

**INTRODUCTION TO FINANCIAL &
MANAGERIAL ACCOUNTING
ACCT 613 - 001, 002, 003
Spring 2023**

(VERSION 12/15/2022)



Instructor

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Office Hours:

Tuesday 10:00 am – 2:00 pm in 1314 SHDH My office drop in talk about anything.

Wednesday or Friday by appointment for 1-on-1 discussion of assignments, concepts or life in general!

Note: all times in this syllabus are Philadelphia (Eastern) time.

Class Times

Section 001 - MW 10:15-11:45 JMHH 250

Section 002 - MW 12:00-1:30 JMHH 250

Section 003 - MW 1:45-3:15 JMHH 250

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 your 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 began to love deciphering its mysteries.

I hope that this class raises your awareness, piques your interest, and answers a lot of questions about the unfamiliar terms and accounting mysteries lurking in the news about iconic companies, some of which you may work with or for in the future.

Accounting is an amazing business tool!

Course Objectives:

This course provides an introduction to both financial and managerial accounting. 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. 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. A significant portion 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

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. The publisher has customized this textbook for our course. It is available from the Penn Bookstore or the publisher (<https://mybusinesscourse.com/book/wharton-fa-custom#purchase>).
- I recommend to buy a new book or the e-book, not a used book, in order to set up an account and have full access to all of the additional materials online via My Business Course from Cambridge. (Used books do not have the sign in code required for free access.)
- In the detailed schedule at the end of this syllabus, I recommend practice problems from the textbook to reinforce the material covered for each topic (I refer to 'TB' for the 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- and Post- Class Videos:** These videos from My Business Course are linked in Canvas and cover the core concepts related to each class session.
- **Pre-Class Quizzes:** These short quizzes are based on the textbook readings and are due the morning of the class meeting.
- **Recommended Textbook Readings and Problems:** These readings are strongly recommended and the problem sets will be very helpful. They will provide helpful background material and practice working with the accounting concepts. The readings and questions associated with each class session are given in the class schedule at the end of this syllabus. Solutions to textbook problems are also available on Canvas.
- **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 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. If you see any articles that are interesting and want to share them with class please email to me and I will consider for mention during class.
- **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 at fmckenna@Wharton.UPenn.edu so I can be ready. Let me know if you want credit for the question or prefer to be anon!
- **Lecture Slides:** The lecture slides will be made available shortly before class sessions. It's helpful for you to take a look at them but more important to use them to follow along in class.

- **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:** These are discussed in more detail below.
- **Exam Practice Problems and Solutions:** A few old midterms 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:

Midterm Exam	30 %
Final Exam	30 %
Quizzes	10 %
Homework	20 %
Engagement	10 %

Midterm & Final Exams:

The midterm exam is tentatively scheduled for **March 1, 2023 7-9 pm**, and covers the material in sessions #1 through #12, inclusive. I will provide details on the administration of the exam 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 is tentatively scheduled for **April 24, 9-11 am**. I will provide details on the administration of the exam 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 a note that carefully explains the point of contention. **I will regrade 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 Office** and me as soon as possible.

Pre-Class Quizzes:

Prior to most classes, there will be a short quiz consisting of about 3-5 questions (multiple choice). These quizzes are meant to reinforce the material covered in the textbook and other readings. Pre-class quizzes are generally due by 8:00 am the day of the class session to which they relate.

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

Homework Assignments:

The homework assignments cover five cases. These homework assignment must be submitted **via Canvas** by the beginning of class. The homework solutions may be discussed in groups, but the answers submitted must be your own work.

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

Homework 1:	Statement of Cash Flows	Feb 13 (11:59 pm)
Homework 2:	Accounts Receivable & Inventory	Feb 20 (11:59 pm)
Homework 3:	Long-lived Assets/FSA	March 1 (11:59 pm)
Homework 4:	Taxes, Shareholders' Equity	April 3 (11:59 pm)
Homework 5:	Managerial Accounting	April 19 (11:59 pm)

Course Engagement and 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 or via Canvas) that facilitate discussions, help to clarify technical points, or provide new insights will receive full points.

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 before, 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 at least one day before the scheduled class session.
 - b. Read the textbook sections assigned.
 - c. Complete the pre-class quiz if applicable.
 - d. Read any additional readings assigned found in the Study.net tab.

2) In-Class Activities:

- a. Attend the class session.
- b. Be sure to have available any cases, articles or other discussion items for that day's class.

3) Post-Class Activities:

- a. As necessary, review the recommended textbook readings and practice problems.
- b. Complete the homework assignment for the class session or group of class sessions, if applicable.

Teaching Assistants and Review Sessions:

There are three teaching assistants for the course.

During office hours, one of the TAs will be present in person or via zoom to 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 periodically go over cases or homeworks recently covered in class (or work through practice exam problems).

The TAs are dedicated to ACCT613.

The three TAs for the course are as follows:

Jason Idoine

Peter Jin

Leo Kenicher

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 Cases	A	A	A	A			A	D	D	D		
Pre-Class Quizzes	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>												
<p>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.</p> <p>Should you have questions, please contact your ethics liaison or professor.</p>												

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.

1	Wed	1/18	Introduction	
			TB Reading:	Chapter 1
			TB Problems:	M1-24, E1-28, E1-29, P1-38, P1-40
2	Mon	1/23	The Accounting Equation; Bookkeeping Basics; Introduction to Accrual Accounting	
			Case:	#1 Flava-Pop
			TB Reading:	Chapter 2
			TB Problems:	Chapter 2: M2-18, M2-19, M2-26, E2-35, E2-44, P2-66
3	Wed	1/25	Adjusting Entries and Preparing Financial Statements	Quiz #1
			Case:	Flava-Pop
			TB Problems:	Chapter 3: M3-22, M3-24, E3-32, P3-42, P3-49
4	Mon	1/30	Balance Sheet Presentation	
			TB Reading:	Chapter 1, Appendix 1A
			TB Problems:	E1-35, M2-21, M2-23, E2-40
5	Wed	2/01	Revenue Recognition	Quiz #2
			Case:	#2 Three Revenue Recognition Examples
			TB Reading:	Chapter 2, p. 54-56; Chapter 6, p. 274-279
			TB Problems:	M6-14, M6-17, E6-27, E6-31, E6-33
6	Mon	2/06	Statement of Cash Flows	
			Case:	#1 Flava-Pop
			TB Reading:	Chapter 4
			TB Problems:	M4-23, M4-26, M4-31, E4-34, E4-38, E4-41, E4-44

7	Wed	2/08	Statement of Cash Flows (continued)	
			Case:	#3 Netflix
			TB Reading:	Chapter 4
			TB Problems:	P4-51, P4-54
8	Mon	2/13	Accounts Receivable	
			Case:	#4 Walt Disney Co.
			TB Reading:	Chapter 6
			TB Problems:	M6-18, M6-20a-b, E6-34, E6-35, E6-38
9	Wed	2/15	Inventory, Product Costing, and Cost of Goods Sold	Quiz #3
			Case:	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	Mon	2/20	Long-Lived Assets	
			TB Reading:	#5 Sprout
			TB Problems:	M8-11, M8-14, E8-24, P8-36
11	Wed	2/22	Long-Lived Assets (continued)	Quiz #4
			Case:	#5 Sprout
			TB Reading:	Chapter 8
			TB Problems:	M8-17, E8-29, E8-35, P8-39
12	Mon	2/27	Introduction to Financial Statement Analysis (FSA)	Quiz #5
			TB Reading:	Chapter 5
			TB Problems:	M5-14, M5-18, M5-24, E5-32, E5-33, E5-34
TBD Midterm Exam				
(Topics covered: Sessions #1 – #12, inclusive)				

13	Mon	3/13	Long-Term Debt	
			Case:	#6 Starbucks (begin)
			TB Reading:	Chapter 9, Appendix A (p. 638, Time-Value of Money)
			TB Problems:	M9-21, M9-22, M9-28, M9-31, M9-34, E9-40
14	Wed	3/15	Long-Term Debt (continued) Quiz #6	
			Case:	#6 Starbucks (continue)
			TB Reading:	Chapter 9, Appendix A (p. 638, Time-Value of Money)
			TB Problems:	M9-23, M9-26, E9-47, P9-53 M10-13, M10-15, E10-26, E10-27
15	Mon	3/20	Leases, Commitments and Contingencies	
			Case:	TBD
			TB Reading:	Chapter 10, p. 464-476
				Chapter 10, p. 498-499
			TB Problems:	E10-29, P10-38
16	Wed	3/22	Deferred Taxes	Quiz #7
			TB Reading:	Chapter 10, p. 486-497
			TB Problems:	M10-23, E10-34, E10-35, P10-41, P10-42
17	Mon	3/27	Owners' Equity	
			TB Reading:	Chapter 11
			TB Problems:	M11-20, M11-21, M11-25
18	Wed	3/29	Owners' Equity (continued)	Quiz #8
			TB Reading:	Chapter 11
			TB Problems:	M11-35, E11-45, E11-54
19	Mon	4/3	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

20	Wed	4/05	Cost Concepts (continued)	
			Case:	TBD
			TB Reading:	Chapter 16
			TB Problems:	M16-12, M16-14, M16-16, E16-21, E16-25
21	Mon	4/10	Cost Allocation and Activity-Based Costing	Quiz #9
			Case:	TBD
			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	Wed	4/12	Budgeting and Planning	
			Case:	Cash is King
			TB Reading:	Chapter 21
			TB Problems:	M21-19, M21-20, E21-27
23	Mon	4/17	Decentralization and Transfer Pricing	
			Guest Speaker The NYT Jesse Drucker	
			Quiz #10	
			Case:	#7 Three Examples: Coca Cola, Caterpillar, and Amazon
			TB Reading:	Chapter 22, p. 990-993 Chapter 23, p. 1037-1042
			TB Problems:	Chapter 22: C22-42 Chapter 23: M23-19, E23-24, C23-40
24	Wed	4/19	Final Review and Course Wrap-Up	
			TBD	Final Exam
				(Topics covered: Sessions #13 – #24, inclusive)