

NEW YORK UNIVERSITY
Stern School of Business

Principles of Financial Accounting
C10.0001/ ACCT-UB.0001
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Instructor

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Course Description

Accounting information is used in valuation, in contracting, by investors, by creditors, by managers and by the government. A good understanding of accounting is one of the basic building blocks of business education. This course focuses on the development, analysis and use of these reports. It provides an understanding of what these reports contain, what assumptions and concepts accountants use to prepare them, and why they use those assumptions and concepts. The course is divided into two parts. Part I of the course is designed to develop your appreciation of fundamental accounting concepts. Part II focuses 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, bonds, leases, income taxes, and investments in corporate securities.

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 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.

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 on pages 5 and 6 of

this document 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 reading assignment and worksheet. To complete reading assignments you will need to read assigned pages from the textbook and then work an exercise from the back of the chapter prior to the class session. Worksheets for pre-class exercises will be provided where necessary. The goal is to prepare adequately to for class and you are not expected to fully understand the material prior to coming to class. Consequently, pre-class reading assignments will be graded on preparation effort and not on the correctness of your answers. What counts is convincing me and the rest of the class that you have read the text and you are ready to apply the information in a coherent manner. The grading will simply be credit (1) or no credit (0).

Team Homework Assignments

All homework assignments should be completed by the due date listed in course schedule. Homework assignment are to be done in teams of 4-5 students. I expect each team to submit one solution for the team. Solutions to homework assignments are to be submitted online through the **TURNITIN** digital drop box facility on Blackboard. Late homework will not be accepted under any circumstances. I however 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. Your homework should be neat and orderly. Please place the names of people in your team with and the assignment number in the top left hand corner.

Exams

There will be one midterm exams and a final exam. The midterm exam and the final exam 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 to bring a calculator. Laptops, cell phones and other hand-held devices with internet access are not permitted during the midterms or the final exam.

Class Attendance/Presence:

Class Attendance is required and part of your course 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 email will be sent, but to the Blackboard 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 Blackboard course web site regularly and often. 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 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.

Textbook

The required textbook for the class is Financial Accounting 7th Ed. McGraw-Hill by Libby, Libby and Short (LLS). The text is by Robert Libby, Patricia Libby and Daniel Short, *Financial Accounting* 7th Ed., (Custom Edition for New York University), McGraw Hill, New York, 2011. All assigned readings and homework are from this text. Lecture notes, solutions, and other course documents are included in a course pack available on Blackboard. 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

Pre Class Reading and Prep	5%
Team Homework Assignments	10%
Quizzes	15%
Midterm Exam 2	30%
Final Exam	40%

Academic honesty and disability access:

Plagiarism is the act of representing somebody else's work as one's own. This is a type of fraud or deception similar to the way some company executives have misrepresented the health and soundness of their firms. The Stern School does not tolerate this sort of behavior. You are expected to adhere to the Stern Code of Conduct <http://www.stern.nyu.edu/uc/codeofconduct>. A student's responsibilities include, but are not limited to, the following:

- 1) A duty to acknowledge the work and efforts of others when submitting work as one's own. Ideas, data, direct quotations, paraphrasing, creative expression, or any other incorporation of the work of others must be clearly referenced.
- 2) A duty to exercise the utmost integrity when preparing for and completing examinations, including an obligation to report any observed violations. If you are a student with a disability and you feel you need accommodations, you must register with the Moses Center for Students with Disabilities. They are located at 726 Broadway, 2nd floor, and can be reached at 212-998-4980 or mosescsd@nyu.edu.

Class Schedule

Date	Topic	Reading Assignment	Class Prep
5/29	Overview of Financial Statements and Reporting Process		
		LLS Ch1 pp. 1-19	Prepare qns. 3 & 8 on p. 27
		LLS Ch2 pp.43-50	Prepare M1-1 on page 30
6/3	Recording Transactions & Preparing Financial Statements		Cases: Partco Company, Planet of the Grapes
		Course Pack Ch. 2	
		LLS Ch2 pp. 50-60	Prepare E2-5 on page 84
		LLS Ch2 pp. 61-65	Prepare E2-8 on page 84-85
		LLS Ch3 pp. 102-115	Prepare qns. E3-6 on pg. 143
6/3	Team HW Assignment 1 Due		
6/5	Income Measurement and Accrual Accounting		Case: Village Appliance Shop
		LLS: Ch. 4 pp. 169-175	Prepare M4-2 on page 196
		LLS: Ch. 4 pp. 177-182	Prepare E4-18 and E4-19 on page 208-209
6/5	Team HW Assignment 2 Due		
	Revenue Recognition and Accounts Receivable		
		LLS: Ch. 6 pgs. 279-288	Prepare Question. 4 on page 307 and E6-2 on page 310
		LLS: Ch. 6 pgs. 286-294	Prepare E6-12 and E6-16 on page 313&314 resp.
6/10	Review & Midterm Exam	Covers material in Ch. 1-4 of Course Pack and LLS Ch. 1-6	
6/12	Inventory and Cost of Goods Sold		
		Course Pack Ch. 5	
		LLS: Ch7 331-333; 336-338	Prepare Question #4 on p. 363 (not multiple choice question) and E7-1 on p. 366
		LLS: Ch7 338-345	Prepare E7-5 and E7-10 on pgs. 367&369
		LLS: Ch7 357-359	Prepare E7-20 p. 372
6/12	Team HW Assignment 4 Due		

6/17	Valuation and Reporting Long Lived Tangible and Intangible Assets		
		Course Pack Ch. 6 LLS: Ch8 387-394	Prepare M8-3 on p. 424 and E8-1 on p. 426
		LLS: Ch8 395-410	Prepare E8-15 on page 431
		LLS: Ch8 411-419	Prepare M8-17 on page 431
6/17	Team HW Assignment 5 Due		
6/19	Investments		
		Course Pack Ch. 8 LLS CH13	
16/19	Team HW Assignment 6 Due		
	Statement of Cash Flows		
		LLS: CH13 637-645	Prepare qn. 1 on page 669
		LLS: CH13 646-658	Prepare E13-1 on page 672
6/24-26	Long Term Liabilities: Bonds & Capital Leases		
	Current Liabilities	LLS: CH9 455-468;	Prepare Qns 5,6 7 on page 485
	Time Value of Money	LLS: CH9 470-477;	Prepare M9-7, M9-8 on page 487
		LLS: CH10 506-518	Prepare E10-7 on page 538
		LLS: CH10 519-531	Prepare E10-13 on page 539
6/24	Team HW Assignment 7 Due		
6/26	Reporting and Interpreting Owners' Equity		
		LLS: Ch 11 551-559	Prepare E11-4 on page 578
		LLS: Ch 11 560-567	Prepare E11-11 on page 580
6/26	Team HW Assignment 8 Due		
7/3	Review Session & Final Exam		