

MBA Program
BA 511
Introduction to Financial Accounting
Fall 2016

Instructor: Dan Givoly

TA: Ian Terran

Office	305 Business	318B Business
Phone	865-0587	863-3458; Mobile: 734-673-8986
E-mail	dgivoly@psu.edu	imt108@psu.edu
Office hours	Monday 4:30 – 5:30 p.m. or by appt.	Tuesday 1:00-2:00 p.m.; Friday. 11:00 a.m. - noon

1. Introduction

This introductory financial reporting course is part of the core curriculum and assumes no prior academic knowledge of accounting.

The purpose of this course is to introduce you to the concepts underlying the financial reporting by business entities and the analysis of the financial statements. At the end of the course you should be able to evaluate the performance, risks, and prospects of a business.

A basic knowledge of how transactions are recorded and financial statements prepared is important for the analysis and use of the financial statements. This knowledge will be acquired before the beginning of the course through a self-study package, ALEKS. The course's emphasis, however, will be on the **use** of accounting information in the evaluation of the business performance, credit worthiness and risk. We will review the three major financial statements – the balance sheet, the income statement and the statement of cash flows and discuss selected items on these statements as well as more advanced topics such as consolidations, leases and deferred taxes.

2. Required Textbook

Financial Accounting by Libby, Libby, and Hodge, 9th edition (2016)

ISBN #: 978-1259222139

Publisher: McGraw-Hill

Please note that the older edition (the 8th) as well as the international edition of the book are also available. However, the end-of-chapter practice material from which the problem assignments are taken (exercises, problems and cases) is different from that in the 9th U.S. edition.

The use of the interactive software CONNECT, which facilitates reviewing and practicing the material, is encouraged but not required.

3. Preparation for Class Sessions

Prior to each class, you are expected to read the assigned chapters and prepare the problem assignments. Homework problems should be submitted on an **individual basis**. Cases may be submitted on a team basis. **Only the problem and case assignments marked by an asterisk will be collected (please turn them in before class begins or drop them in the drop box on Angel, ahead of their due time)**. However, you should be prepared to answer questions regarding all of the homework problems during our class discussion. This course covers a large amount of interrelated material. It is extremely important that you do not fall behind.

4. Exams

The Midterm exam will cover the material discussed in class up to that point. The final exam will be comprehensive, covering the entire material of the course.

5. Grading

	<u>% of Course Grade</u>
• Active Participation in Class Discussions	10%
• Problem Assignments	15%
• Midterm Exam	25% (Tuesday 9/16, 2:00 - 4:10 p.m.)
• Final Examination (comprehensive)	50% (Wed. 10/6, 9:00 a.m. - Noon)

6. **Tentative Class Schedule**

A tentative class schedule is attached. Depending on our progress and the extent of knowledge that you acquired in the pre-accounting course, we may either speed up or slow down. Please try to stay slightly ahead of the schedule.

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Dan Givoly
Tentative Class Schedule

<u>Class Meeting</u>	<u>Reading Assignment</u>	<u>Assigned Problems</u>
1 Monday, August 22	Chapter 1: Financial Statements and Business Decisions Chapter 2: Investing and Financial Decisions and the Balance Sheet Class Discussion: RITE AID	
2 Wednesday, August 24	Chapter 3: Operating Decisions and the Income Statement Chapter 4: The Adjustment Process and Financial Statements Class Discussion: The PACRIM Company	E1-2, E1-4*, E1-13, E2-2*, E2-4, E3-6*.
3 Monday, August 29	Chapter 5: Communicating and Interpreting Financial Information	E3-4*, E3-5*, E3-13, P3-2* P3-4, P4-7*. Case 1: Accounting Asteroids*
4 Wednesday, August 31	Chapter 6: Reporting and Interpreting Sales Revenues, Receivables and Cash (Including the Supplement)	E4-2, E4-4*, E4-18 E5-11*, E5-12*, P5-2*.
5 Wednesday September 7	Special Issues in Revenue and Expense Recognition	
6 Thursday September 8 (Make-up for Labor Day; 1-3 p.m. room 126)	Chapter 7: Reporting and Interpreting Cost of Goods Sold and Inventory (including Supplements A and B)	E6-1, E6-7*, E6-12*, E6-16*. Case 2: Starbucks*
7 Monday September 12	Chapter 7 (continued)	Case 3: HCA Holdings* E7-2*, E7-8*, P7-2, P7-4, E8-6.
8 Wednesday September 14	Chapter 8: Reporting and Interpreting Property, Plant and Equipment; Natural Resources; and Intangibles (including supplement)	
Friday September 16 (2 p.m. – 4 p.m.)	Midterm Exam	
9 Monday September 19	Chapter 9: Reporting and Interpreting Liabilities (Including Supplements)	Case 4: Caterpillar Inc.*
10 Wednesday September 21	Chapter 9: Reporting and Interpreting Liabilities (including Supplements)	E8-10*, E8-12, E8-17, E8-18. P8-6*, P8-7*, CP8-2*, CP8-5.

*** NOTE: PROBLEMS MARKED BY AN ASTERISK SHOULD BE SUBMITTED IN WRITING.** Please hand in these problems before the beginning of the class either through the drop box on Angel or in class.

<u>Class Meeting</u>	<u>Reading Assignment</u>	<u>Assigned Problems</u>
11 Monday September 26	Chapter 9 (Cont.)	M9-4, M9-5, E9-11, E9-22*
12 Wednesday September 28	Chapter 11: Reporting and Interpreting Stockholders Equity	E11-1*, E11-4, E11-8*, P11-2.
13 Monday October 3	Chapter 12: The Statement of Cash Flows (including Supplements) Chapter 13: Analyzing Financial Statements Review	E12-4, E12-5*, E13-4*, E13-10*, E13-11.
Wednesday October 5	FINAL EXAM	

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PENNSYLVANIA STATE UNIVERSITY GUIDELINES

Academic Integrity: According to the Penn State Principles and University Code of Conduct:

Academic integrity is a basic guiding principle for all academic activity at Penn State University, allowing the pursuit of scholarly activity in an open, honest, and responsible manner. According to the University's Code of Conduct, you must neither engage in nor tolerate academic dishonesty. This includes, but is not limited to cheating, plagiarism, fabrication of information or citations, facilitating acts of academic dishonesty by others, unauthorized possession of examinations, submitting work of another person, or work previously used in another course without informing the instructor, or tampering with the academic work of other students.

Any violation of academic integrity will be investigated, and where warranted, punitive action will be taken. For every incident when a penalty of any kind is assessed, a report must be filed, using the *pdf* form at this URL:

<https://intranet.smeal.psu.edu/smeal/integrity/index.html>. This form is used for both undergraduate and graduate courses.

Affirmative Action & Sexual Harassment:

The Pennsylvania State University is committed to a policy where all persons shall have equal access to programs, facilities, admission, and employment without regard to personal characteristics not related to ability, performance, or qualifications as determined by University policy or by Commonwealth or Federal authorities. Penn State does not discriminate against any person because of age, ancestry, color, disability or handicap, national origin, race, religious creed, gender, sexual orientation, or veteran status. Direct all inquiries to the Affirmative Action Office, 328 Boucke Building.

Americans with Disabilities Act:

The Smeal College of Business Administration welcomes persons with disabilities to all of its classes, programs, and events. If you need accommodations, or have questions about access to buildings where Smeal College activities are held, please contact us in advance of your participation or visit. If you need assistance during a class, program, or event, please contact the member of our staff or faculty in charge

An Invitation to Students with Learning Disabilities:

It is Penn State's policy to not discriminate against qualified students with documented disabilities in its educational programs. If you have a disability-related need for modifications in your testing or learning situation, your instructor should be notified during the first week of classes so that your needs can be accommodated. You will be asked to present documentation from the Office of Disability Services (located in 116 Boucke Building; (814) 863-1807) that describes the nature of your disability and the recommended remedy. You may refer to the Nondiscrimination Policy in the *Student Guide to University Policies and Rules*.

BA 515 Academic Integrity

First and foremost, you are expected to follow the Penn State Honor Code, Smeal Honor Code, and MBA Pledge:

Penn State Honor Code:

Academic integrity is a basic guiding principle for all academic activity at Penn State University, allowing the pursuit of scholarly activity in an open, honest, and responsible manner. According to the University's Code of Conduct, you must neither engage in nor tolerate academic dishonesty. This includes, but is not limited to cheating, plagiarism, fabrication of information or citations, facilitating acts of academic dishonesty by others, unauthorized possession of examinations, submitting work of another person, or work previously used in another course without informing the instructor, or tampering with the academic work of other students.

Smeal Honor Code:

We, the Smeal College of Business Community, aspire to the highest ethical standards and will hold each other accountable to them. We will not engage in any action that is improper or that creates the appearance of impropriety in our academic lives, and we intend to hold to this standard in our future careers.

MBA Pledge:

I, <Student Name>, affirm that I have neither given, received, nor witnessed unauthorized aid on this deliverable and have completed this work honestly and according to the professor's guidelines.

BA511 (Financial Accounting) – Course-Specific Expectations

What we consider cheating:

- 1) Any communication with anyone (other than the proctor) during exams or with respect to specifics of submitted homework. This includes verbal, nonverbal, written, and any online communication.
- 2) Disobedience of time limits for exams – When asked to put pencils down, DO NOT continue writing.
- 3) Any form of non-authorized communication concerning the exams (before, during, and afterward) and/or their administration.
- 4) Discussion with anyone of the solution to specific assigned problems that are submitted on an individual basis.

What we do not consider cheating:

- 1) Study groups – We encourage you to work together as you see fit in learning the material.
- 2) Working together on problems that are not required to be submitted (i.e, problems that are NOT marked by an asterisk). These problems are not collected or graded, but it is highly recommended that you solve them to ensure that you understand the material.
- 3) Discussion with anyone of the general topics on which specific problems are assigned.

What we consider inappropriate behavior:

- 1) Cell phones should be set to silent or vibrate. Calls should not be made or taken during class.
- 2) Using your laptop for non-class related purposes (e.g., web surfing/e-mail checking) during class is totally inappropriate.
- 3) Skipping class or being late for any reason is inappropriate. If you miss class (i.e. for an interview, etc.) **YOU** are responsible for learning the material on your own. Office hours are not to be used as make-up lectures by those who miss class. If you know you have to arrive late or leave early, let the instructor know about it ahead of time.
- 4) Talking amongst the students during the lecture is inappropriate and rude. If you have a question, please raise your hand.
- 5) Inattentiveness during class.

Note: We reserve the right to consider pursuing other forms of cheating/inappropriate behavior not included in this document on a case-by-case basis. If a unique situation should arise that is not covered in this document and you are uncertain as to whether it would be considered cheating or inappropriate, please ask Dr. Givoly.