

NEW YORK UNIVERSITY
Stern School of Business
Summer 2014, COR1-GB.1306.60, Financial Accounting & Reporting, 3-50 KMC

Prof. Ajay Maindiratta

Off. hours: 4:30 to 5:45 pm on class days

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COURSE OUTLINE

OBJECTIVE: This course assumes no prior academic knowledge of accounting. It acquaints participants with the basic concepts, principles, practices and mechanics of financial accounting, and covers the treatment of the most common items in the financial statements in preparation for a follow up financial statement analysis course. As such it highlights the role (and abuse) of managerial choices, judgments, and estimates in applying accounting rules. On completion, participants should be able to "understand" a substantial portion of the information contained in the financial statements and also gauge the effects of alternative accounting treatments and estimates on the reported numbers and key analytical ratios.

RECOMMENDED TEXT: *Introduction to Financial Accounting*, 11th ed.

Charles T. Horngren, Gary L. Sundem, John A. Elliott & Donna R. Philbrick. Prentice Hall, © 2013

PEDAGOGY & PROCEDURES: I expect you to have arranged your work schedules and made the commitment to attend each and every class when you signed up for the course. An eleven session course in Financial Accounting covers a lot of ground in each session and missing even one class will cause you to fall considerably behind. Classes will not be videotaped, and neither I nor the TA will review with you any material that was covered in a missed class, unless your absence be due to a documented medical / family emergency (attendance will be taken).

You are not required to buy the textbook – everything we do in class will be posted on NYU Classes and you can get by without a textbook if you attend class (assigned homework problems too will not require the text). However, sometimes an alternative exposition is helpful in understanding the material, and some of you might thus find the textbook a useful supplement. To this end, the attached course outline lists the chapters from the textbook that address each topic we cover. *Any material in the text that is not explicitly covered in class is not required knowledge for the course.*

Homework problems are intended for you to test your comprehension of the material covered in class and as such are assigned after class. Two sets of problems will generally be assigned – “Practice” and “Submission”. When assigned for submission, your homework must be uploaded on-line into NYU Classes by the beginning of the next class. Solutions to practice problems will be included with the homework to facilitate your learning, while solutions to submission problems will be posted on NYU Classes immediately after the submission deadline.

Submitted homework will not be checked and returned on an ongoing basis. Instead you should keep a copy of your work and compare it to the posted solution to identify your mistakes. Homework will also not formally count towards your grade for the course. However, if you do poorly on the exams, or are at the borderline between grade categories, I will review your homework submissions in making a final grade determination.

I know some of you find it convenient to take notes in class on your electronic devices, but unfortunately I cannot police whether you are truly doing so or are surfing the web instead. Accordingly, I do not allow any devices to be used in class.

EVALUATION: Your evaluation will be based on the following:

First exam	20%
Second exam	35%
Final Exam (cumulative but with mostly post second exam material)	45%

To reward improvement, your first, second, and final exams will **alternatively** be weighted 15%, 30% and 55%. Exams will not be rescheduled except for a documented medical / family emergency.

SESSION OUTLINE

1. May 14 Introduction: A discussion of the evolution of Accounting, its role and objectives in the modern economy, and the institutional framework of accounting and auditing standard setting and practice
Ch 1: Entities & Balance Sheets
2. May 19 Ch 2: Income Measurement: The Accrual versus the Cash Basis
3. May 21 Ch 3: Introduction to the language of debits and credits
Ch 4: Adjusting Entries and Review of the Accounting Cycle
Effects of Errors in recording
Liquidity and Solvency: Current Assets and Liabilities & the Current Ratio
Practice first exam and solution distributed
- May 26 Memorial Day holiday
4. May 28 **FIRST EXAM (1 hour 15 mins)**
Finding missing numbers and correcting financial statements
5. June 2 Accruing expenses and setting up reserves: Example of warranties (see Ch 9)
Examples of Net Sales, Returns & Uncollectibles (Ch 6)
6. June 4 Ch 5. Preparing the Cash Flow Statement
The direct and indirect methods for Cash Flow from Operations
7. June 9 Ch 8. Long Term Assets including Intangibles
Accounting for Acquisitions and the creation of Goodwill
Earnings Management: Thousand Trails, RJR Nabisco, Sears & Bristol-Myers
Practice second exam and solution distributed
8. June 11 **SECOND EXAM (1 hour 40 mins)**
Ch 9. Time value of Money; Long-term Liabilities: Notes payable
9. June 16 Ch 9. Long-Term Liabilities Contd: Valuing and Accounting for Bonds Payable
10. June 18 Ch 9. Deferred Taxes
Ch 10. Owner's Equity
Practice final exam distributed
11. June 23 **Practice final exam solution review**
An Introduction to Profitability Analysis
12. June 25 **FINAL EXAM (2 hours 30 mins)**