**NEW YORK UNIVERSITY**

**Stern School of Business**

**Summer 2015, COR1-GB.1306.60, Financial Accounting & Reporting, 3-50 KMC**

Prof. **Ajay Maindiratta** TA: **Darryl Birtwistle**

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

E-mail: amaindir@stern.nyu.edu. E-mail : birtwistle2@gmail.com

 **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. Class videotapes will not be provided, 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). Of course, if you have attended a particular class, we will be happy to make class videotapes available to you for review, as well as spend time with you to resolve any questions.

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 13 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 18 Ch 2: Income Measurement: The Accrual versus the Cash Basis

3. May 20 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 25 Memorial Day holiday

4. May 27 **FIRST EXAM (1 hour 15 mins)**

 Finding missing numbers and correcting financial statements

5. June 1 Accruing expenses and setting up reserves: Example of warranties (see Ch 9)

Examples of Net Sales, Returns & Uncollectibles (Ch 6)

6. June 3 Ch 5. Preparing the Cash Flow Statement

 The direct and indirect methods for Cash Flow from Operations

7. June 8 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 10 **SECOND EXAM (1 hour 30 mins)**

Ch 9. Time value of Money; Long-term Liabilities: Notes payable

9. June 15 Ch 9. Long-Term Liabilities Contd: Valuing and Accounting for Bonds Payable

10. June 17 Ch 10. Owner’s Equity

**Practice final exam distributed**

11. June 22 **Practice final exam solution review**

An Introduction to Profitability Analysis

12. June 24 **FINAL EXAM (2 hours 30 mins)**