

NEW YORK UNIVERSITY
Stern School of Business
Fall 2013, COR1-GB.1306.12, Financial Accounting & Reporting, M 6-9 pm

Prof. Ajay Maindiratta

Office hours: MW 12:30 to 2 pm & M 5 to 5:45 pm

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TA: TBA

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*, 10th ed.

Charles T. Horngren; Gary L. Sundem; John A. Elliott; Donna R. Philbrick

Publisher: Prentice Hall, Copyright year: © 2011

eText: ISBN-10 0-13-612302-3 ISBN-13 978-0-13-612302-6

PEDAGOGY & PROCEDURES: You are assigned one or more chapters, occasional additional readings, and a set of homework problems for each lecture. You may but do not have to read the chapter before class. You should read it after the class discussion as a review and also for coverage of related material that you should generally be aware of (but not necessarily proficient in from the point of view of the exam).

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, the latter set has to be turned in at the beginning of the next class. If you will be missing class, send a copy with a colleague, or E-mail it before class to the TA. Solutions to practice problems will be posted promptly on Blackboard to facilitate your learning, while solutions to submission problems will be posted once collected.

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.

EVALUATION: Your evaluation will be based on the following:

First exam	25%
Midterm exam	35%
Final Exam	40%

To reward improvement, your first, second, and final exams will **alternatively** be weighted 20%, 30% and 50%.
Any material in the text that is not explicitly covered in class will not be on the exams.

SESSION OUTLINE: You are NOT required to read Chapter Appendices unless otherwise instructed.

1. Sep 23 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
Chapter 1: Entities & Balance Sheets
2. Sep 30 Chapter 2: Income Measurement: The Accrual versus the Cash Basis
3. Oct 7 Chapter 3: Introduction to the language of debits and credits
Chapter 4: Adjusting Entries and Review of the Accounting Cycle
Effects of Errors in recording

Practice first exam and solution distributed
4. Oct 14 **FIRST EXAM (1 hour 20 mins)**
Finding missing numbers
5. Oct 21 Accruing expenses and setting up reserves: Example of warranties (see Chapter 9)
Example of Returns and Uncollectibles (Chapter 6)
(Read the section on Internal Controls in Ch 6 sometime, but we won't discuss it.)
6. Oct 28 Chapter 5. Preparing the Cash Flow Statement
The direct and indirect methods for Cash Flow from Operations
7. Nov 4 Chapter 8. Long Term Assets including Intangibles
(Skip the mechanics of the various accelerated methods.)
Accounting for acquisitions and the creation of Goodwill
Earnings Management: A discussion of the Thousand Trails, RJR Nabisco and Sears readings
Practice second exam and solution distributed
8. Nov 11 **SECOND EXAM (1 hour 45 mins)**
Chapter 9. Time value of Money.
9. Nov 18 Chapter 9. Accounting for Long-term Liabilities: Notes and Bonds payable
Nov 25 Thanksgiving week holiday
10. Dec 2 Chapter 10. Owner's Equity (only select topics – see class notes)
11. Dec 9 An Introduction to Profitability and Liquidity Analysis
Practice final exam and solution distributed
12. Dec 16 **FINAL EXAM (2 hours 30 mins)**