

NEW YORK UNIVERSITY
Leonard N. Stern School of Business

COR1-GB.1306.30
Financial Accounting and Reporting
Spring 2018

Professor Baruch Lev
Office: KMC 10-92
Tel: 212-998-0028
blev@stern.nyu.edu

COURSE OUTLINE

<u>Date</u>	<u>Topic</u>	<u>Readings</u>	<u>Class Assignment</u>
I. PRELIMINARIES			
2/5/18	A. Financial information: users, uses, and vulnerabilities. The reporting framework: generally accepted accounting principles (GAAP).	Ch. 1 (pp.2-28)	1. 1-44 A disconcerting letter from Satyam's chairman
II. STATEMENT OF FINANCAIL POSITIONS: THE BALANCE SHEET			
	B. The balance sheet: A snapshot of assets, liabilities, and owners equity; historical and fair values of assets and liabilities.		
	C. Accounting procedures: Double entry and asset/liabilities' records.		
III. STATEMENT OF OPERATIONS: THE INCOME STATEMENT			
2/12/18	A. Enterprise performance measurement: Accrual earnings vs. cash flows.	Ch. 2 (pp. 44-68)	1. Exercise on current assets and current liabilities 2. 2-47, 2-50, 2-51
	B. Earnings measurement: Revenue and expense recognition rules. The matching process. The income statement.		
2/26/18	The accounting process: journal entries and T-accounts	Ch. 3 (pp. 90-116)	1. Exercise on income management 2. 3-23, 3-34, 3-46
3/5/18	A. Preparing the financial statements	Ch. 4 (pp. 140-158)	1. Exercise on income management II
	B. Investors' perspective: financial analysis.		2. 4-35, 4-38

IV. SPECIFIC ASSETS, LIABILITIES, EQUITIES

3/19/18	Sales and accounts receivable. Revenue recognition in unusual circumstances.	Ch. 6 (pp.238-257)	<ol style="list-style-type: none"> 1. Exercise on accounts receivable 2. 6-54, 6-67, 6-76 3. Handout Question (different recognition rules)
3/26/18	<p>A. MID-TERM EXAM</p> <p>B. From retail to manufacturing operations.</p>	Appendix 7B (pp. 315-317)	
4/2/18	Inventory valuation methods. Indicator of enterprise performance.	Ch. 7 (pp. 284-301, and Appendix 7A, (pp. 311-314)*	<ol style="list-style-type: none"> 1. Exercise on inventory valuation. 2. 7-47, 7-56,7-79
4/9/18	Physical assets and depreciation. Intangible capital and intellectual property. Accounting's shortcomings	Ch. 8 (pp. 338-350, 354-356, and pp. 359-364)	<ol style="list-style-type: none"> 1. 8-33, 8-56
4/16/18	<p>A. Investment in securities and in other companies. Fair value accounting.</p> <p>B. Stockholders Equity</p>	<p>Ch. 11 (pp. 492-504)</p> <p>Ch. 10 (pp. 448-456; 460-461 on stock options)</p>	<ol style="list-style-type: none"> 1. Exercise on marketable securities 2. 11-28, 11-29, 11-61
4/23/18	The statement of cash flows, preparation and interpretation. ("Indirect Method" only)	Ch. 5 (pp. 188-207)†	<ol style="list-style-type: none"> 1. 5-56, 5-61
4/30/18	Liabilities (short- and long-term), off-balance sheet financing, and shareholder equity.	Ch. 9 (pp. 386-411, and Appendix 9, pp. 422-429)	<ol style="list-style-type: none"> 1. 9-36, 9-60, 9-63 2. Exercise on debt repurchase 3. Exercise on operating and capital leases
5/7/18	FINAL EXAM		

* The discussion of Gross Profit (pp.304-308) is optional, but important for students interested in investment decisions.

† Omit the "direct Method" in pp.201-202. For our class, focus only on the "Indirect Method."

PLEASE NOTE:

Class attendance is required. One or at most two missed classes for health reasons or unexpected travel will be accepted, but no more.

Textbook: Hongren, Sundem, Elliott and Philbrick, Introduction to Financial Accounting, 11th edition, 2014, Pearson.

Financial Report: Print Cisco's 2017 financial report and bring to each class.

Exercises for class discussion are posted on NYU Classes.

Grading: Final grade will be primarily based on the midterm and final exams, as well as on the quality of weekly homework assignments and class discussion. (No make-up exams except for last-minute emergencies.)

Midterm Exam is on 3/26/18.

Final Exam is on 5/7/18.

Office Hours: Mondays 5:00-6:00 pm, and by appointment.

<u>Date</u> <i>(To be handed in class)</i>	<u>Homework Assignment</u>
2/12/18	1-31, 1-40
2/26/18	2-48, 2-53, 2-56
3/5/18	3-27, 3-40, 3-44
3/19/18	4-37, 4-39, 4-47
3/26/18	6-69, 6-71, 6-74
4/2/18	No homework
4/9/18	7-58, 7-67, 7-75
4/16/18	8-37, 8-41, 8-48, 8-60
4/23/18	11-33, 11-39, 11-40, 10-53
4/30/18	5-62, 5-65, 5-73
5/7/18	9-62, 9-64, 9-73