



## PRINCIPLES OF FINANCIAL ACCOUNTING

Fall 2020

Tuesday and Thursday

2:00-3:15 pm via Zoom

The Zoom links to all classes and office hours are available at NYU Classes

### INSTRUCTOR

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**YIWEI DOU**

**Email:** [yd18@stern.nyu.edu](mailto:yd18@stern.nyu.edu)

**Phone:** 212-998-0025

**Office:** KMC 10th Floor, Suite 10-77

#### Office Hours:

Wednesday 1:30-2:30 pm

I will have more office hours before exams

You can make appointments for other times

### COURSE DESCRIPTION

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The course is intended for students with no previous exposure to financial accounting. The objective is to help you become intelligent readers of the financial reports of publicly traded companies. The course focuses on the development, analysis, and use of these reports. It also 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. A solid understanding of the fundamentals covered in this course should enable you to do well in more advanced finance and accounting courses and to interview intelligently for jobs in finance and consulting.

The course begins with the basic concepts of accounting. We look at the main financial statements: balance sheet, income statement, statement of cash flows, and statement of stockholders' equity. Particular attention is paid to how these four statements relate to each other and how they provide information about the financial health of a company. We then cover specific items from the financial statements and apply tools of analysis whenever possible.

### COURSE MATERIALS

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**Textbook (optional):** Libby, Libby and Hodge (LLH), *Financial Accounting, 9th Edition*. The NYU Custom Edition is also acceptable. The textbook is not required but recommended. The textbook covers the basic material in the course, including background information, accounting rules and conventions. I recommend you read the related chapters before each class.

**Lecture Slides:** Most lectures will use the aid of PowerPoint slides, which will be available prior to each class on NYU Classes. If you do not have a textbook, I recommend you read the slides before each class.

**Other Materials:** I will be using NYU Classes to post other materials such as notes and homework assignments, and to communicate with you throughout the term.

## **GRADING POLICY**

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Final grades will be determined as follows:

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|----------------------|-----|
| Homework Assignments | 30% |
| Midterm Exam 1       | 15% |
| Midterm Exam 2       | 15% |
| Final Exam           | 25% |
| Class Participation  | 15% |

**Homework:** There will be 6 homework assignments, and you only need to submit 5 of them. If you hand in all 6, the highest 5 scores will be counted in your grade. You must submit your completed homework on NYU Classes before 2 pm on the date due; late homework will not be accepted. I will not accept assignments over the web, through e-mail, etc. Solutions to homework will be posted to NYU Classes.

I also hand pick textbook problems that are useful to practice and reinforce basic accounting proficiency, but they will not be submitted or graded. Doing problems is the best way to learn accounting. Questions and solutions to these problems will be posted to NYU Classes.

**Exams:** There will be three exams, two midterms (non-cumulative) and one final (cumulative). All exams are open book, but you must finish them by yourself and cannot communicate with anyone else. Nonprogrammable calculators are permitted (computers, smartphones, blackberries, scientific calculators or any device with internet access or memory capacity are not permitted).

All exam questions can resemble questions from homework assignments, lectures, and even textbook problems. The first two exams are tentatively scheduled for October 6th and November 10th, 2020.

Exam dates will not be rescheduled for any individual student. If you miss any exam, you will receive zero credit for that exam.

**Exam Re-Grading:** If you believe your exam is incorrectly graded, submit the entire original copy of the complete exam to me within one week of the return of the exam. Include a memo which legibly and fully explains your contention. Exams that have been altered in any way will not be re-graded, the exam score will be changed to a zero, and the Student Disciplinary Committee will be notified.

**Class Participation:** This course will emphasize participatory and collaborative learning. As a result, a significant portion of your mark will be based on your verbal participation and contribution to class discussions (not just attending the class). The participation mark will be based on the number and the overall quality of your participation.

## **STERN POLICIES**

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**General Behavior:** The School expects that students will conduct themselves with respect and professionalism toward faculty, students, and other present in class and will follow the rules laid down by the instructor for classroom behavior.

**Code of Conduct:** As a student at Stern, you are expected to conduct yourself as a young business professional. The Stern School does not tolerate cheating, nor does your future employer. Please know that the penalty for cheating is an automatic grade of F for the course and appearance before the Student Disciplinary Committee. I am very strict on this issue. I will do what I can to help you learn the material in this course. All I ask is that you do not cheat yourself, your fellow classmates or the Stern School. Please see [www.stern.nyu.edu/uc/codeofconduct](http://www.stern.nyu.edu/uc/codeofconduct) for more information.

**Students with Disabilities:** If you have a qualified disability and will require academic accommodation, please contact the Henry and Lucy Moses Center for Students with Disabilities (CSD) and provide me with a letter from them verifying your registration and outlining the accommodations they recommend. Please see [www.nyu.edu/csd](http://www.nyu.edu/csd) for more information. If you will need to take an exam at the CSD, you must submit a completed Exam Accommodations Form to them at least two weeks prior to the scheduled exam time to be guaranteed accommodation.

**Grading Guidelines:** At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculties have adopted a grading guideline for core courses with enrollments of more than 25 students in which approximately 35% of students will receive an “A” or “A-” grade. In core classes of less than 25 students, the instructor is at liberty to give whatever grades they think the students deserve, while maintaining rigorous academic standards.

## **CLASS SCHEDULE**

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The following is a tentative schedule of classes, readings and assignments. I may make adjustments as circumstances require.

| <b>DATE</b>        | <b>TOPICS</b>                                 | <b>READINGS</b>   | <b>HOMEWORK</b> |
|--------------------|---|-------------------|-----------------|
| 9/3                | Introduction                                  | Chapter 1         |                 |
| 9/8                | Overview of Financial Statements              | Chapter 1         | #1 due on 9/15  |
| 9/10; 9/15         | Balance Sheet and Recording Transactions      | Chapter 2         |                 |
| 9/17; 9/22         | Income Statement: Cash vs. Accrual Accounting | Chapter 3         | #2 due on 9/29  |
| 9/24               | Adjustments and Closing the Books             | Chapter 4         |                 |
| 9/29               | Misstatement, Fraud and the Hall of Shame     |                   |                 |
| 10/1               | Review for Midterm 1                          |                   |                 |
| <b>10/6</b>        | <b>Midterm Exam 1 (Chapters 1-4)</b>          |                   |                 |
| 10/8; 10/13; 10/15 | Statement of Cash Flows                       | Chapter 12        | #3 due on 10/22 |
| 10/20              | Margins and EPS                               | Pp. 122; 238; 549 |                 |
| 10/22; 10/27       | Liabilities                                   | Chapter 9         | #4 due on 11/5  |
| 10/29; 11/3        | Bonds   | Chapter 10        |                 |
| 11/5               | Review for Midterm 2                          |                   |                 |
| <b>11/10</b>       | <b>Midterm Exam 2 (Chapters 12, 9,10)</b>     |                   |                 |
| 11/12; 11/17       | Shareholders' Equity                          | Chapter 11        | #5 due on 11/24 |
| 11/19              | Revenue, Receivables, and Cash                | Chapter 6         |                 |
| 11/24              | COGS and Inventory                            | Chapter 7         | #6 due on 12/1  |
| 11/26              | <i>Thanksgiving, No Classes</i>               |                   |                 |
| 12/1               | Property, Plant, and Equipment                | Chapter 8         |                 |
| 12/3               | Financial Statement Analysis: Ratio Analysis  |                   |                 |
| 12/8; 12/10        | Review for Final                              |                   |                 |
| <b>TBA</b>         | <b>Final Exam</b>                             |                   |                 |