

**INTRODUCTION TO FINANCIAL ACCOUNTING
ACCT 611
FALL 2022
(VERSION 6/30/2022)**



INSTRUCTOR

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CLASSES AND OFFICE HOURS:

ACCT 611 Section 1: Tuesday and Thursday (8:30 am – 10:00 am); Room: XXX

ACCT 611 Section 2: Tuesday and Thursday (10:15 am – 11:45 am); Room: XXX

My (tentative) Office Hours:

In-person: Tuesday and Thursday (12:30 – 3:00 pm) and by appointment

Online via Zoom: by appointment

All times indicated in this syllabus are Philadelphia (Eastern Time and GMT-5 Hours)

WELCOME

I am looking forward to meeting you all and working with you to better understand the relevance of financial accounting in your present and future. I came to appreciate accounting much later in life, long after I received my undergraduate degree in it and passed the CPA exam. It took many years of working with accounting from the other side, as a consultant implementing financial systems for clients in multiple languages, as an internal auditor in industry and in a Big 4 public accounting firm, and as a financial journalist, helping the general business audience and a general audience see the relevance of better understanding accounting and audit in stories about their employers, customers, vendors, investments, and governments before I started to love being able to decipher its mysteries. I hope that this class raises your awareness and piques your interest, if not answers a lot of questions about the unfamiliar terms and accounting mysteries lurking in the background of the news about iconic companies, some of which you may work with or for in the future. It's an amazing business tool!

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 foundational knowledge for corporate managers, investors, entrepreneurs 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.

COURSE MATERIALS:

TEXTBOOK

Dyckman, T., M. Hanlon, R. Magee, G. Pfeiffer, A. Hartgraves, and W. Morse, *Financial & Managerial Accounting for MBAs*, 3. Ed., Wharton Custom Edition, 2020, 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. It is available in hardcover and electronic form. In the detailed schedule below, practice problems from the textbook are assigned to reinforce the material covered for each topic. Solutions to the problems in the textbook are posted on the course website.

COURSE MATERIAL ON CANVAS:

The website for this course is on Canvas:

This is where you will find all of the course material and content and it will be updated throughout the semester, 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 for certain class sessions. They come from the MyBusinessCourse e-book for our textbook. Please watch any videos posted to Canvas before our class sessions.
- **Pre-Class Quizzes:** You will be required to complete a short on-line (i.e., Canvas) quiz *prior to* ten of our class sessions. They will generally be due by 8:00 am on the day of the class session to which they relate. These are discussed in more detail below.
- **Pre-Class Questions:** Please post any questions that you have about the material for the upcoming class session. I will review your questions to find common themes that emerge and will clarify these issues in 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.
- **Ask me anything!** I will try to field one question at beginning of class about the news as it relates to what we are studying in class. Email me those questions so I can be ready and let me know if you want credit for the question or want to be anon!
- **Lecture Slides:** The lecture slides will be made available shortly before class sessions.
- **Homework Assignments:** There are five online (i.e., via Canvas) 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:** I strongly recommend you read the textbook sections highlighted before each class session. This textbook is great! (I wish I had

it when I was an undergraduate!) Doing the problems is not required but they are current, easy to follow and well documented. So I strongly encourage you to take advantage of them, 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.
- **Cases, Articles, and Other Materials for Class Sessions:**
 - **Cases:** We will be working through a case study during many of our class sessions. These cases are based on real companies, ripped from the headlines, and draw on their actual financial statements, footnotes, and other related information. Please read the case text before class so you are familiar with the setup, questions, and information provided. We will work through the cases together 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. We will discuss the solutions in class and I will post any numeric 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 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.

GRADING POLICY:

Final grades will be determined using the following weights:

Midterm Exam	30 %
Final Exam	30 %
Pre-Class Quizzes	20 %
Homework	15 %
Class Engagement	5 %

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:

Before Class

- Watch any pre-class videos on Canvas before the scheduled class session.
- Complete any pre-class quizzes that are on Canvas after watching the pre-class videos (and before the scheduled class session).

- 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.
- Read over any cases and articles for the upcoming session to become familiar with them and attempt to answer as many of the case questions that you can. We will work through the solutions together during our class sessions.

During Class

- Attend class sessions, participate in the classroom discussions, work through cases and problems together. Bring your questions, especially about news that may have an accounting angle!

After Class

- Review solutions to any cases or problems discussed in class.
- As necessary, review the recommended textbook readings and practice problems.
- Work on and submit any upcoming homework assignments (via Canvas).

COURSE ENGAGEMENT AND CLASSROOM 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 that facilitate class discussions will receive 5 points. No contribution or contributions that are obvious, confusing or peripheral will result in zero points.

MIDTERM & FINAL EXAM:

The midterm exam is scheduled for **XXX** and will cover the material from Sessions 1 – 12, inclusive. The final exam is scheduled by the University Registrar and will cover the material from Sessions 13 – 24, inclusive. The final exam has been scheduled for **XXX**. Although it is rare for this date and time to change, it has happened, and the University Registrar reserves the right to do so.

Both exams will be online (via Canvas)

Exam scores will be posted online. If you feel that an exam has been incorrectly graded, you should contact me – *not a TA* – **within one week** after receiving your exam grade. Requests made after that time will not be considered. You should submit a **written** note that explains the point of contention. **Note that the entire exam will be re-graded.**

It is the student's responsibility to take the exams during the specified exam times. If you cannot do so because of a conflict, **it is your responsibility to notify the MBA Office** and the professor prior to the exam (or as soon as possible). **Only** the MBA Office may grant a student authorization to be absent from an examination; **there are no exceptions to this rule**. In the event of an *authorized* absence from any exam, a make-up exam is given in January 2023 during the official make-up exam period set by the Registrar. You will receive a final grade of "Incomplete" for the course pending the completion of the make-up exam. An unauthorized absence from an examination will result in a grade of zero for that examination.

PRE-CLASS QUIZZES

Prior to most classes, there will be a short on-line quiz consisting of two questions (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 8:00 am on the day of the class session to which they relate.

You may attempt the quiz two times, with each quiz attempt randomly selecting questions from a question bank. You will see your score after each attempt, and can then decide whether to take the quiz a second time – the highest score on either attempt will be the score recorded for that quiz (i.e., there is no downside to attempting the quiz twice – at the same time, if you get a perfect score on the first attempt, there is no benefit to taking the quiz a second time – unless you simply like taking quizzes!).

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

HOMEWORK

There are 5 homework assignments with (tentative) 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:	Statement of Cash Flows	Friday, Sept. 23 (11:59 pm)
Homework 2:	Accounts Receivable & Inventory	Friday, Sept. 30 (11:59 pm)
Homework 3:	Long-lived Assets, Long-term debt, leases, contingencies	Friday, Nov. 4 (11:59 pm)
Homework 4:	Income Taxes and Shareholders' Equity	Friday, Nov. 18 (11:59 pm)
Homework 5:	Investments	Wednesday, Dec. 7 (11:59 pm)

TEACHING ASSISTANTS AND REVIEW SESSIONS:

There are six teaching assistants for the course. The TAs will hold regular office hours—both in-person and via Zoom—on most of the days every week (except during breaks or for holidays) based on a schedule that will be posted on the course website. A typical weekly office hour schedule is as follows (For details and updates see the schedule posted on the course website):

Monday	(Location: XXX)	XXX
Tuesday	(Location: XXX)	XXX
Wednesday	(Location: XXX)	XXX
Friday	(Location: XXX)	XXX

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). 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:

Henry Barry henryba@wharton.upenn.edu

Daniel Callahan dancal@wharton.upenn.edu

Jennifer Guo jenguo@wharton.upenn.edu

Harrison Hart hehart@wharton.upenn.edu

Peter Jin peterjin@wharton.upenn.edu

Victoria Zhao vzhao@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.

ACCT 613 Financial & Managerial Accounting	Materials							People				
	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				
<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

	Date	Topic	Textbook Reading	In-Class Case	Practice Problems	Homework	Quiz
1	Tues. 8/30	▪ Introduction	Chapter 1		M1-24, E1-28, E1-29, P1-38, P1-40		
2	Thur. 9/1	▪ Mapping Business Activity into Financial Statements	Chapters 2 and 3	1. Flava-Pop Popcorn (Q1 – Q4)	M2-18, M2-19, M2-26, E2-35, E2-44, M3-22		
3	Tues. 9/6	▪ Mapping Business Activity into Financial Statements	Chapters 2 and 3	1. Flava-Pop Popcorn (Q1 – Q4)	P2-66, M3-24, E3-32, P3-42, P3-49		
4	Thurs. 9/8	▪ Balance Sheet Presentation ▪ Revenue Recognition and the Matching Principle	Chapter 2, p. 49-61 Chapter 6, p. 270-288		M6-14, M6-24, E6-33, E6-40		
5	Tues. 9/13	▪ Revenue Recognition and the Matching Principle (cont'd)	Chapter 2, p. 49-61 Chapter 6, p. 270-288	2. Three Revenue Recognition Examples	M6-17, E6-27, E6-31, E6-41		
6	Thurs. 9/15	▪ Statement of Cash Flows	Chapter 4	1. Flava-Pop Popcorn (Q5)	M4-23, M4-26, M4-31, E4-34, E4-38, E4-41, E4-44		
7	Tues. 9/20	▪ Statement of Cash Flows (cont'd)	Chapter 4	3. Netflix	P4-51, P4-54		
8	Thurs. 9/22	▪ Accounts Receivable	Chapter 6	4. Walt Disney A/R	M6-18, M6-20a-b, E6-34, E6-35, E6-38		
9	Tues. 9/27	▪ Inventory and Cost of Goods Sold	Chapter 7 Chapter 17, p. 830-835		M7-15, M7-19, M7-20, E7-26, E7-29, E7-31, M17-14		
10	Thurs. 9/29	▪ Long-Lived Assets	Chapter 8	5. Sprout	M8-11, M8-14, E8-24, P8-36		

1 1	Tues. 10/4	▪ Long-Lived Assets (cont'd)	Chapter 8	5. Sprout	M8-17, E8-29, E8-35, P8-39		
1 2	Thur. 10/11	▪ Intro to Financial Statement Analysis (FSA)	Chapter 5		M5-14, M5-18, M5-24, E5-32, E5-33, E5-34		
XXX			MIDTERM EXAM XXX Covers Sessions 1 through 12 (inclusive)				

	Date	Topic	Textbook Reading	In-Class Case	Practice Problems	Homework	Quiz
13	Tues. 10/25	▪ Long-Term Debt	Chapter 9 Appendix A (Time Value of Money)		M9-21, M9-22, M9-28, M9-31, M9-34, E9-40		
14	Thur. 10/27	▪ Long-Term Debt (cont'd)	Chapter 9	Starbucks	M9-23, M9-26, E9- 47, P9-53		
15	Tues. 11/1	▪ Leases	Chapter 10, p. 462-476		M10-13, M10-15, E10-26, E10-27		
16	Thur. 11/3	▪ Accounting for Income Taxes	Chapter 10, p. 486-497		M10-23, E10-34, P10-41		
17	Tues. 11/8	▪ Accounting for Income Taxes (cont'd)	Chapter 10, p. 486-497 Chapter 11	PepsiCo	P10-35, P10-42, M11-20, M11-21		
18	Thur. 11/10	▪ Shareholders' Equity (cont'd)	Chapter 11	PepsiCo	M11-25, M11-35, E11-45, E11-54		
19	Tues. 11/15	▪ Passive Investments	Chapter 12, p. 580-595		M12-11, M12-12, M12-20, E12-24		
20	Thur. 11/17	▪ Intercorporate Investments	Chapter 12, p. 596-609 Appendix 12A & 12B		M12-15, M12-16, E12-31, E12-32		
21	Tues. 11/29	▪ Intercorporate Investments (cont'd)	Chapter 12, p. 596-609 Appendix 12A & 12B	Starbucks	M12-17, M12-18, E12-28, E12-34, E12-42		

22	Thur. 12/1	<ul style="list-style-type: none"> ▪ Pensions and Other Post-Employment Benefits 	Chapter 10, p. 477-486	Johnson & Johnson	M10-18, M10-19, M10-21, E10-31		
23	Tues. 12/6	<ul style="list-style-type: none"> ▪ Pensions and Other Post-Employment Benefits (cont'd) ▪ Contingencies 	Chapter 10, p. 477-486 Chapter 9, p.418-421		P10-38, P10-39, E9-38, E9-39, E9-43, P9-51		
24	Thur. 12/8	<ul style="list-style-type: none"> ▪ Final Review and Course Wrap-up 		TBD			
XXX			FINAL EXAM XXX Covers Sessions 13 through 24 (inclusive)				