

**ACCOUNTING AND FINANCIAL
REPORTING
ACCT 1010
FALL 2024**



(VERSION 8/23/24)

Instructor

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Office Hours:

Tuesdays 3:30-4:30pm via Zoom (Zoom link available on Canvas). There are different times ahead of exams (see syllabus on Canvas for details). Office hours are also available by appointment (send me an email and we can set up a time).

Course Objectives:

This course provides an introduction to financial accounting as the “language of business.” 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. The objective of the course is to provide an overview of financial accounting and external reporting, including the basic accounting concepts and principles, as well as the structure of the income statement, balance sheet, and statement of cash flows. The course covers the accounting for and the analysis of the most common and significant business transactions of a firm, such as credit sales, delivery of products and services, manufacturing processes and procurement, creation of operating infrastructure including production facilities, intellectual property, and goodwill, debt and equity financing, as well as other (potential) obligations towards customers, suppliers, or tax authorities.

We recommend this course for students who will be using accounting information for investment decisions, who will be considering strategy choices in manufacturing and service operations, or who are simply seeking a broad understanding of accounting and financial information as it relates to shareholders, creditors, managers, and other stakeholders in the firm. The content of this course will be essential if you want to pursue a career in investment banking, financial analysis, consulting, or general management and to those thinking of starting their own business.

Course Website:

The website for this course is on Canvas (<https://canvas.upenn.edu/courses/1813923>). On the website, we provide the following material:

- **Lecture Slides:** the lecture slides will be made available in advance of class (at least one week before the scheduled date). We often will post updated versions (including the solutions of problems covered in class) of the lecture slides after class.
- **Exam Practice Problems and Solutions** (from old exams)
- **Instructional Videos:** for basic accounting concepts (for early parts of course)
- **Articles:** business press articles are sometimes referenced in the course syllabus and provide context for issues, which will be discussed in class.

Course Textbook (required):

Hanlon, M., R. Magee, and G. Pfeiffer, *Financial Accounting for Undergraduates*, 3. Ed., Wharton Custom Edition, 2022, Cambridge Business Publishers.

This textbook is especially customized for our course, covers all the chapters in the class, and is available as **eBook** for purchase for the duration of our class directly from the publisher under this link: <https://mybusinesscourse.com/book/wcfau3e#purchase>. In case you are interested in a **hardcopy**, you can buy the 7th edition of *Financial Accounting* by Hanlon, Magee, and Pfeiffer through the publisher's website.

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). The teaching assistants (TA) will also cover some of these TB problems in their office hours. Solutions to the TB problems are posted on the course website.

Grading Policy:

The course grade is based on relative performance evaluation (i.e., a curve), but we use no forced grade distribution. Final grades are determined using the following weights (**total: 100 points**):

Midterm Exam #1	25 pts.
Midterm Exam #2	25 pts.
Midterm Exam #3	25 pts.
Homework	15 pts.
In-Class Participation and Professionalism	10 pts.

Please note that the above weighting scheme will be strictly adhered to. There is no possibility of earning extra credit or of changing the above weights.

Grades are distributed so that approximately 85% of the class enrollment (following the end of the drop period on **Monday, October 7, 2024**) receives A's or B's. The average grade for this class has been a B+ in the past. We note that no student who remains in the course after the drop period is negatively affected by the fact that other students have withdrawn. Students at the bottom

of the distribution with poor weighted average scores (e.g., below 50% to 45%) will likely receive a final grade of “F”.

Exams:

There are three midterm exams for this course. Each exam is structured such that students should be able to solve it in 60 minutes, but to give everyone a fair chance to carefully work through all the problems, we allot 90 minutes to the exams. The exams will be held in person but administered online using the **Respondus LockDown Browser** and Canvas (i.e., bring your computer to the exams). You will find instructions on how to install and use Respondus LockDown Browser on your machine in a separate file on Canvas. To minimize incentives for cheating, the **no backtrack option** is turned on. That is, you can only **answer each question once** and will not be able to backtrack and change your answers after moving on to the next question.

Midterm exams #1 and #2 will be held out-of-class during a specific time slot in the evenings. Note that every student **gets assigned a seat in a specific room** and will have to take and finish the exam in this designated room for it to be counted. Midterm exam #3 will be held in class during the last teaching day of the semester.

Exams are closed-book. But you are allowed to bring to each exam **one piece of 8 ½" x 11" paper with notes (double-sided)**. This paper may contain handwritten or typed (any font and size) notes. You are allowed to use a regular calculator during the exams. Note that sharing exam information with your classmates or accepting third-party help (including from AI devices such as ChatGPT) will result in a referral to the Office of Student Conduct, and students caught cheating could receive a final grade of “F”.

We will post practice exams together with solutions on Canvas for preparation. The graded exams (including the solutions) will be available online once the exam scores have been released.

Exam Accommodation and Conflicts:

It is the student’s responsibility to take examinations at the times specified. If you need additional time to complete an exam because of a **university-recognized disability**, please inform your instructor (by e-mail) and the Office of Student Disabilities Services (SDS) within two weeks of the start of classes.

If the student has a **class conflict or exam conflict** for another course during the same time as a scheduled exam, s/he must notify the instructor (not the TA) by e-mail within two weeks of the start of classes. The e-mail must include the student’s complete class and exam schedule for the day of conflict. In cases of an acceptable exam conflict, arrangements will be made for the student to take the exam at an alternate time.

Excused absences are only granted in circumstances when a student is seriously ill or unavailable for some other reason at the scheduled time of an exam. Please note that a job interview or attendance at a social event are normally not sufficient reasons to miss an exam. To be excused

from an exam, the student must email the instructor as soon as possible (prior to the exam, if possible).

In the event of an excused absence from an exam, a **make-up exam** is given in **January 2025** during the official make-up exam period set by the Registrar. Students who fail to take an exam without making arrangements with the instructor will receive a grade of zero for that exam.

Requests for Regrades:

If a student feels that there was a mistake in the grading of an exam, s/he must contact the instructor – not a TA – via email and submit a **written explanation** of the points of contention **within one calendar week** following the release of the exam scores. We will not consider submissions after this deadline. Any exam submitted for regrade is subject to a **complete review**, which may result in an increase or decrease in the total score. All regrade decisions are final.

Homework:

There are **6** homework assignments with approximately 8-10 multiple choice style questions due over the course of the semester. Each homework will be administered on Canvas and **due by 11:59pm Eastern time (i.e., Philadelphia time) on Thursdays**. The homework is open book, and you are allowed to use all the class material. You may also work together with your classmates. The homework is intended to help you stay up-to-date with the material.

If you receive a score of at least 70% (based on correctness) on homework questions throughout the semester, you will receive the full **15 points**. The 70% is calculated based on all homework questions over the course of the semester, not per assignment. No make-up homework will be given.

In-Class Participation and Professionalism:

Class participation and professionalism is worth **10 points**. The grades are based on what you add to the learning experience of the entire class and are assessed based on the following principles:

- I will be using a seating chart for the class to keep track of participation and learn everyone's names. Students should sit in their assigned seats.
- This is an interactive class so please feel free to ask questions at any time. Students who consistently make contributions that facilitate discussions, help to clarify technical points, or provide new insights will receive full points for participation. No contribution, repeated class absences, or contributions that are obvious, confusing, or peripheral will receive fewer points.
- Class starts and ends on time. If a unique situation arises such that you must come in late or leave early, please inform your professor ahead of time and sit in an open aisle seat close to the door.
- Students should remain in attendance for the duration of class, except in an emergency.

- All phones and other electronic devices should be put away, with the exception of computers/tablets that are strictly used for the purpose of this class.
- I expect that you will treat this course as a professional engagement. Please do not carry-on private conversations during class.
- If you need to miss a class for any reason (e.g., sickness, family commitment), please fill out a course absence notice.

Student Preparation:

The lectures will cover all the relevant material for this course. The class schedule at the end of the syllabus provides an overview of the topics covered in each class session together with the relevant lecture slides, cases, and additional reading materials. Lectures slides are self-contained, and we often will post both pre-lecture versions and post-lecture versions (with solutions) of the lecture slides to Canvas.

The syllabus also provides a reference to the relevant sections in the textbook together with select textbook problems that relate to the material in class. The textbook and problems serve as supplement to the lecture notes for those who want additional practice. For the initial class sections of the course, we also post a series of instructional videos that explain the basic accounting concepts needed for this class.

Students should attend class having reviewed the daily class slides and, on days with an assigned article, case study or video, having read/watched these materials and worked through the case questions. It is also recommended that students read the suggested chapter sections from the textbook either before or immediately after the class, and work through at least some of the suggested practice problems from the textbook.

Withdrawal from the Course:

To withdraw from the course, students must meet the university deadline and requirements regarding withdrawals. The university withdrawal deadline is **Monday, November 4, 2024**.

Teaching Assistants and TA Office Hours:

There are seven teaching assistants for the course. All TAs performed extremely well in their accounting classes and are familiar with the material of our introductory financial accounting course. The TAs will hold regular office hours on four days every week (except for holidays) based on the schedule posted on the course website. All office hours will be held online.

The typical weekly office hour schedule is as follows (**Note**: there are a **few exceptions** in the office hour schedule; thus, for exact dates and times, see the schedule posted on Canvas):

Monday	5 pm – 6 pm
Tuesday	5 pm – 6 pm and 7 pm – 8 pm

Wednesday	no office hours
Thursday	5 pm – 6 pm and 7 pm – 8 pm
Friday	11 am – 12 pm

During office hours, the TAs will reserve the first half of the time slot to go over pre-designated textbook problems. This is the recitations part of the office hour sessions. During the second half of the time slot, the TAs will answer student questions about concepts, assigned problems/cases, or other topics covered in class.

If you have general questions about class content or concepts, please, use the discussion board on **Ed Discussion**: <https://edstem.org/us/join/MtssAe> (on which your fellow students can provide answers).

The TAs for the course are as follows:

Alexa Cantreva (head TA)	cantreva@wharton.upenn.edu
Hersha Chauhan	hershac@sas.upenn.edu
Melanie Lefkowitz	mlefkow@wharton.upenn.edu
Raja Muhammad Harith	rajamh@wharton.upenn.edu
Jude Ortega	judeo@wharton.upenn.edu
Sofea Shaifuddin	sofea@wharton.upenn.edu
Victoria Zhu	vicz@wharton.upenn.edu


Class Schedule (all topics listed below will be covered)

Key: TB Reading/Problems refers to the Hanlon et al. textbook; x-y means problem y in chapter x of the textbook (attempt to solve after class; take to TA office hours).

Cases to be discussed in class (read/attempt to solve before class).

Videos as additional instructional resource (watch before class).

Deliverables (i.e., homework and in-class/out-of-class exams)

 Out-of-class session; class meets at special time.

1	Wed	8/28	Introduction	Slides: Session 1 TB Reading: Chapter 1 TB Problems: M1-24, E1-27, E1-29, P1-38 Add. Reading: What Happened With Silicon Valley Bank? Videos: V01 Overview; V02-1 Balance Sheet
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	Mon	9/2	Labor Day (No Class)	
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2	Wed	9/4	Mapping Business Activity into Financial Statements	Slides: Sessions 2 & 3 Case: C02-1 Mr. Monopoly (Q1 – Q3) TB Reading: Chapters 2 and 3 TB Problems: Chapter 2: M2-18, M2-19, M2-26, E2-35 Add. Reading: Monopoly Rules Videos: V02-2 Accounting Identity; V03-1 Book Entries; V03-2 Practice Problems
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3	Mon	9/9	Mapping Business Activity into Financial Statements (continued)	Slides: Sessions 2 & 3 Case: C02-1 Mr. Monopoly (continued; Q4 – Q6) TB Reading: Chapters 2 and 3 TB Problems: Chapter 2: E2-44 Chapter 3: M3-23 Videos: V04-1 Accounting Cycle; V04-2 Relic Spotter Case; V05-1 Income Statement
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4 Wed 9/11 **Accounting Cycle**

Slides: Session 4
 Case: C04-1 Animatronics
 TB Reading: Chapters 2 and 3
 TB Problems: Chapter 3: M3-28, E3-40, E3-49
 Videos: V06-1 Adjusting Entries; V06-2 Practice Problems;
 V07 Financial Statements (until minute 8')

Thurs 9/12 **HW #1 due by 11:59pm eastern on Canvas, covering Sessions #1-#4**

5 Mon 9/16 **Balance Sheet Presentation**

Slides: Session 5
 Case: C05-1 Tata Motors
 TB Reading: Chapters 2 and 3
 TB Problems: Chapter 2: P2-53, P2-63
 Chapter 3: P3-56a, P3-68a

6 Wed 9/18 **Revenue Recognition & Matching Expenses to Revenues**

Slides: Session 6
 Cases: C06-1 Apple
 TB Reading: Chapter 6, p. 6-1 to 6-14
 TB Problems: M6-14, M6-26, E6-34, E6-50
 Add. Reading: Zynga Explains Method for Recording Real Revenue;
 Boeing Hits a Milestone

7 Mon 9/23 **Statement of Cash Flows**

Slides: Sessions 7 & 8
 TB Reading: Chapter 4
 TB Problems: M4-23, M4-26, M4-30, E4-34

8 Wed 9/25 **Statement of Cash Flows (continued)**

Slides: Sessions 7 & 8
 Case: C08-1 Callaway Golf
 TB Reading: Chapter 4
 TB Problems: E4-38, E4-44, P4-45; P4-50a-c

Thurs 9/26 **HW #2 due by 11:59pm eastern on Canvas, covering Sessions #5-#8**

9 Fri 9/27 **Review Session for Midterm Exam #1 (5–6:30 pm)**
 (Review session will be held online via Zoom; Topics covered: old practice exam – Fall 2022) **NOTE: Different day (but session will be recorded)!**

10 Mon 9/30 **Midterm Exam #1 (7–8:30 pm)**
 (Topics covered: Sessions #1 - #9, inclusive)

Wed 10/2 **No Class**

11 Mon 10/7 **Introduction to Financial Statement Analysis**
 Slides: Session 11
 Case: C11-1 My Company
 TB Reading: Chapter 5
 TB Problems: M5-24, E5-27, P5-46
 Add. Reading: PepsiCo Financials

12 Wed 10/9 **No Class**

13 Mon 10/14 **Accounts Receivable**
 Slides: Session 13
 Case: C13-1 Barnes & Noble
 TB Reading: Chapter 6, p. 6-14 to 6-22
 TB Problems: M6-18, M6-21, E6-38

14 Wed 10/16 **Inventory and Cost of Goods Sold**
 Slides: Session 14
 Cases: C14-1 Urban Outfitters; C14-2 Caterpillar
 TB Reading: Chapter 7
 TB Problems: M7-16, M7-20, M7-27, E7-29, E7-32, E7-34

Thurs 10/17 **HW #3 due by 11:59pm eastern on Canvas, covering Sessions #11-#14**

15 Mon 10/21 **Tangible Long-Lived Assets**

Slides: Session 15
 Case: [C15-1 Royal Dutch Shell](#)
 TB Reading: Chapter 8
 TB Problems: [M8-11](#), M8-15, E8-29, P8-47

16 Wed 10/23 **Intangible Assets and Goodwill**

Slides: Session 16
 Case: [C16-1 Berwick Tools](#)
 TB Reading: Chapter 8
 TB Problems: M8-19, E8-34, E8-36, E8-42

17 Mon 10/28 **Financial Investments & Marketable Securities**

Slides: Session 17
 Case: [C17-1 Silicon Valley Bank](#)
 TB Reading: Chapter 12
 TB Problems: M12-12, M12-22, E12-29
 Add. Reading: Where Were Regulators as SVB Crashed

Wed 10/30 **No Class**

Thurs 10/31 **HW #4 due by 11:59pm eastern on Canvas, covering Sessions #15-17**

18 Fri 11/1 **Review Session for Midterm Exam #2 (5–6:30 pm)**

(Review session will be held online via Zoom; Topics covered: old practice exam – Fall 2022) **NOTE: Different day (but session will be recorded)!**

19 Mon 11/4 **Midterm Exam #2 (7–8:30 pm)**

(Topics covered: Sessions #11 - #17, inclusive)

20 Wed 11/6 **Long-Term Debt**

Slides: Sessions 20 & 21
 TB Reading: Chapter 9 & Appendix A (Time-Value of Money)
 TB Problems: M9-25, M9-36, M9-39, E9-45

21 Mon 11/11 Long-Term Debt (continued)

Slides: Sessions 20 & 21
Case: [C21-1 Intelsat](#)
TB Reading: Chapter 9 & Appendix A (Time-Value of Money)
TB Problems: M9-26, E9-58, P9-67, P9-70a/71b

22 Wed 11/13 Deferred Taxes

Slides: Sessions 22 & 23
Case: [C22-1 Verizon](#)
TB Reading: Chapter 10, p. 10-25 to 10-36
TB Problems: M10-30, E10-43/44

Thurs 11/14 **HW #5 due by 11:59pm eastern on Canvas, covering Sessions #20-22**

23 Mon 11/18 Deferred Taxes (continued)

Slides: Sessions 22 & 23
Case: [C23-1 General Motors](#)
TB Reading: Chapter 10, p. 10-25 to 10-36
TB Problems: P10-52, P10-57

24 Wed 11/20 Shareholders' Equity: Treasury Stock and Dividends

Slides: Session 24
Case: [C24-1 Starbucks](#)
TB Reading: Chapter 11
TB Problems: M11-21a, M11-24a, M11-29a
Add. Reading: Amazon Board Approves 20-for-1 Stock Split

Mon 11/25 **Thanksgiving Break (No Class)**

Wed 11/27 **Thanksgiving Break (No Class)**

25 Mon 12/2 **Shareholders' Equity: Employee Stock Compensation**

Slides: Session 25
Case: C25-1 PepsiCo
TB Reading: Chapter 11
TB Problems: M11-40/41, E11-53a-e, E11-62a-c

26 Wed 12/4 **Catch up day**

Thurs 12/5 **HW #6 due by 11:59pm eastern on Canvas, covering Sessions #23-26**

27 Fri 12/6 **Review Session for Midterm Exam #3 (5–6:30 pm)**

(Review session will be held online via Zoom; Topics covered: old practice exam – Fall 2022) **NOTE: Different day (but session will be recorded)!**

28 Mon 12/9 **Midterm Exam #3**

(Note: This exam will be held during regular class times in your classroom; Topics covered: Sessions #19 - #27, inclusive)
