

## Financial Accounting & Reporting

SPRING 2022 [Syllabus]

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### Prof. Mary Billings

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**Dear Class:**

#### Welcome to Financial Accounting & Reporting!

For those of you already looking around our Brightspace course site, you perhaps noticed that I have already posted this syllabus, which includes a tentative schedule and links to many other course documents. Please do feel free to look around. Or, alternatively, please feel free to continue ignoring the content – until classes begin in February!

#### A few notes (if/when you do look around):

- \* **SLIDE PACKET:** You might notice a rather large file containing the full packet of slides that I plan to cover during the semester. Before you print any (or all) of this file, please know that I plan to supply a bound, hard copy packet of these slides to you on our first day of class. Nonetheless, if you prefer slides printed in color, in larger font, of higher quality (paper/ink), etc., I have included a file that will allow you to customize your notes (and have them printed/bound at any copy center). In addition, this PDF file of the slide packet is fully searchable and contains links to other useful course documents. [NOTE: You may need to download the PDF file in order for the embedded links to function outside of the document viewer in Brightspace.]
- \* **SUMMARY VIDEOS:** You might also notice links to 2-3 short summary videos associated with each class session included in the detailed outline for the course (provided at the end of the syllabus posted on Brightspace and also in the front of the slide packet). These videos run for an average of 10 minutes each (with a few longer videos early on in the semester to introduce the key content). Depending upon your prior experience with the topic and your approach to learning new material, some of you may prefer to watch these videos in your preparation for class each week. Others, however, may prefer to use the videos to review the material after class. Still others may ignore the videos entirely. Typically, I will not assume that you have watched these videos before class— though, occasionally, I will point you to one or two videos before class if I think the class as a whole will benefit from viewing the content in advance. In short: These brief videos serve as a summary of the key content I plan to cover each week.

As always, please let me know if you have questions, issues, etc. I look forward to meeting everyone very soon!



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## Class Times, Locations & Support

**Class Times & Locations:** Tuesday 6-9PM (TISC 201) & Wednesday 6-9PM (TISC 201).

**Office Hours:** By appointment and also at times TBD based on class feedback.

[I will also announce expanded office hours & review sessions prior to exams.]

## Course Description

This course provides an introduction to the principles of financial accounting and reporting. We learn about the four basic financial statements from the perspective of a financial statement user. In so doing, we place particular emphasis on managerial discretion and how it shapes the information environment of a company. That is, managers can use the flexibility afforded by accounting rules to allow their company's financial statements to better communicate the underlying economics of the firm. Or, managers can potentially exploit the rules in order to manipulate earnings opportunistically. Managers can also use their discretion to guide the market's expectations of earnings numbers via their voluntary disclosures. Understanding where accounting rules afford discretion helps stakeholders form opinions about the quality of the financial statements and the extent to which they appropriately reflect the underlying economic value of the entity.

Throughout the course, we look at some "good" examples — and some "horrible" warnings — using the financial statements that public companies file with the SEC as well as examining shareholder lawsuits where investors allege wrongdoing by companies (and often their accountants). To place the issues in a broader construct, we also access analyst reports, firm disclosures (management forecasts, conference call transcripts, press releases, etc.), media articles and insider transactions.

## Course Objectives

Ultimately, knowing when and how managers have discretion over the application of accounting rules (and examining when they might have incentive or ability to abuse that discretion) helps you be a better-informed investor, customer, lender or other stakeholder in the economy. Specific objectives include:

1. Recognizing the role that financial statements and related documents play in shaping business decisions;
2. Identifying the basic financial statements, their interrelationships and the information that they provide to decision makers;
3. Understanding basic vocabulary, definitions, measurement methods, and double-entry procedures associated with accounting and financial management;
4. Articulating how business transactions affect the financial statements; and

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5. Becoming familiar with common analytical methods to measure business performance in order to identify where and when discretion factors into commonly used outputs.

Achievement of these goals requires an understanding of the basic principles that underlie accrual accounting, as well as an appreciation of the amount of judgment required in applying these principles, which is the focus of this course.

### Materials

**This course does not require or use a textbook.** I post short videos, slide decks, practice problems, cases and other handouts on the NYU Brightspace website. I expect you to check for postings and announcements daily. If you wish to refer to an introductory financial accounting text, I recommend obtaining a recent (i.e., 10<sup>th</sup> or 11<sup>th</sup>) edition of *Introduction to Financial Accounting* by Charles Horngren, Gary Sundem, John Elliott and Donna Philbrick. It is available at many online bookstores and can also be [rented](#).

### Grading

This course follows a format that consists of a combination of lectures (accompanied by short videos that help you revisit & review key class content), class discussions and applied problem solving. I will also provide supplementary practice problems and solutions that you can work through on your own should you like additional practice to master the material

I will assign grades based on my overall evaluation of your performance, as measured by the following:

Professionalism*	15%
Mini-Cases♦	20%
Midterm Exam▪	30%
Final Exam▪	35%
	100%

\* Professionalism: Each session builds upon the previous sessions; as such, I cannot overemphasize the need for regular attendance, preparation and participation. I expect (and encourage) you to ask questions. Research indicates that laptop use in large lecture/discussion courses detracts from student learning. Consequently, I expect you to limit your laptop use to before/after class and/or during scheduled class breaks.

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- ♦ **Mini-Cases:** I will use your 5 best scores of 8 assigned mini-cases to determine your grade. The case instructions and related files are accessed via the “Mini-Cases” tab on Brightspace. You may work in groups (of no more than six students); you may also work the cases individually. In order to receive credit for the cases, **you (or a teammate) must submit the case before class via the “Assignments” tab in Brightspace.** If you work in a group, please only submit one case for the group – making sure that all group members are identified (full names, section) on the cover.
- **Exams:** I expect you to take the exams during the scheduled times. If you must miss an exam, you must notify me before the exam is given. Failure to do so or lack of a valid reason for missing the exam will result in a score of zero for the missed exam.

### Grading Concerns

If you discover what you believe to be an error in the grading of an exam question, you must notify me via email within 48 hours of receiving your graded exam. If you would like any exam question re-graded, please supply a written request that clearly states your reasoning. In response to your request, I may choose to re-grade the exam in its entirety.

### Student Accessibility

If you will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the [Moses Center for Student Accessibility](mailto:mosescsa@nyu.edu) [[mosescsa@nyu.edu](mailto:mosescsa@nyu.edu) | 212-998-4980) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the Moses Center for Student Accessibility, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation. For more information, visit the [CSA website](#).

### Academic Honesty

I expect that you will not lie, cheat or steal to gain an academic advantage, or tolerate those who do. Upon enrollment in this course, you agree to adhere to the [Stern Code of Conduct](#) and accept the consequences of your actions should you violate that code. I will report any instances of academic misconduct to the appropriate University authorities.

### Wellness

Classes can get stressful. I encourage you to reach out if you need help. The NYU Wellness Exchange offers mental health support. You can reach them 24/7 at 212-443-9999, or via the “NYU Wellness Exchange” app. There are also drop in hours and appointments. Find out more at: <http://www.nyu.edu/students/health-and-wellness/counseling-services.html>.

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### Name Pronunciation & Pronouns

NYU Stern students now have the ability to include their pronouns and name pronunciation in Albert. I encourage you to share your name pronunciation and preferred pronouns this way. Please refer to this [link](#) for additional information.

### Religious Observances & Other Absences

NYU's [Calendar Policy on Religious Holidays](#) states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. You must notify me in advance of religious holidays or observances that might coincide with exams, assignments, or class times to schedule mutually acceptable alternatives. Students may also contact [religiousaccommodations@nyu.edu](mailto:religiousaccommodations@nyu.edu) for assistance.

NYU Stern is committed to ensuring an equitable educational experience for all students regardless of identity or circumstances and strives to recognize the obligations its students have outside of Stern. Please review all class dates at the start of the semester and review all course requirements to identify any foreseeable conflicts with exams, course assignments, projects, or other items required for participation and attendance. If you are aware of a potential conflict, please contact me as soon as possible to discuss any potential conflicts to determine whether/how they can be accommodated.

### Inclusion Statement


*This course strives to support and cultivate diversity of thought, perspectives, and experiences. The intent is to present materials and activities that will challenge your current perspectives with a goal of understanding how others might see situations differently. By participating in this course, it is the expectation that everyone commits to making this an inclusive learning environment for all.*

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### Schedule

Below I provide a tentative schedule for the course. **I often adjust the cases (or write different cases/questions) based on class discussion and current events.** As such, please keep an eye on the “Assignments” tab in Brightspace (and pay attention to in-class announcements) for any changes to the cases.

Class	Date	Topic	Case Due [@ beginning of class]
1	FEBRUARY 8 & 9	Introduction & Overview	
2	FEBRUARY 15 & 16	The Accounting Process	
3	FEBRUARY 22 & 23	Accrual Accounting & Revenue Recognition	<b>#1: JetBlue</b>
4	MARCH 1 & 2	Sales & A/R	<b>#2: FIZZ</b>
5	MARCH 8 & 9	<b>MIDTERM</b>	
	MARCH 15 & 16	SPRING BREAK	
6	MARCH 22 & 23	Inventory & Cost of Goods Sold	<b>#3: GAP &amp; UAA</b>
7	MARCH 29 & 30	Long-Lived Assets	<b>#4: NIKE</b>
8	APRIL 5 & 6	Liabilities	<b>#5: Heartland</b>
9	APRIL 12 & 13	Stockholders' Equity	<b>#6: Peloton</b>
10	APRIL 19 & 20	Statement of Cash Flows	<b>#7: GoPro</b>
11	APRIL 26 & 27	Special Topics & Review [INVESTMENTS, INSIDER TRADING, OTHER TOPICS TBD BASED ON CLASS FEEDBACK 🤔]	<b>#8: Hertz</b>
12	MAY 3 & 4	<b>FINAL EXAM</b>	

\* Please refer to the posted syllabus on Brightspace for a detailed course outline w/links to course content slides, videos, practice problems, etc.