

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



(VERSION 8/27/2021)

Instructor

Wayne Guay
Office: 1329 SH-DH
Phone: 215-898-7775
Email: guay@wharton.upenn.edu
Web: <https://accounting.wharton.upenn.edu/profile/guay/>

Office Hours:

Tuesday 3:30pm – 4:30pm, Thursday, 3:30pm-4:30pm, and by appointment.

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

Welcome Wharton MBA Class of 2023!

After a long eighteen months navigating the twists and turns of a pandemic, we'll return to some semblance of normality this semester – specifically, I'll be back in a real live classroom, with real live students! I'm sure the MBA administrative team has advised you on all the health and safety protocols for the semester, so we'll skip that part. Rather, I will just say that I am extremely excited to meet you all, and look forward to helping you become more knowledgeable and savvy consumers of corporate financial information. I also 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 making strategic and financial decisions in manufacturing and service operations, as well as those interested in financial services and general consulting, thinking of starting their own businesses, or simply seeking a broad understanding of corporate

disclosure and financial reporting as it relates to shareholders, creditors, managers and other users of financial information (so, frankly, it's recommended for virtually anyone and everyone!).

Course Website:

The website for this course is on Canvas (<https://canvas.upenn.edu/courses/1611306>)

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, starring my colleague and fellow ACCT613 instructor Professor Jeremy Michels, cover the core concepts related to the class sessions. Watch these videos prior to the live class session (each video is titled with a specific Class #).
- **Pre-Class Quizzes:** these short online quizzes are based on the content in the pre-class videos, and are **must be completed no later than 10am** on the day of the relevant 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 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.
- **Cases and other in-class materials:** Cases or other materials that we will discuss in class will be posted to Canvas.
- **Homework Assignments:** There are six online homework assignments, and two case write-up homeworks. These are discussed in more detail below.
- **Midterm and Final Exams:** These exams will be completed online – more information 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:

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

Midterm & Final Exams:

The midterm exam is scheduled for **Wednesday, October 13th from 7pm-9pm**, and covers the material in sessions #1 through #12, inclusive.

The final exam is scheduled by the University Registrar and covers the material in sessions #13 through #24, inclusive. The final exam date has tentatively been set for **Friday, December 17th from 3pm-5pm** (the registrar always caveats that exam dates/times are “tentative,” but in practice, it is rare that the time is changed once it has been set.

The Midterm and Final Exams will be administered through Canvas. The exam grades 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.

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 five 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 10am on the day of the class session** to which they relate (for example, the pre-class quiz for Class #2 is due by 10am on Thursday, Sept. 2nd, which is the Class #2 date). 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 Assignments:

There are eight homework assignments with due dates indicated below and in the class schedule (and 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 after the homework due date.

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:

- Homework 1: Friday, September 25th (11:59pm)
- Homework 2: Friday, October 2nd (11:59pm)
- Homework 3: Friday, October 9th (11:59pm)
- Homework 4: Monday, November 2nd (11:59pm)
- Homework 5: Monday, November 9th (11:59pm)
- Homework 6: Friday, November 13th (11:59pm)
- Homework 7: Choose and prepare solution one 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 that facilitate class discussions will receive 5 points. No contribution or contributions that are obvious, confusing or peripheral will result in zero points. Consistently discourteous behavior, or behavior that violates class protocols will also result in zero class participation points. Contributions between the

endpoints will receive between 1 and 4 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 come to class with any questions.
- 2) Class-Day Activities:
 - a. Attend the class-session and be amazed by the wonderful world of accounting.
- 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 five teaching assistants for the course. Four of these TAs are second-year MBA students who performed extremely well in either ACCT611 or ACCT613 introductory financial accounting course during Fall 2020. The fifth TA (Irina Luneva) is a third-year accounting doctoral student, and will serve as the TA coordinator. The TAs will hold regular office hours according to the schedule posted on Canvas (note that some of the office hours will be held in person, and others will be held online).

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 five TAs for the course are as follows:

<u>Name</u>	<u>E-mail</u>
Bradon Fix	bfix@wharton.upenn.edu
Michael Adams	adamsmj@wharton.upenn.edu
Patrick Nikong	pnikong@wharton.upenn.edu
Vikramveer Thakore	vthakore@wharton.upenn.edu
Irina Luneva	iluneva@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			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.

1	Tues	8/31	Introduction
			TB Reading: Chapter 1
			TB Problems: M1-24, E1-28, E1-29, P1-38, P1-40

2	Thur	9/2	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	9/7	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	9/9	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	9/14	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	9/16	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

7	Tues	9/21	Statement of Cash Flows (continued)
			Case #3: Callaway Golf
			TB Reading: Chapter 4
			TB Problems: P4-51, P4-54

8	Thur	9/23	Accounts Receivable
			Case #4: Omnicell
			TB Reading: Chapter 6
			TB Problems: M6-18, M6-20a-b, E6-34, E6-35, E6-38

	Fri	9/24	Homework #1 (due at 11:59pm)
			(Topics covered: Statement of Cash Flows)

9	Tues	9/28	Inventory
			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	9/30	Long-Lived Assets
			TB Reading: Chapter 8
			TB Problems: M8-11, M8-14, E8-24, P8-36

	Fri	10/1	Homework #2 (due at 11:59pm)
			(Topics covered: Accounts Receivable and Inventory)

11	Tues	10/5	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	10/7	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

Fri	10/8	Homework #3 (due at 11:59pm) (Topics covered: Long-Lived Assets)
-----	------	--

Wed	10/13	Midterm Exam (7pm-9pm) (Topics covered: Sessions #1 – #12, inclusive)
-----	-------	---

13	Tues	10/26	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
----	------	-------	---

14	Thur	10/28	Long-Term Debt (continued) and Commitments and Contingent Liabilities (begin) Case #7: Starbucks TB Problems: M9-23, M9-26, E9-47, P9-53
----	------	-------	---

15	Tues	11/2	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
----	------	------	---

16	Thur	11/4	Deferred Taxes (begin) TB Reading: Chapter 10, p. 486-497 TB Problems: M10-23, E10-34, P10-41
----	------	------	--

Fri	11/5	Homework #4 (due at 11:59pm) (Topics covered: Debt, Commitments and Contingencies)
-----	------	--

17	Tues	11/9	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
----	------	------	---

18 Thur 11/11 Owners' Equity (continued)

Case #9: PepsiCo (continued)
TB Reading: Chapter 11
TB Problems: M11-25, M11-35, E11-45, E11-54

Fri 11/12 Homework #5 (due at 11:59pm)

(Topics covered: Deferred Taxes)

19 Tues 11/16 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

Wed 11/17 Homework #6 (due at 11:59pm)

(Topics covered: Owners' Equity)

20 Thur 11/18 Cost Concepts (continued)

Case #10: Forest Gump
TB Reading: Chapter 16
TB Problems: M16-12, M16-14, M16-16, E16-21, E16-25

21 Tues 11/30 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 Thur 12/2 Budgeting and Planning

Case #12: Cash is King (**HW #8**)
TB Reading: Chapter 21
TB Problems: M21-19, M21-20, E21-27

23 Tues 12/7 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

24 Thur 12/9 Final Review and Course Wrap-Up

Fri 12/17 Final Exam (3pm-5pm)

(Topics covered: Sessions #13 - #24, inclusive)
