

**NEW YORK UNIVERSITY**  
**Stern School of Business**

**Principles of Financial Accounting**  
**Fall 2017**  
**MW 2-3:15; 3:30- 4:45pm**

**PRINCIPLES OF FINANCIAL ACCOUNTING**

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**FALL 2017**  
**MW 2-3:15;3:30- 4:45**

**Instructor**

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**Course Description**

Financial accounting reports are used in valuation, in contracting, by investors, by creditors, by managers and by the government. A good understanding of these reports is one of the basic building blocks of a business education. This course focuses on the development, preparation, analysis and use of financial reports. The course provides an understanding of what financial reports contain, what assumptions and concepts accountants use to prepare them, and why they use those assumptions and concepts. The course is divided into three parts. Part I is designed to develop your appreciation of fundamental accounting concepts and parts II&III focus on the application of your accounting knowledge on earnings quality issues and earnings management activities related to assets, liabilities, and equity. Topics covered include: accounts receivables, inventory, long-term assets, intangible assets, bonds, leases, income taxes, and shareholders' equity.

**Goals**

By the end of the course, you should: (1) understand the core concepts of financial accounting including how accountants analyze and record the effects of individual transactions, and the concepts that are essential to understanding financial reports such as assets, liabilities, owners' equity, revenues, expenses and cash flows; (2) be able to interpret annual report information and analyze a company's performance using this information; and (3) be fluent in the language of business.

**Teaching Philosophy**

I believe the most efficient use of class time aims at reinforcing what the student has tried to achieve on an individual basis prior to class. In-the-classroom learning is achieved by (a) whole-hearted and serious studying of the assigned readings and solving the assigned problems or cases; (b) in-class discussions of the material by the students and instructor; and (c) underscoring of important points via short lectures. In light of this, adequate preparation for the class and participation during class are essential.

**Preparing for Class**

We have considerable amount of material to cover in the course in a relatively short period of time. For most efficient use of class time, it is critical that you prepare adequately for each and every class. It is your responsibility to read the class schedule provided in pages 6-8 of this syllabus carefully to find out reading assignments required for each class session. To ensure that pre-class reading assignments are done, each class meeting will be preceded by a pre-class assignment. To

complete reading assignments you will need to have read the assigned pages from the textbook and then work the exercise from the back of the chapter prior to the class session. All pre-class assignments should be submitted through the McGraw-Hill Connect online assignment website established for the class at <http://connect.mheducation.com/class/prof-dontoh-financial-accounting-fall2016> Since the goal of pre-class assignments is to prepare you adequately to for each class, the Connect system will be set up to allow you multiple attempts to complete the assignment and to give you immediate feedback after you complete each question. All pre-class reading assignments will be graded on preparation effort and not on the correctness of your answers. The grading will simply be credit (1) or no credit (0). There are 22 of these exercises. You can drop any two of them. Completion of 20 will earn 10 percentage points, 19, 9.5 points, etc.

### Connect Registration and Login

1. Go to the course Connect website at <http://connect.mheducation.com/class/prof-dontoh-financial-accounting-fall2016>
2. Confirm the course and instructor information displayed on the right side of the screen and click "Register Now".
3. Enter your e-mail address.
4. Next you will be presented with three options:
  - a. If you already received an access code with your new text OR if you purchased an access card from your bookstore, enter your code in the appropriate field and click "Submit".
  - b. If you don't have a code yet, click "Buy Online" to purchase one with a credit card.
  - c. Not ready to purchase yet? Try Connect History for free for three weeks by clicking on "Start Free Trial".
5. Fill out the registration form.
6. Once you have completed and submitted the form, you can access your Connect homepage by clicking on "Go To Connect Now"
7. At your Connect homepage you can access Assignment 1 to be completed after you have read chapter 1 of the text. Start by clicking the assignment title displayed.

### Homework Problems

The homework problems will be more challenging and will be drawn from the end-of-chapter problems. These will be due in the week *after* we have concluded our class discussion of the relevant chapter. Again I will be asking you to submit your homework problems using McGraw-Hill's Connect website. There will be 8 homework assignments, completion of all 10 will earn you 10 percentage points, 7, 8.75 percentage points etc. I encourage you to do the homework in small groups of 4-6 people. **If you do this, you will find yourself far more engaged and far better prepared for class, and you will learn significantly more. Please understand that doing these exercises and problems is the key to success in the course. I will not accept late exercises or problems** unless due to documented serious illness or family emergency. I will make an exception to this policy for reasons of religious observance or civic obligation *only* when the homework cannot reasonably be completed prior to the due date and you make arrangements for late submission with me in advance.

### Exams

There will be two midterm exams and a final exam. All exams will be closed book. However, you are allowed to bring into the exam one double sided 8 ½" x 11" page of your own notes (cheat sheet). Due to the cumulative nature of the course material, all exams will necessarily be cumulative unless indicated otherwise. You are allowed the use of a calculator for all exams. However, laptops, cell phones and other hand-held smart devices that have internet connections will not be permitted during exams.

**Class Attendance/Presence and Class participation:**

Class attendance is required and constitutes part of your course grade. Attendance will be taken at the start of each scheduled class. Absences may be excused only in the case of documented serious illness, family emergency, religious observance, civic or important work obligation. If you anticipate missing a class for religious observance or civic obligation, you must inform me no later than 24 hours before the start of the class. Recruiting activities and business trips are not acceptable reasons for absence from class. You are responsible for knowing what goes on in class, which may include material not covered in the readings, modifications to the syllabus, and announcements concerning exams. Most course announcements shall be made in class and email messages will be sent to your NYU email address only. It is your responsibility to ensure that this is correct, to check the email and/or make sure that it is correctly forwarded to an address that you do check on frequent basis. Also, it is your responsibility to check the NYU Classes course web site regularly and often. Lastly, this is a hands-on course and in-class participation is essential to perform well in it. You should therefore make every effort to attend all class sessions.

During some portion of class time you will be working in small groups to tackle more challenging problems. One of the best ways of clarifying your understanding and remembering a concept or process is to explain it to someone else. Since you will be engaged in the most difficult processing of information in class, your success depends critically on your presence in class.

**Arriving Late, Leaving Early, Coming & Going**

Students are expected to arrive to class on time and stay to the end of the class period. Arriving late or leaving class early will have impact on the course grade. Students may enter class late only if given permission by me and can do so without disrupting the class. I would appreciate knowing if you are going to come to class late, and, if you are going to be late, please enter as unobtrusively as possible. You are encouraged to participate in class and I will be inviting you to contribute to the discussion even when you don't volunteer. You should refrain from using laptops, cell phones, smart phones and other electronic devices during class and during exams.

**Academic Integrity**

Integrity is critical to the learning process and to all that we do here at NYU Stern. As members of our community, all students agree to abide by the NYU Stern Student Code of Conduct, which includes a commitment to:

- Exercise integrity in all aspects of one's academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage.
- Clearly acknowledge the work and efforts of others when submitting written work as one's own. Ideas, data, direct quotations (which should be designated with quotation marks), paraphrasing, creative expression, or any other incorporation of the work of others should be fully referenced.
- Refrain from behaving in ways that knowingly support, assist, or in any way attempt to enable another person to engage in any violation of this Code of Conduct. Our support also includes reporting any observed violations of this Code of Conduct or other School and University policies that are deemed to adversely affect the NYU Stern community.

## **General Conduct & Behavior**

Students are also expected to maintain and abide by the highest standards of professional conduct and behavior. Please familiarize yourself with Stern's policy in Regard to In-Class Behavior & Expectations and the NYU Disruptive Behavior Policy (<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/bullying--threatening--and-other-disruptive-behavior-guidelines.html>).

## **Students with Disabilities**

If you have a qualified disability and will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the Moses Center for Students with Disabilities (CSD, (212) 998-4980, [www.nyu.edu/csd](http://www.nyu.edu/csd)) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the CSD, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation.

## **Textbook**

The textbook for the course is *Financial Accounting* 8<sup>th</sup> Ed., (Custom Edition for New York University), by Robert Libby, Patricia Libby and Daniel Short, McGraw Hill, New York, 2011. All assigned readings and pre-class assignments are from this text. Lecture notes, solutions, and other course documents are included in a course pack available on NYU Classes. The course pack contains templates for all class slides and illustrative cases and extra practice problems and solutions and you are expected to bring relevant sections to class.

## **Grading Policy**

Class Preparation Assignments	10%
Homework Assignments	10%
Class Attendance/Participation	5%
Midterm Exam 1&2	35%
Final Exam	40%

## **Grades are determined following the Undergraduate *Grading Guidelines* for Core Courses:**

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have adopted a grading guideline for core courses with enrollments of more than 25 students in which approximately 35% of students will receive an "A" or "A-" grade. In core classes of less than 25 students, the instructor is at liberty to give whatever grades they think the students deserve, while maintaining rigorous academic standards.

## CLASS SCHEDULE

### PART I

#### SESSION 1 - Overview Of Financial Statements And Reporting Process

Date	Reading Assignment	Class Prep
		Course Pack Session 1
Sept. 6		
Sept. 11	LLS Ch1 pp. 3-21	Prepare E1-3
Sept. 13	LLS Ch2 pp.. 40-46	Prepare E2-5
	<b>Class Discussion Problem:</b>	E1-5, E1-7

#### SESSION 2 - Recording Transactions & Preparing Financial Statements

Course Pack Session 2

Sept. 18	LLS Ch2 pp. 46-67	Prepare E2-12
Sept. 20	LLS Ch3 pp. 98-123;	Prepare E3-5
	<b>Class Discussion Mini Case:</b>	Partco Company, Planet of the Grapes. E3-10
	<b>Self Study Demonstration Case:</b>	Terrific Lawn Corp. Part 1&2 LLS pp. 69-72;125-129

#### SESSION 3 - Income Measurement And Accrual Accounting

Course Pack Session 3

Sept. 25	LLS: Ch. 4 pp. 160-173	Prepare E4-3
Sept. 27	LLS: Ch. 4 pp. 174-180;181-184	Prepare E4-6
	<b>Class Discussion Mini Case:</b>	Village Appliance Shop
	<b>Self Study Demonstration Case:</b>	Terrific Lawn Corp. LLS pp. 186-192

### PART II

#### SESSION 4 - Statement of Cash Flows

Course Pack Session 4

Date	Reading Assignment	Class Prep
Oct. 2	LLS: CH12 598-601	Prepare E12-1
Oct. 4	LLS: CH12 602-611	Prepare E12-9
Oct. 11	LLS: CH12 616-617	Prepare E12-12
	<b>Class Discussion Mini Case:</b>	Breda Enterprises Inc.
	<b>Self Study Demonstration Case:</b>	National Beverage Corp. LLS p 611-612



**Oct. 16**

**Midterm Exam 1**

**SESSION 5 - Revenue Recognition And Accounts Receivable:**

Course Pack Session 5

<b>Date</b>	<b>Reading Assignment</b>	<b>Class Prep</b>
<b>Oct. 18</b>	LLS: Ch. 6 pp. 276-283	Prepare E6-2
<b>Oct. 23</b>	LLS: Ch. 6 pp. 286-293	Prepare E6-12
<b>Oct. 25</b>		
	<b>Class Discussion Mini Case:</b> Mantes Corporation	
	<b>Self Study Demonstration Case:</b> Wholesale Warehouse Stores LLS pp. 299-301.	

**SESSION 6 - Inventory And Cost Of Goods Sold**

Course Pack Session 6

<b>Oct. 30</b>	LLS: Ch7 326-338	Prepare E7-1, E7-5
<b>Nov. 1</b>	LLS: Ch7 339-346;352-353	Prepare E7-12
<b>Nov. 6</b>		
	<b>Class Discussion Mini Case:</b> Adnan Oil Heat Co.	
	<b>Self Study Demonstration Case:</b> Balent Appliances LLS pp. 350-351.	

**SESSION 7 - Long Lived Tangible And Intangible Assets**

Course Pack Session 7

<b>Date</b>	<b>Reading Assignment</b>	<b>Class Prep</b>
<b>Nov. 8</b>	LLS: Ch8 380-398	Prepare E8-3
<b>Nov. 13</b>	LLS: Ch8 401-405	Prepare E8-8
<b>Nov. 15</b>	LLS: Ch8 406-409	Prepare E8-12
	Problem P8-10 in LLS	
	<b>Class Discussion Mini Case:</b> Upjane Corporation and Dakota Corporation	
	<b>Self Study Demonstration Case:</b> Diversified Industries LLS 412-414	

**Nov. 20**

**Midterm Exam II**



**SESSION 8 - Long Term Liabilities: Bonds & Capital Leases**

Course Pack Session 8

<b>Nov. 27</b>	<b>Current Liabilities Present Value Concepts</b>	LLS: CH9 450-462, 466-472;	Prepare E9-1; E9-12
<b>Nov. 29</b>	<b>Bond Valuation</b>	LLS: CH10 498-510	Prepare, E10-8; P10-2
<b>Nov. 29</b>	<b>Bond Interest Calculations</b>	LLS: CH10 512-518; 524	Prepare, E10-6; E10-15
<b>Dec. 4</b>	<b>Other Long Term Liabilities</b>	LLS: CH9 465-466,	Prepare, E9-9
	<b>Class Discussion Mini Case:</b>	Acronis Bridge Construction Company Ivy Corporation	
	<b>Self Study Demonstration Cases:</b>	Muller Co. p. 472-473; Reed Company LLS 519-520	

**SESSION 9 - Reporting And Interpreting Owners' Equity**

Course Pack Session 9

<b>Date</b>	<b>Reading Assignment</b>	<b>Class Prep</b>
<b>Dec. 6</b>	LLS: Ch 11 544-552	Prepare E11-1; E11-4
<b>Dec. 11</b>	LLS: Ch 11 553-560	Prepare E11-9; E11-11
	<b>Class Discussion Mini Case:</b>	Monk Corporation
	<b>Self Study Demonstration Case:</b>	Owners' Club. LLS p. 563
<b>Dec. 12</b>	<b>Monday Schedule</b>	Review Session
<b>Dec 22</b>	<b>Final Exam</b>	



## Student Biographical Information

Your name (please print) \_\_\_\_\_

Please also supply its phonetic pronunciation \_\_\_\_\_

Your home country \_\_\_\_\_

In which country do you plan to pursue your career after graduation \_\_\_\_\_

Please tell me about your major area of study and your career and life goals at this point.

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What do you expect to learn from the course?

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Please tell me something about your knowledge and experiences that may be relevant to financial accounting.

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Please identify two or three values that are personally important to you and explain why

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What other information do you think it might be helpful for me to know about? Are there any areas where you might appreciate special assistance?

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*Thank you. All information you supply on this form will be held in strict confidence.*



