7-15, M7-19, M7-23

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Wed 3/4 **No Class**

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**SPRING BREAK**

Monday, March 9 to Sunday, March 15

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**14 Mon 3/16 Inventory, Product Costing, and Cost of Goods Sold (continued)**

Slides: Session 13  
TB Reading: Chapter 7  
TB Problems: E7-26, E7-29, E7-31

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**15 Wed 3/18 Long-Lived Assets**

Slides: Session 14  
TB Reading: Chapter 8

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**16 Mon 3/23 Long-Lived Assets (continued)**

Slides: Session 15  
TB Reading: Chapter 8  
TB Problems: M8-17, M8-21, E8-29, E8-32, E8-35

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17 Wed 3/25 **Review Session for Midterm Exam #2**  
(Topics covered: Sessions #10 - #16, inclusive)

**Homework #2 Due**

18 Mon 3/30 **Midterm Exam #2 (6 pm – 7:20 pm; rooms tba)**  
(Topics covered: Sessions #11 - #18, inclusive)

Wed 4/1 **No Class**

19 Mon 4/6 **Long-Term Debt**

Slides: Session 17  
TB Reading: Chapter 9, Appendix A (Time-Value of Money)  
TB Problems: M9-21, M9-29, M9-31, M9-34

20 Wed 4/8 **Long-Term Debt (continued)**

Slides: Session 18-19  
TB Reading: Chapter 9, Appendix A (Time-Value of Money)  
TB Problems: M9-23, M9-26, E9-47

21 Mon 4/13 **Long-Term Debt (continued)**

Slides: Session 18-19  
TB Reading: Chapter 9, Appendix A (Time-Value of Money)  
TB Problems: M9-23, M9-26, E9-47

22 Wed 4/15 **Owners' Equity**

Slides: Session 20  
TB Reading: Chapter 11  
TB Problems: M11-20, M11-21, M11-25, M11-35, E11-45, E11-54

23 Mon 4/20 **Intercorporate Investment**

Slides: Session 21

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TB Reading: Chapter 12  
TB Problems: M12-21, M12-12, M12-13

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24 Wed 4/22 **Intercorporate Investment II**  
Slides: Session 22  
TB Reading: Chapter 12  
TB Problems: E12-33, P12-47

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25 Mon 4/27 **Additional Topics and Course Wrap-Up**  
Slides: Session 23  
**Homework #3 Due on 4/29/2020 (by 9am)**

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26 Wed 4/29 **Review Session for Final Exam**

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27 **Final Exam (5/6/2020, 3:00pm-4:20pm; rooms tba)**  
(Topics covered: Sessions #19 - #26, inclusive)

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