

**INTRODUCTION TO FINANCIAL &
MANAGERIAL ACCOUNTING
ACCT 613
FALL 2020**



(VERSION 9/12/2020)

Instructor

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Office Hours:

Wednesday 11:30am – 1:00pm, Friday 10:00am – 11:30am, or by appointment.

All times indicated 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 more than 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 is to provide you with the same level of accounting knowledge that I would deliver in a typical year. To do that, I have structured the course a bit differently than in past years. No doubt, we may have a few bumps along the way, but I ask for your patience, understanding, and feedback as we work through this together. All that said, I am extremely excited to meet you all (virtually) and to help you become more knowledgeable and savvy consumers 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 Objectives:

This course provides an introduction to both financial and managerial accounting and emphasizes the analysis and evaluation of accounting information from the perspective of both investors as well as managers in the processes of planning, decision-making, and control. A large aspect of the course covers the fundamentals of financial accounting. The objective is to provide an overview of financial accounting and external reporting, including basic accounting concepts and principles, as well as the structure of the income statement, balance sheet, and statement of cash flows. The course also introduces elements of managerial accounting and emphasizes the development and use of accounting information for internal decisions. Topics include cost behavior and analysis, product and service costing and relevant costs for internal decision-making. This course is recommended for students who will be using accounting information for making strategic

decisions in manufacturing and service operations, as well as those going into general consulting, thinking of starting their own businesses, or simply seeking a broad understanding of accounting and financial reporting as it relates to shareholders, creditors, managers and other users of financial information.

Course Website:

The website for this course is on Canvas (<https://canvas.upenn.edu/courses/1545642>)

Course Material:

Textbook (required): 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 especially customized for our course, covers all the chapters in the class, and is available from the Penn Bookstore directly from the publisher via the following link: <https://mybusinesscourse.com/book/wharton-fa-custom#purchase>. In the detailed schedule below, practice problems from the textbook are assigned to reinforce the material covered for each topic (we refer to ‘TB’ for textbook in the syllabus). Solutions to the problems in the textbook are posted on the course website.

Material on the Course Canvas Website:

The course’s Canvas page is the central repository for all material related to the course. On Canvas, you will find the following materials:

- **Pre-Class Videos:** these videos cover the core concepts related to the class sessions. Watch these videos prior to the live class session.
- **Pre-Class Quizzes:** these short quizzes are based on the content in the pre-class videos due the day prior to the class meeting (see the “Modules” tab on the Canvas webpage).
- **Pre-Class Questions:** Post questions you may have after watching the pre-class videos and completing the pre-class quiz. I will assess the questions to find common themes and help provide some clarification on these issues at the beginning of the next class. I will not reveal the identity of the students who asked the questions.
- **Recommended Textbook Readings and Problems:** These readings and problems are not required, but may provide many students with helpful background material and practice working with the accounting concepts. The readings and questions are provided in the class schedule at the end of this syllabus. Solutions to textbook problems are also available on Canvas.
- **Links to Zoom Meetings:** The links to each class’s meeting are posted on the Canvas website home page.

- **Cases and other in-class materials:** Cases or other materials that we will discuss in class will be posted to Canvas in advance. Please have these materials available during the class meeting.
- **Homework Assignments:** There are six online homework assignments, and two case write-up homeworks. These are discussed in more detail below.
- **Exam Practice Problems and Solutions:** Some old midterm and final exams (along with solutions) will be provided as we get closer to the exam dates.

Grading Policy:

Final grades will be determined using the following weights:

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

Midterm & Final Exams:

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

The final exam is scheduled by the University Registrar and covers the material in sessions #13 through #24, inclusive. The final exam date and time have yet to be scheduled. The exam will be two hours in length, and students will be required to complete exam within a window of time that will be more specifically determined closer to the exam day.

Exams will be administered through Canvas. Graded exams will also be made available through Canvas. If you feel that your exam has been incorrectly graded, you should contact me with a regrade request **within one week** of the graded exam being made available (requests made after that will not be considered). In your regrade request, please include note that carefully explains the point of contention. **I will re-grade the entire exam.**

It is your responsibility to complete the exam during the scheduled 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:

Prior to most classes, there will be a short on-line quiz consisting of about 5-6 questions (primarily multiple choice or true/false). These quizzes are meant to reinforce the material covered in the pre-class videos. Pre-class quizzes are generally due by 11:59pm the day prior to the class session to which they relate. You may attempt the quiz up to **three** times, and each quiz attempt will randomly select questions from a question bank. You will see your score after each attempt, and can then decide whether to take the quiz a second or third time.

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

Homework Assignments:

There are eight homework assignments with due dates indicated below and in the class schedule (and in the Modules tab on Canvas). The homework assignments may be discussed in groups. However, the solution submitted by each student should be his/her own individual work. It is not acceptable to copy another student's work and submit it as your own. Homework assignments #1 through #6 will be available on the course website and must be submitted **via Canvas by the due date and time listed below**. Scores and solutions for homework assignments #1 through #6 will be posted on Canvas within a day or so of the homework being due.

Homework assignment #7 consists of preparing a written solution for either the **Wilkerson Company Case** or the **Caribbean Brewers Case**. This homework assignment must be submitted **via Canvas** by the beginning of class when the respective case is on the class schedule. You only need to complete one of these two cases. Again, the case solutions may be discussed in groups, but the write-up submitted must be each student's own work. The expected length of a case write-up is 2-3 typed pages of text along with any exhibits necessary to support your analysis.

Homework #8 consists of preparing a written solution for the **Cash is King Case**. Similar to homework #7, this homework assignment must be submitted via Canvas by the beginning of the class for which the case is scheduled.

The due dates and times for the homework problem sets are as follows:

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|-------------|---|
| Homework 1: | Friday, September 25th (11:59pm) |
| Homework 2: | Friday, October 2 nd (11:59pm) |
| Homework 3: | Friday, October 9 th (11:59pm) |
| Homework 4: | Monday, November 2 nd (11:59pm) |
| Homework 5: | Monday, November 9 th (11:59pm) |
| Homework 6: | Friday, November 13 th (11:59pm) |
| Homework 7: | Choose and prepare solution <u>one</u> of the following: Wilkerson Company Case (due 11/19, by beginning of class) Caribbean Brewers Case (due 12/3, by beginning of class) |
| Homework 8: | Cash is King Case (due 12/1, by beginning of class) |

Course Engagement and Conduct:

Engagement grades are based on your participation in class, as well as what you add to the learning experience of the entire class. Students who consistently make contributions (either in class or via Canvas) that facilitate discussions, provide accurate answers to in-class polls, or provide new insights into the class material will receive 10 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.

Student Preparation:

The course's Canvas website is organized into modules. Each module corresponds to a session on the class schedule.

Each module is organized into activities you should complete prior to, during, or after that session's class period.

I recommend the following routine for each class session:

- 1) Pre-Class Activities:
 - a. Watch the pre-class videos the day prior to the scheduled class session.
 - b. Complete the pre-class quiz after watching the pre-class videos.
 - c. Reflect on what you find confusing, or which concepts could use additional clarification and post a question through the pre-class survey on Canvas.
- 2) In-Class Activities:
 - a. Attend the class-session.
 - b. Be sure to have available any cases or other discussion items for that day's class.
- 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 assignment that might be due over the next few days on the material covered in class.

Teaching Assistants and Review Sessions:

There are six teaching assistants for the course. Each of these TAs is a second-year MBA student 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 are as follows:

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|------------------------|--|
| Zachary Agins | zagins@wharton.upenn.edu |
| Nicole Allain-Stockton | nallains@wharton.upenn.edu |
| Jonerik Blank | blankjon@wharton.upenn.edu |
| Michael Lei | leim@wharton.upenn.edu |
| Jacquelyn Olwell | jolwell@wharton.upenn.edu |
| Rishi Palan | rpalan@wharton.upenn.edu |

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 | A | | | A | W | W | W | | |
| Homework Problem Sets | A | A | A | A | | | A | D | D | D | | |
| Pre/Post-Class Quizzes | A | A | A | A | A | A | A | | | | | |
| Midterm & Final Exams | A | A | A | A | A | 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 | | | | |
| <u>Other comments:</u> | | | | | | | | | | | | |
| The information above covers many common situations but will not cover every circumstance. Remember: The Wharton MBA Code of Ethics 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. | | | | | | | | | | | | |

Class Schedule

Key: TB refers to the Dyckman et al. textbook (Wharton custom edition); x-y means problem y in chapter x of the textbook.

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| 1 | Tues | 9/1 | Introduction | |
| | | | TB Reading: | Chapter 1 |
| | | | TB Problems: | M1-24, E1-28, E1-29, P1-38, P1-40 |
| 2 | Thur | 9/3 | The Accounting Equation; Bookkeeping Basics; Introduction to Accrual Accounting | |
| | | | Case #1: | Animatronics: Step 1 |
| | | | TB Reading: | Chapter 2 |
| | | | TB Problems: | Chapter 2: M2-18, M2-19, M2-26, E2-35, E2-44, P2-66 |
| 3 | Tues | 9/8 | Adjusting Entries and Preparing Financial Statements | |
| | | | Case #1: | Animatronics: Steps 2 – 4 |
| | | | TB Reading: | Chapter 3 |
| | | | TB Problems: | Chapter 3: M3-22, M3-24, E3-32, P3-42, P3-49 |
| 4 | Thur | 9/10 | Balance Sheet Presentation | |
| | | | TB Reading: | Chapter 2, p. 54-56; Chapter 6, p. 274-279 |
| | | | TB Problems: | M6-14, M6-24, E6-33, E6-40 |
| 5 | Tues | 9/15 | Revenue Recognition | |
| | | | Case #2: | Salesforce |
| | | | TB Reading: | Chapter 2, p. 54-56; Chapter 6, p. 274-279 |
| | | | TB Problems: | M6-17, E6-27, E6-31, E6-41 |
| 6 | Thur | 9/17 | Statement of Cash Flows | |
| | | | Case #1: | Animatronics: Step 5 |
| | | | TB Reading: | Chapter 4 |
| | | | TB Problems: | M4-23, M4-26, M4-31, E4-34, E4-38, E4-41, E4-44 |

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| 7 | Tues | 9/22 | Statement of Cash Flows (continued) |
| | | | Case #3: Callaway Golf |
| | | | TB Reading: Chapter 4 |
| | | | TB Problems: P4-51, P4-54 |
| 8 | Thur | 9/24 | Accounts Receivable |
| | | | Case #4: Omnicell |
| | | | TB Reading: Chapter 6 |
| | | | TB Problems: M6-18, M6-20a-b, E6-34, E6-35, E6-38 |
| | Fri | 9/25 | Homework #1 (due at 11:59pm) |
| | | | (Topics covered: Statement of Cash Flows) |
| 9 | Tues | 9/29 | Inventory, Product Costing, and Cost of Goods Sold |
| | | | Case #5: TBD |
| | | | TB Reading: Chapter 7; Chapter 17, p. 830-835 |
| | | | TB Problems: M7-15, M7-19, M7-20, E7-26, E7-29, E7-31, M17-14 |
| 10 | Thur | 10/1 | Long-Lived Assets |
| | | | TB Reading: Chapter 8 |
| | | | TB Problems: M8-11, M8-14, E8-24, P8-36 |
| | Fri | 10/2 | Homework #2 (due at 11:59pm) |
| | | | (Topics covered: Accounts Receivable and Inventory) |
| 11 | Tues | 10/6 | Long-Lived Assets (continued) |
| | | | Slides: Sessions 10 & 11 |
| | | | TB Reading: Chapter 8 |
| | | | Case #6: TBD |
| | | | TB Problems: M8-17, E8-29, E8-35, P8-39 |
| 12 | Thur | 10/8 | Introduction to Financial Statement Analysis (FSA) |
| | | | Slides: Session 12 |
| | | | TB Reading: Chapter 5 |
| | | | TB Problems: M5-14, M5-18, M5-24, E5-32, E5-33, E5-34 |

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| | Fri | 10/9 | Homework #3 (due at 11:59pm) (Topics covered: Long-Lived Assets) |
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| | Mon | 10/19 | Midterm Exam (time window to be determined) (Topics covered: Sessions #1 – #12, inclusive) |
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| 13 | Thur | 10/22 | Long-Term Debt TB Reading: Chapter 9, Appendix A (Time-Value of Money) TB Problems: M9-21, M9-22, M9-28, M9-31, M9-34, E9-40 |
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| 14 | Tues | 10/27 | Long-Term Debt (continued) and Commitments and Contingent Liabilities (begin) Case #7: Starbucks TB Problems: M9-23, M9-26, E9-47, P9-53 |
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| 15 | Thur | 10/29 | Commitments and Contingent Liabilities (continued) Case #8: McKesson Corp. TB Reading: Chapter 10, p. 464-476 TB Problems: M10-13, M10-15, E10-26, E10-27 |
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| | Mon | 11/2 | Homework #4 (due at 11:59pm) (Topics covered: Debt, Commitments and Contingencies) |
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| 16 | Tues | 11/3 | Deferred Taxes (begin) TB Reading: Chapter 10, p. 486-497 TB Problems: M10-23, E10-34, P10-41 |
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| 17 | Thur | 11/5 | Deferred Taxes (continued)/Owners' Equity (begin) Case #9: PepsiCo TB Reading: Chapter 11 TB Problems: Chapter 10: E10-35, P10-42 Chapter 11: M11-20, M11-21 |
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| | Mon | 11/9 | Homework #5 (due at 11:59pm) (Topics covered: Deferred Taxes) |
| 18 | Tues | 11/10 | Owners' Equity (continued) Case #9: PepsiCo (continued) TB Reading: Chapter 11 TB Problems: M11-25, M11-35, E11-45, E11-54 |
| 19 | Thur | 11/12 | Managerial Accounting & Cost Concepts TB Reading: Chapters 13 and 15 TB Problems: Chapter 13: M13-13, M13-19, E13-25 Chapter 15: M15-11, M15-12, M15-16, E15-25 |
| | Fri | 11/13 | Homework #6 (due at 11:59pm) (Topics covered: Owners' Equity) |
| 20 | Tues | 11/17 | Cost Concepts (continued) Case #10: Forest Gump TB Reading: Chapter 16 TB Problems: M16-12, M16-14, M16-16, E16-21, E16-25 |
| 21 | Thur | 11/19 | Cost Allocation and Activity-Based Costing Case #11: Wilkerson Company (HW #7, due at the beginning of class – can also choose Caribbean Brewers) TB Reading: Chapters 14 and 18 TB Problems: Chapter 14: M14-11, M14-14, P14-27 Chapter 18: M18-10, M18-13, M18-16, E18-22 |
| 22 | Tues | 12/1 | Budgeting and Planning Case #12: Cash is King (HW #8) TB Reading: Chapter 21 TB Problems: M21-19, M21-20, E21-27 |

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| 23 | Thur | 12/3 | Decentralization and Transfer Pricing |
| | | Case #13: | Caribbean Brewers (HW #7, due at the beginning of class – can also choose Wilkerson Company) |
| | | TB Reading: | Chapter 22, p. 1034-1037 Chapter 23, p. 1081-1086 |
| | | TB Problems: | Chapter 22: C22-42 Chapter 23: M23-19, E23-24, C23-40 |

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| 24 | Tues | 12/8 | Final Review and Course Wrap-Up |
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| TBD | | | Final Exam (Topics covered: Sessions #13 - #24, inclusive) |
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