

**INTRODUCTION TO FINANCIAL ACCOUNTING**  
**ACCT 611**  
**FALL 2020**  
(VERSION 8/28/20)



**INSTRUCTOR**

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**OFFICE HOURS:**

**TBD**

All times specified in this syllabus are Philadelphia time (Eastern Time and GMT -5 hours)

**WE'LL LEARN ACCOUNTING TOGETHER THIS FALL!!**

**Welcome Wharton MBA Class of 2022!!** This is a year of challenges. I have been teaching this course for almost 15 years, but this will be my first time teaching online. Although it will likely be a unique experience for both of us, my objective for the semester is unchanged: to provide you with the same amount of knowledge and about accounting and related concepts that I would deliver in a typical year. To do that, I have structured the course a bit differently than in past years. There will undoubtedly be a few bumps along the way, but I ask for your patience, understanding, and feedback as we work through this together. With that said, I am ***extremely excited*** to meet all of you virtually—and eventually in person—and to help you become more knowledgeable and savvy users of corporate financial information. I hope to convince you that accounting is far more interesting and important than you might have been led to believe!

**COURSE DESCRIPTION:**

Financial accounting is concerned with the preparation and public dissemination of financial reports designed to reflect corporate performance and financial condition. By providing timely, relevant, and reliable information, these reports facilitate the decision-making of investors, creditors, and other interested parties.

This course provides a base level of knowledge needed by corporate managers and executives to understand and discuss corporate financial statements and reports. The course will familiarize you with the basic principles and practices of financial accounting by studying the concepts that underlie corporate financial statements. The course begins with an overview of the procedures necessary to prepare and understand the balance sheet, income statement, and statement of cash flows. The remainder of the course examines the accounting for the most common and significant transactions of a firm, such as accounts receivable and revenue recognition, inventories, long-term assets, debt, income taxes, investments, and stockholder's equity.

**TEXTBOOK:**

Dyckman, T., M. Hanlon, R. Magee, G. Pfeiffer, A. Hartgraves, and W. Morse, *Financial & Managerial Accounting for MBAs*, 3. Ed., Wharton Custom Edition, 2019, Cambridge Business Publishers. This textbook is required for the course and has been especially customized for our course by the publisher. It is available from the Penn Bookstore or the publisher. The detailed schedule below (as well as Canvas) provides a series of practice problems from the textbook that I have selected to help reinforce the material that we will cover for each topic. Solutions to these problems are available the Canvas site for the course.

**COURSE WEBSITE AND CONTENT:**

The website for this course is on Canvas: <https://canvas.upenn.edu/courses/1532661>

The course's Canvas page is the central repository for all of the course content and material, so please check it frequently. In order to make it easy for you to navigate, I have arranged it so that each class session has its own separate Module that provides all of the activities and material for before, during, and after each session. In particular, you will find the following material on Canvas:

- **Pre-Class Videos:** These videos cover the core concepts related to each class session. Please watch these videos before the live (i.e., synchronous) class session.
- **Pre-Class Quizzes:** You will be required to complete a short on-line (i.e., Canvas) quiz *prior to* most of our live class sessions. These are discussed in more detail below.
- **Pre-Class Questions:** Please post any questions that you have after watching the pre-class videos and completing the pre-class quiz. I will assess the questions to find common themes that emerge and will clarify these issues at the beginning of the next class. I will not reveal the identity of the students who asked questions, so please do not hesitate to ask any questions you might have.
- **Homework Assignments:** These are discussed in more detail below.
- **Midterm and Final Exam Practice Problems and Solutions:** A few old midterm and final exams (along with solutions) will be provided as we get closer to the exam dates.
- **Recommended Textbook Readings and Problems:** These readings and problems are not required, but are highly encouraged—especially if this is your first exposure to financial accounting. The readings and problems have been selected to provide you with additional background material and opportunities to practice working with the accounting concepts that we will cover in class. The readings and questions for each session are included in the class schedule at the end of this syllabus as well as in the Canvas module for each session. Solutions to textbook problems are available on Canvas so you can check your own work.
- **Links to Zoom Meetings:** I will post a link to each class's meeting on Canvas.
- **Cases, Articles, and Other Materials for Live (Synchronous) Class Meetings:**
  - **Cases:** We will be working through a case study during many of our class sessions. Most of these cases are based on real companies and draw on their actual financial statements, footnotes, and other related information. Please read the case before class so you are familiar with the setup, questions, and information provided. We will work through the cases in small groups and together as a class during our live meetings. These cases are designed to help you learn how to locate, identify, and use financial and other information

- provided in the case. I will post solutions for each case to Canvas after the class session.
- **Articles:** The Canvas Module for most class sessions will include several recent articles from the business press (e.g., Wall Street Journal) that relate to the material that we will cover during the session. We will discuss many of these articles either in small groups and/or in class as a whole and I have selected them to help illustrate how key concepts from the session are relevant in practice. Please make sure that you are familiar with the articles before class and are prepared to discuss them during class.
  - **Other Material:** Other material will be posted to the Canvas Module for certain sessions. Please have any of this material available during the class meeting.

### **STUDENT PREPARATION:**

The Canvas side is organized so that each class session has its own Module that includes all of the relevant content for the session and lists all of the activities and assignments that you should complete either before, during, or after the live class session.

I recommend the following routine for a typical class session:

- 1) Pre-Class Activities:
  - a. Watch the pre-class videos at least one day before the scheduled class session.
  - b. Complete the pre-class quiz after watching the pre-class videos (and before the scheduled class session).
  - c. Think about the material presented and whether there is anything that you found confusing or which concepts could use additional clarification. Ask these and any other questions (or provide other comments and feedback) by completing the pre-class survey on Canvas in the Module for the upcoming session.
  - d. Read over any cases and articles for the upcoming session to become familiar with them. (Unless otherwise noted, you do not need to attempt to work through the cases since we will generally do this together during our class sessions.)
- 2) In-Class Activities:
  - a. Attend the live class session via Zoom and participate in the class discussion and breakout sessions.
  - b. Please make sure to be logged in and ready to go on time and that you have any cases, articles, and other material for the session accessible.
- 3) Post-Class Actives:
  - a. Review solutions to any cases or problems discussed in class.
  - b. As necessary, review the recommend textbook readings and practice problems.
  - c. Work on and submit any homework assignments that may be due over the next few days.

**GRADING POLICY:**

Final grades will be determined using the following weights:

Midterm Exam	25 %
Final Exam	25 %
Pre-Class Quizzes	20 %
Homework	20 %
Class Engagement	10 %

**MIDTERM & FINAL EXAMS:**

The midterm exam is scheduled for **Monday, October 19** and covers the material from Sessions #1 through #12, inclusive. The exam will be two hours in length and students will be required to complete the exam within a window of time that will be determined closer to the exam date.

The final exam is scheduled by the University Registrar and the specific date and time have yet to be determined. The final exam will be comprehensive with a very heavy emphasis on material from Sessions #13 through #24, inclusive. The exam will be two hours in length and students will be required to complete the exam within a window of time that will be determined closer to the exam date.

Both the midterm and final exam will be administered through Canvas. Graded exams will also be made available through Canvas. If you believe that your exam has been incorrectly graded, you should contact me with a regrade request **within one week** of the when the graded exams became available (requests made after that will not be considered). Along with your regrade request, please include a note that clearly explains what you believe was incorrectly graded. **I will re-grade the entire exam.**

It is your responsibility to complete the exam during the scheduled window of time. If you cannot complete an exam during the scheduled time, **please notify the MBA Program Office** and me as soon as possible.

**PRE-CLASS QUIZZES:**

You will be required to complete a short on-line (i.e., Canvas) quiz prior to most of our live class sessions. These quizzes will generally consist of four or five (primarily multiple choice) questions and are designed to help you and me assess your understanding of the material and to reinforce the material presented in the pre-class videos. Unless indicated otherwise, these pre-class quizzes are due and must be submitted by **11:59pm the day before** the upcoming class session to which they relate.

Please see Canvas for exact due dates and times for the pre-class quizzes.

**HOMEWORK ASSIGNMENTS:**

There are seven homework assignments with due dates indicated below and in the class schedule. You can discuss these assignments with your classmates and work on them together in small groups, but you must submit your own answers **in Canvas by the due dates and times listed below**. Please note that these are hard deadlines and you will not be able to submit answers after the deadline since I will post the homework solutions shortly after the due date. Also note that it is not acceptable to simply copy another student's work and submit it as your own.

The homework assignments are largely based on the financial statements of a variety of publicly-traded companies. This will allow you to become more familiar with how companies prepare and present their financial and supplemental information. It will also give you practice locating, identifying, and using this information to understand the underlying economics of these companies.

The topics and due dates and times for the homework assignments are as follows:

Homework 1:	Accounts Receivable & Inventory	<b>TBD</b>
Homework 2:	Statement of Cash Flows	<b>TBD</b>
Homework 3:	Long-lived Assets	<b>TBD</b>
Homework 4:	Long-term debt, leases, contingencies	<b>TBD</b>
Homework 5:	Income Taxes	<b>TBD</b>
Homework 6:	Shareholders' Equity	<b>TBD</b>
Homework 7:	Investments	<b>TBD</b>

#### **COURSE ENGAGEMENT AND VIRTUAL CLASSROOM CONDUCT:**

Engagement grades are based on what you add to the learning experience of the entire class. Students who consistently make contributions (either in class, breakout sessions, or Canvas; and respond to on-line polls) that facilitate discussions, help to clarify technical points, and provide new insights will receive ten points. No contribution or contributions that are obvious, confusing or peripheral will result in zero points. Consistently discourteous behavior will also result in zero class participation points. Contributions between the endpoints will receive between 2 and 9 points, accordingly.

#### **TEACHING ASSISTANTS AND REVIEW SESSIONS:**

There are six teaching assistants for the course. All of the TAs are second-year MBA students who performed extremely well in the introductory financial accounting course last year. The TAs will hold regular online office hours according to the schedule posted on Canvas.

During office hours, one of the TAs will be present and will assist with questions about concepts, assigned problems/cases, or homework problems (however, they will not give you the solution to the homework assignments). The TAs may also be asked to periodically go over cases or homeworks recently covered in class (or to work through practice exam problems). Note that the TAs are jointly servicing both ACCT611 and ACCT613, so you may encounter students from both courses attending the same office hours.

The six TAs for the course (and their e-mail addresses) are as follows:

Zachary Agins	<a href="mailto:zagins@wharton.upenn.edu">zagins@wharton.upenn.edu</a>
Nicole Allain-Stockton	<a href="mailto:nallains@wharton.upenn.edu">nallains@wharton.upenn.edu</a>
Jonerik Blank	<a href="mailto:blankjon@wharton.upenn.edu">blankjon@wharton.upenn.edu</a>
Michael Lei	<a href="mailto:leim@wharton.upenn.edu">leim@wharton.upenn.edu</a>
Jacquelyn Olwell	<a href="mailto:jolwell@wharton.upenn.edu">jolwell@wharton.upenn.edu</a>
Rishi Palan	<a href="mailto:rpalan@wharton.upenn.edu">rpalan@wharton.upenn.edu</a>

**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 611 Introduction to Financial 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			A	W	W	W		
Homework Problem Sets	A	A		A			A	D	D	D		
In-Class Quizzes	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>Other comments:</b>												
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.  Should you have questions, please contact your ethics liaison or professor.												

**Every topic that we will cover in this course builds on the topics that precede it. Therefore, this course requires constant attention and consistent effort. "Batch processing" will almost surely be inefficient, frustrating, and unproductive. I strongly encourage you to keep up with the class, which will be much more efficient, make the semester more productive and enjoyable, and ensure that you develop a solid understanding and command of the core concepts.**

**Let the fun begin!**

**TENTATIVE CLASS SCHEDULE**

	<b>Date</b>	<b>Topic</b>	<b>Pre-Class Textbook Reading and Videos</b>	<b>In-Class Case</b>	<b>Practice Problems</b>
1	9/2 Wed	▪ Introduction	Chapter 1		M1-24, E1-28, E1-29, P1-38, P1-40
2	9/9 Wed	▪ The Accounting Equation; Bookkeeping Basics; Introduction to Accrual Accounting	Chapter 2 Videos 2.1, 2.2, 2.3	Animatronics (Step 1)	M2-18, M2-19, M2-26, E2-35, E2-44, P2-66
3	9/14 Mon	▪ Adjusting Entries and Preparing Financial Statements	Chapter 3 Videos 3.1, 3.2	Animatronics (Steps 2-4)	M3-22, M3-24, E3-32, P3-42, P3-49
4	9/16 Wed	▪ Balance Sheet Presentation ▪ Introduction to Revenue Recognition	Chapter 2, p. 54-56 Chapter 6, p. 274-279		M6-14, M6-24, E6-33, E6-40
5	9/21 Mon	▪ Revenue Recognition (cont'd) ▪ Accrual Accounting and the Matching Principle	Chapter 2, p. 54-56 Chapter 6, p. 270-279	Revenue Recognition Vignettes	M6-17, E6-27, E6-31, E6-41
6	9/23 Wed	▪ Statement of Cash Flows	Chapter 4	Animatronics (Step 5)	M4-23, M4-26, M4-31, E4-34, E4-38, E4-41, E4-44
7	9/28 Mon	▪ Statement of Cash Flows (cont'd)	Chapter 4	Callaway Golf	P4-51, P4-54
8	9/30 Wed	▪ Accounts Receivable	Chapter 6	Omnicell	M6-18, M6-20a-b, E6-34, E6-35, E6-38
9	10/5 Mon	▪ Inventory and Cost of Goods Sold	Chapter 7	<b>TBD</b>	M7-15, M7-19, M7-20, E7-26, E7-29, E7-31
10	10/7 Wed	▪ Long-Lived Assets	Chapter 8		M8-11, M8-14, E8-24, P8-36
11	10/12 Mon	▪ Long-Lived Assets (cont'd)	Chapter 8	<b>TBD</b>	M8-17, E8-29, E8-35, P8-39
12	10/14 Wed	▪ Financial Statement Analysis (FSA)	Chapter 5	Unidentified Companies	M5-14, M5-18, M5-24, E5-32, E5-33, E5-34
<b>MONDAY 10/19</b>			<b>MIDTERM EXAM Covers Sessions 1 through 12 (inclusive)</b>		

	<b>Date</b>	<b>Topic</b>	<b>Pre-Class Textbook Reading and Videos</b>	<b>In-Class Case</b>	<b>Practice Problems</b>
13	10/26 Mon	▪ Long-Term Debt	Chapter 9 Appendix A (Time Value of Money)		M9-21, M9-22, M9-28, M9-31, M9-34, E9-40
14	10/28 Wed	▪ Long-Term Debt (cont'd)	Chapter 9	Starbucks	M9-23, M9-26, E9-47, P9-53
15	11/2 Mon	▪ Leases ▪ Commitments and Contingencies	Chapter 10, p. 464-476 Chapter 10, p. 498-499	McKesson	M10-13, M10-15, E10-26, E10-27, P10-38
16	11/4 Wed	▪ Accounting for Income Taxes	Chapter 10, p. 486-497		M10-23, E10-34, P10-41
17	11/9 Mon	▪ Accounting for Income Taxes (cont'd)	Chapter 10, p. 486-497	<b>TBD</b>	E10-35, P10-42
18	11/11 Wed	▪ Shareholders' Equity	Chapter 11	PepsiCo	M11-20, M11-21, M11-25
19	11/16 Mon	▪ Shareholders' Equity (cont'd)	Chapter 11		M11-35, E11-45, E11-54
20	11/18 Wed	▪ Passive Investments	Chapter 12, p. 580-595	Starbucks	M12-11, M12-12, M12-20, M12-21, E12-24, E12-25
21	11/30 Mon	▪ Intercorporate Investments	Chapter 12, p. 596-609 Appendix 12A & 12B		M12-17, M12-18, E12-28
22	12/2 Wed	▪ Intercorporate Investments (cont'd) ▪ Segment Reporting	Chapter 23, p. 1074- 1080	<b>TBD</b>	E12-34, E12-42
23	12/7 Mon	▪ Pensions and Other Post- Employment Benefits	Chapter 10, p. 477-486	Johnson & Johnson	M10-18, M10-19, M10-21, E10-31, P10-39
24	12/9 Wed	▪ Final Review and Course Wrap-up		<b>TBD</b>	
			<b>FINAL EXAM</b> <b>Covers Sessions 13 through 24 (inclusive)</b>		