

**INTRODUCTION TO FINANCIAL &
MANAGERIAL ACCOUNTING
ACCT 613
SPRING 2021**



INSTRUCTOR

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OFFICE HOURS:

Monday/Wednesday 5:00 pm – 6:00 pm, or by appointment
All times indicated in this syllabus are Philadelphia time (Eastern Time and GMT -5 hours)

PREAMBLE: *This academic year is full of challenges. I have been teaching for many years, but this will be my first time teaching fully online. It will be a unique experience for both of us, and my objective is to provide you with the same level of 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 very excited to meet you all (virtually) and look forward to a semester where you become savvy consumers of corporate financial information. In the end, I hope to convince you that accounting is far more interesting and important than you might have been led to believe!*

COURSE DESCRIPTION:

This course provides a base level of knowledge needed by investors, corporate managers, and executives to understand and discuss corporate financial information. It covers the basics of financial and managerial accounting. Financial accounting is concerned with the preparation and public dissemination of financial reports designed to reflect corporate financial condition. By providing timely, relevant, and reliable information, these reports facilitate the decision-making of investors, creditors, and other interested parties. Managerial accounting is concerned with providing data to corporate managers and executives for planning, decision-making, and control.

A large part of the course covers the fundamentals of financial accounting. This part will familiarize you with the basic principles, practices, and concepts of financial accounting that underlie corporate financial statements. It begins with an overview of the procedures necessary to prepare and understand the balance sheet, income statement, and cash flows statement. It continues with examining the accounting for the most common and significant transactions of a firm, such as accounts receivable and revenue recognition, inventories, long-term assets, debt, and stockholder's equity. 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 investors, managers, and other users.

COURSE'S CANVAS WEBPAGE:

The course's Canvas page is the central repository for all material related to the course. The webpage for this course is: <https://canvas.upenn.edu/courses/1568972>

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, 2019, Cambridge Business Publishers. This textbook is customized for our course, covers all the chapters in the class. It is available from the Penn Bookstore or 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. Solutions to the problems in the textbook are posted on the course website.

Material on the Course's Canvas page:

- **Pre-Class Videos:** these videos cover the core concepts related to the class sessions. Watch these videos before the live class session.
- **Pre-Class Quizzes:** these short quizzes are based on the content in the pre-class videos due the day before the class meeting (see the "Modules" tab on the Canvas webpage).
- **Recommended Textbook Readings and Problems:** These readings and problems are not required but may provide you 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 all textbook problems are also available on Canvas.
- **Links to Zoom Meetings:** The links to each class's meeting are posted on the home page.
- **Lecture Slides:** the lecture slides will be made available in advance of the class
- **Homework Assignments** (for submission on Canvas) and **Cases** (for class discussion)
- **Exam Practice Problems and Solutions** (from old exams)
- **Articles:** press articles will be posted to provide context for issues discussed in class.

GRADING POLICY:

The final grade of each student will be determined based on the higher of the following two weighting schemes (total: 100 points):

	<u>Option I</u>	<u>Option II</u>
Midterm Exam	30%	25%
Final Exam	30%	35%
Pre-Class Quizzes (Best 16 out of 17)	20%	20%
Homeworks	20%	20%

Grading will follow the curve that adheres to the school's mandated grade guidelines. Note that mandated grade guidelines allow up to 5% failing grades. Historically this course does give some failing grades each year. I reserve the right to raise/lower your course grade by one level based on my subjective assessment of your participation and contributions to the class discussions; such an adjustment is *rare*. For the sake of equal and fair treatment, any request for a grade adjustment for reasons other than grading errors will be disregarded.

MIDTERM & FINAL EXAMS:

The midterm exam is scheduled for **Thursday, March 4th, 2021**, and covers the material in lectures #1 through #12, inclusive.

The final exam covers the material in lectures #13 through #24 (inclusive). The date for the final exam will be announced once the University Registrar determines the final exam schedules.

Both exams will be online and two hours in length. You will be required to complete each exam within a 24-hour window. Further details will be announced closer to the exam date.

Exams will be administered through Canvas. Graded exams will be made available through Canvas. If you feel that an exam has been incorrectly graded, you should contact the professor – *not a TA* – **within one week** of the announcement of exam grades. Requests made after that will not be considered. Your request should include a note that carefully explains the point of contention. Please note that **the entire exam will be re-graded.**

It is your responsibility to complete the exam during the scheduled time. If you cannot complete an exam during the scheduled period, **please notify the MBA Program Office** and me as soon as possible. **Only** the MBA Office may grant a student authorization to be absent from an examination.

PRE-CLASS QUIZZES:

Before each class (except the first and the last one), there will be a short online quiz consisting of about 5 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 11:59 pm the day before the class session to which they relate. You may attempt the quiz **two** times, and each quiz attempt will randomly select questions from a question bank. You will see your score after the first attempt and then decide whether to take the quiz a second time. **Only your last attempt will be graded.**

In computing your final grade, your lowest quiz score will be dropped from calculation. If you are unable to complete one of the quizzes for some reason, we will simply count the remaining quizzes that are completed. **There is no make-up for missed quizzes.**

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

HOMEWORK ASSIGNMENTS:

There are seven homework assignments with due dates indicated below and in the class schedule (and on Canvas). Please work on these assignments individually before consulting with anyone for help. You may discuss these assignments with others, but each individual must submit his or her own solution. Copying another student's work or submitting it as your own will be considered an act of cheating. The homework assignments will be available on the course website. They must be submitted **via Canvas by the due date and time listed below**. Deadlines are strict, so please make sure to meet them. Scores and solutions for homework assignments #1 through #5 will be posted online on the course website within a day or so of the deadline.

Homework #6 consists of preparing a written solution for the **Wilkerson Company**. Homework #7 consists of preparing a written solution for the **Cash is King Case**. 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.

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

Homework 1:	Tuesday, February 16 th (11:59pm)
Homework 2:	Tuesday, February 23 rd (11:59pm)
Homework 3:	Tuesday, March 2 nd (11:59pm)
Homework 4:	Sunday, March 28 th (11:59pm)
Homework 5:	Sunday, April 4 th (11:59pm)
Homework 6:	Wilkerson Company Case (due 4/13, Tuesday 11:59pm)
Homework 7:	Cash is King Case (due 4/18, Sunday 11:59pm)

CLASS CONDUCT:

Both as a courtesy to your fellow students and the professor, and to ensure that everyone has the greatest opportunity to learn, please observe the following:

- Do your best to attend each class and engage in class discussions/polls as much as you can.
- Keep your cameras on (unless you have a problem with your internet speed).
- Avoid any discourteous behavior (e.g., talking on the phone) during the class.

STUDENT PREPARATION:

The course's Canvas website is organized into modules. Each module corresponds to a session on the class schedule and is organized into activities you should complete before, during, or after that session. I recommend the following routine for each class session:

- 1) Pre-Class Activities:
 - a. Watch the pre-class videos the day before 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. 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.
- 2) In-Class Activities:
 - a. Attend the class-session.
 - b. Be ready to discuss 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 recommended 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 two teaching assistants for the course. Each of these TAs is a second-year MBA student who performed extremely well in this 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).

The TAs for the course are:

Jacquelyn Olwell
Rishi Palan

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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.

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	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		
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				
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.												

Every topic 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.

Let the fun begin!

TENTATIVE CLASS SCHEDULE

	Date	Topic	Textbook Reading	In-Class Case	Practice Problems
Pre-Semester			Please read the pre-skilling material (available on Canvas)		
1	1/20	▪ Introduction	Chapter 1		M1-24, E1-28, E1-29, P1-38, P1-40
2	1/25	▪ Mapping Business Activity into Financial Statements	Chapter 2	Animatronics (Q1)	M2-18, M2-19, M2-26, E2-35, E2-44, M3-22
3	1/27	▪ Mapping Business Activity into Financial Statements (cont'd)	Chapter 3	Animatronics (Q2 – Q4)	P2-66, M3-24, E3-32, P3-42, P3-49
4	2/1	▪ Balance Sheet Presentation ▪ Revenue Recognition and the Matching Principle	Chapter 2, p. 54-56 Chapter 6, p. 270-279		M6-14, M6-24, E6-33, E6-40
5	2/3	▪ Revenue Recognition and the Matching Principle (cont'd)	Chapter 2, p. 54-56 Chapter 6, p. 270-279	Salesforce	M6-17, E6-27, E6-31, E6-41
6	2/8	▪ Statement of Cash Flows	Chapter 4	Animatronics (Q5)	M4-23, M4-26, M4-31, E4-34, E4-38, E4-41, E4-44
7	2/10	▪ Statement of Cash Flows (cont'd)	Chapter 4	Callaway Golf	P4-51, P4-54
8	2/15	▪ Accounts Receivable	Chapter 6	Omnicell	M6-18, M6-20a-b, E6-34, E6-35, E6-38
TUESDAY, 2/16			Homework 1 is due at 11:59 pm (Covers Statement of Cash Flows)		
9	2/17	▪ Inventory and Cost of Goods Sold	Chapter 7 Chapter 17, p. 830-835	TBD	M7-15, M7-19, M7-20, E7-26, E7-29, E7-31, M17-14
10	2/22	▪ Long-Lived Assets	Chapter 8		M8-11, M8-14, E8-24, P8-36
TUESDAY, 2/23			Homework 2 is due at 11:59 pm (Covers Accounts Receivable and Inventory)		
11	2/24	▪ Long-Lived Assets (cont'd)	Chapter 8	TBD	M8-17, E8-29, E8-35, P8-39
12	3/1	▪ Intro to Financial Statement Analysis (FSA)	Chapter 5		M5-14, M5-18, M5-24, E5-32, E5-33, E5-34
TUESDAY, 3/2			Homework 3 is due at 11:59 pm (Covers Long-Lived Assets)		
WEDNESDAY 3/8			MIDTERM EXAM Covers Sessions 1 through 12 (inclusive)		

	Date	Topic	Textbook Reading	In-Class Case	Practice Problems
13	3/15	▪ Long-Term Debt	Chapter 9, Appendix A (Time-Value of Money)		M9-21, M9-22, M9-28, M9-31, M9-34, E9-40
14	3/17	▪ Long-Term Debt (cont'd)	Chapter 9	Starbucks	M9-23, M9-26, E9-47, P9-53
15	3/22	▪ Commitments and Contingent Liabilities	Chapter 10, p. 462-476	McKesson	M10-13, M10-15, E10-26, E10-27
16	3/24	▪ Accounting for Income Taxes	Chapter 10, p. 486-497		M10-23, E10-34, P10-41
SUNDAY, 3/28			Homework 4 is due at 11:59 pm (Covers Debt and Commitments and Contingencies)		
17	3/29	▪ Accounting for Income Taxes (cont'd) ▪ Shareholders' Equity	Chapter 11	PepsiCo	P10-35, P10-42, M11-20, M11-21
18	3/31	▪ Shareholders' Equity (cont'd)	Chapter 11	PepsiCo	M11-25, M11-35, E11-45, E11-54
SUNDAY, 4/4			Homework 5 is due at 11:59 pm (Covers Accounting for Income Taxes and Shareholders' Equity)		
19	4/5	▪ Managerial Accounting & Cost Concepts	Chapters 13 and 15		M13-13, M13-19, E13-25; M15-11, M15-12, M15-16, E15-25
20	4/7	▪ Cost Concepts (cont'd)	Chapter 16	Forest Gump	M16-12, M16-14, M16-16, E16-21, E16-25
TUESDAY, 4/13			Homework 6 is due at 11:59 pm (Wilkerson Co.)		
21	4/14	▪ Cost Allocation and Activity-Based Costing	Chapters 14 and 18	Wilkerson Co.	M14-11, M14-14, P14-27; M18-10, M18-13, M18-16, E18-22
SUNDAY, 4/18			Homework 7 is due at 11:59 pm (Cash is King)		
22	4/19	▪ Budgeting and Planning	Chapter 21	Cash is King	M21-19, M21-20, E21-27
23	4/21	▪ Decentralization and Transfer Pricing	Chapter 22, p. 1034-1037 Chapter 23, p. 1081-1086	Caribbean Brewers	C22-42; M23-19, E23-24, C23-40
24	4/26	Final Review and Course Wrap-Up			
TBA			FINAL EXAM Covers Sessions 13 through 24 (inclusive)		