

NEW YORK UNIVERSITY
Stern School of Business

C10:0001.001

Principles of Financial Accounting

Fall 2011

Room: UC -15 Time: TR: 3:30-4:45p

Instructor

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Teaching Fellow

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Office Hours: Wed. 5-6p

KMEC 10th Flr.

Course Description

This course provides an introduction to the fundamental concepts of financial accounting. Its purpose is to help students become intelligent readers of the main financial accounting reports (balance sheet, income statement, and cash flow statement). The perspective taken is that these reports provide information that is useful for resource allocation decisions in a broad sense. The informativeness of these reports is determined both by the cash and accrual accounting methods used to generate the reports and by the market and institutional settings in which resource allocation decisions are made.

Generally, the course will provide an overview of cash and accrual accounting measures, financial reports, and the market and institutional settings in which resource allocation decisions take place. Also, specific accounting methods and use of accounting information in valuing firms will be briefly discussed as well. A typical content outline of the course would cover the nature of financial statements, the balance sheet and the income statement, analysis of transactions, revenue and expense recognition, cash flow statement, concepts of present and future values, inventory and cost of goods sold, long lived assets and depreciation and amortization expense, marketable equity securities, debt financing and interest expense, stockholders equity and leases.

A copy of the textbook is on reserve in the periodicals sections of Bobst Library. You may also purchase the student study guide to accompany the text at the bookstore or you may borrow my copy for limited time periods.

E--mail policy: (adontoh@stern.nyu.edu)

You may ask the TAs or myself any questions by e-mail. Your message **MUST** include a subject and your name, clearly identifying yourself as my student (If we think it might be junk mail or a virus, we will have to delete it unread). Please make sure your Email queries are self contained, and can be answered in a reasonably short way. That is, please pretend that we are on a desert island when we receive your email, with no books or documents in sight. Thanks. Otherwise, we may not be able to answer you.

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 before entering the classroom. 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) discussions of the material by the students and teacher in class; and (c) my underscoring of important points via short lectures. In light of this, adequate preparation for the class and participation during class are essential.

Assignments

The readings and assignments for the course are attached. All homework assignments should be completed by the due date listed in course schedule.

Exams

There will be two midterm exams and a final exam. It will be closed-book but you can bring in one 8 ½" x 11" page of notes (both sides). Due to the cumulative nature of the course material, all exams will be cumulative only in that concepts studied in the first part of the semester will be necessary in order to understand and adequately respond to the questions posed.

Class Attendance/Presence:

Class Attendance is required and part of grade. Absences may be excused only in the case of documented serious illness, family emergency, religious observance, civic or important work obligation. If you will miss class for religious observance or civic obligation, you must inform me no later than the first week of 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 will be made as announcements on blackboard. Sometimes E-mail will be sent, but to the Blackboard e-mail address only. It is your responsibility to ensure that this is correct, to check the e-mail and/or make sure that it is correctly forwarded to an address that you do check. Also, it is your responsibility to check the blackboard frequently. From past experience, here is my advice: do not plan on missing classes on a regular basis. Class material is often not covered in the course pack or textbook. In-class participation is essential in getting a good grade in the course.

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 the instructor and can do so without disrupting the class. (Note that instructors are not obliged to admit late students or readmit students who leave class or may choose to admit them only at specific times.)

Text

There is no required book for this class. All required materials are included in the lecture notes. However, you may find the following introductory financial accounting text to be a useful reference for this class or future accounting and finance courses: Financial Accounting 6th Ed. McGraw-Hill 2009 by Libby, Libby and Short (LLS). The lecture notes, solutions, and other course documents are available on Blackboard.

Blackboard

Digital Drop box on Black board: Use Digital drop box on NYU Stern Blackboard to submit HW assignments.

Grading Policy

Midterm Exam 1	20%
Midterm Exam 2	20%
Final Exam	45%
Homework	10%
Class Attendance and Participation	5%

If you feel that an exam has been incorrectly graded, submit a written analysis of why you believe you were improperly graded within one week of the announcement of the grades. Requests made after that will not be considered. The entire exam will be re-graded. Stern grading guidelines stipulate no more than 35% of students receive grades of A or A- in undergraduate core courses.

Honor Code

As is true for all courses at Stern, adherence to the Stern Honor Code is expected of all students in this course. Students may not work together on graded assignments and exams unless the instructor gives express permission. (Graduate Programs Honor Code, Undergraduate College Code of Conduct)

Class Schedule

Recommended Textbook: Libby, Libby Short Financial Accounting 7th Ed.

Date	Topic	Reading Assignment	Discussion Problems	Homework Assignments
9/6; 9/8; 9/13	Overview of Financial Statements and Reporting Process	Course Pack Ch.1 LLS: Ch. 1	Lettuce Eat Restaurant	Assignment 1 E1-3, E1-5, E1-8 Due 9/15
9/15;9/20; 9/22	Recording Transactions & Preparing Financial Statements	Course Pack Ch. 2 LLS: Ch. 2 &3	Goal Systems Planet of the Grapes	Assignment 2 E2-4, E3-13, P3-1 Due 9/27
9/27;9/29; 10/4	Income Measurement and Accrual Accounting	Course Pack Ch. 3 LLS: Ch. 4	Village Appliance	Assignment 3 E4-7, P4-9 Practice
10/6	Midterm Exam 1			
10/11	No classes			
10/13;10/18	Revenue Recognition and Accounts Receivable	Course Pack Ch. 4 LLS: Ch. 6 pgs. 286-294	E6-18, Greentech Solutions	Assignment 4 E6-13, P6-4, Due 10/25
10/20;10/25; 10/27	Inventory and Cost of Goods Sold	Course Pack Ch. 5 LLS: Ch7	Pedro's Soda, E7-5, E7-16	Assignment 5 P7-4, P7-6 Due 11/1
11/1; 11/3;11/8	Valuation and Reporting Long Lived Tangible and Intangible Assets	Course Pack Ch. 6 LLS: Ch8.	Joe Swifty, P8-9	Assignment 6 M8-7, E8-11, E8-17 Practice
11/10	Midterm Exam 2			
11/15; 11/17;11/22	Reporting and Interpreting Long Term Liabilities: Bonds and Leases	Course Pack Ch. 7 LLS: Ch 9, Ch. 10	P9-6, P10-5	Assignment 7 P9-12, P10-8 Due 11/29
11/24	Thanksgiving Recess – No classes			
11/29;12/1	Reporting and Interpreting Owners' Equity	Course Pack Ch. 8 LLS: Ch 11	E11-24, P11-1	Assignment 8 E11-11, P11-5 Due 12/6
12/6,12/8; 12/13	Statement of Cash Flows	Course Pack Ch. 9 LLS: CH13	E13-14, P11-6	Assignment 9 E13-7, P13-1 Due 15/15
12/15	Review Session			