

**NEW YORK UNIVERSITY**  
Leonard N. Stern School of Business

COR1-GB.1306.33  
Financial Accounting and Reporting  
Spring 2016

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**COURSE OUTLINE**

<b><u>Date</u></b>	<b><u>Topic</u></b>	<b><u>Readings</u></b>	<b><u>Class Assignment</u></b>
<b>I. PRELIMINARIES</b>			
2/11/16	A. Financial information: users, uses, and vulnerabilities. The reporting framework: generally accepted accounting principles (GAAP).	Ch. 1 (pp.2-27)	1. 1-44  A disconcerting letter from Satyam's chairman
<b>II. STATEMENT OF FINANCIAL POSITIONS: THE BALANCE SHEET</b>			
	B. The balance sheet: A snapshot of assets, liabilities, and owners equity; historical and fair values of assets and liabilities.		
	C. Accounting procedures: Double entry and asset/liabilities' records.		
<b>III. STATEMENT OF OPERATIONS: THE INCOME STATEMENT</b>			
2/18/16	A. Enterprise performance measurement: Accrual earnings vs. cash flows.	Ch. 2 (pp. 44-66)	1. Exercise on current assets and current liabilities 2. 2-47, 2-50, 2-51
	B. Earnings measurement: Revenue and expense recognition rules. The matching process. The income statement.		
2/25/16	The accounting process: journal entries and T-accounts	Ch. 3 (pp. 90-116)	1. Exercise on income management 2. 3-23, 3-34, 3-46
3/3/16	A. Preparing the financial statements	Ch. 4 (pp. 140-158)	1. Exercise on income management II
	B. Investors' perspective: financial analysis.		2. 4-35, 4-38

#### IV. SPECIFIC ASSETS, LIABILITIES, EQUITIES

3/10/16	Sales and accounts receivable. Revenue recognition in unusual circumstances.	Ch. 6 (pp.238-257)	1. Exercise on accounts receivable 2. 6-54, 6-67, 6-76 3. Handout Question (different recognition rules)
3/24/16	A. <b>MID-TERM EXAM</b>  B. From retail to manufacturing operations.	Appendix 7B (pp. 315-317)	
3/31/16	Inventory valuation methods. Indicator of enterprise performance.	Ch. 7 (pp. 284-301, and Appendix 7A, (pp. 311-314)*	1. Exercise on inventory valuation. 2. 7-47, 7-56, 7-79
4/7/16	Physical assets and depreciation. Intangible capital and intellectual property. Accounting's shortcomings	Ch. 8 (pp. 338-350, and pp.359-364)	1. 8-33, 8-56
4/14/16	A. Investment in securities and in other companies. Fair value accounting. B. Stockholders Equity	Ch. 11 (pp. 492-504) Ch. 10 (pp. 448-456; 460-461 on stock options)	1. Exercise on marketable securities 2. 11-28, 11-29, 11-61
4/21/16	The statement of cash flows, preparation and interpretation. ("Indirect Method" only)	Ch. 5 (pp. 188-207) <sup>†</sup>	1. 5-56, 5-61
4/28/16	Liabilities (short- and long-term), off-balance sheet financing, and shareholder equity.	Ch. 9 (pp. 386-411, and Appendix 9, pp. 422-429)	1. 9-36, 9-60, 9-63 2. Exercise on debt repurchase 3. Exercise on operating and capital leases
5/5/16	<b>FINAL EXAM</b>		

\* The discussion of Gross Profit (pp.304-308) is optional, but important for students interested in investment decisions.

<sup>†</sup> Omit the "direct Method" in pp.201-202. For our class, focus only on the "Indirect Method."

**PLEASE NOTE:**

**Class attendance** is **required**. One or two missed classes for health reasons or unexpected travel will be accepted, but no more.

**Textbook:** Hongren, Sundem, Elliott and Philbrick, Introduction to Financial Accounting, 11<sup>th</sup> edition, 2014, Pearson.

**Financial Report:** Print Cisco's 2015 financial report (on NYU Classes) and bring to each class.

**Exercises** for class discussion are posted on NYU Classes.

**Grading:** Final grade will be primarily based on the midterm and final exams, as well as on the quality of weekly homework assignments and class discussion.

**Midterm Exam** is on 3/24/16.

**Final Exam** is on 5/5/16.

**Office Hours:** Thursdays 5:00-6:00 pm, and by appointment (212-998-0028).

<b><u>Date</u></b> <b><i>(To be handed in class)</i></b>	<b><u>Homework Assignment</u></b>
2/18/16	1-31, 1-40
2/25/16	2-48, 2-53, 2-56
3/3/16	3-27, 3-40, 3-44
3/10/16	4-37, 4-39, 4-47
3/24/16	6-69, 6-71, 6-74
3/31/16	No homework
4/7/16	7-58, 7-67, 7-75
4/14/16	8-37, 8-41, 8-48, 8-60
4/21/16	11-33, 11-39, 11-40, 10-53
4/28/16	5-62, 5-65, 5-73
5/5/16	9-62, 9-64, 9-73