**NEW YORK UNIVERSITY**

**Stern School of Business**

**Spring 2015, COR1-GB.1306.35, Financial Accounting & Reporting, W 6-9 pm**

**Prof. Ajay Maindiratta**

Office hours: MW from 11:45 am to 1:45 pm, W from 3:45 pm 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.

**TEXT**: There is **no required text** for the course. Handouts will be given for each class, and everything we go over in class will also subsequently be posted on the NYU Classes course website.

However, a **recommended text** for those who want the comfort of a textbook is given below. Corresponding chapters are noted in the attached session outline. Note that the text often contains additional material that we will not cover in class. Anything in the text that is not explicitly covered in class, will not be on the exams. If you read the text, keep this in mind, since it is impossible for me to note every instance of such material here.

Introduction to Financial Accounting, 11th ed.

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

Publisher: Prentice Hall, Copyright year: © 2013

**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, submission homework must be **turned in electronically** through the link in the NYU Classes course website by the beginning of the next class. If you have an occasional technical issue in uploading your work, E-mail it to the TA before the submission deadline.

*Solutions to practice problems will be posted promptly to facilitate your learning, while solutions to submission problems will be made available after you submit your work. 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 solutions will only be reviewed further in class in response to specific questions about things you do not understand therein. It is thus important that you study the solutions before class to confirm your understanding.*

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.

**OTHER POLICIES:**

**Notebook computers** and other electronic devices **may not be used** in class**.** Bring a calculator for the exams (an ordinary calculator is all that is needed) – smartphones will not be allowed.

Registering for this class implies a commitment to arrange your work schedules accordingly. **Attendance** will be taken. **Exams will not be rescheduled** except for a documented medical or family emergency. **Class videotapes** will be made available for review only if you have attended the session in question or missed it for a legitimate reason (religious observance, or documented medical or family emergency).

**Evaluation**: Your evaluation will be based on the following:

 First exam 25%

 Second exam 35%

 Final Exam 40%

To reward improvement, your first, second, and final exams will **alternatively** be weighted 20%, 30% and 50%.

**SESSION OUTLINE**

1. Feb 11 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. Feb 18 Chapter 2: Income Measurement: The Accrual versus the Cash Basis

3. Feb 25 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. Mar 4 **FIRST EXAM (1 hour 30 mins)**

Finding Missing Numbers and Correcting Statements

5. Mar 11 Accruing expenses and setting up reserves: Example of warranties (see Chapter 9)

Example of Returns and Uncollectibles (Chapter 6)

 Mar 18 Spring Break

6. Mar 25 Chapter 5. Preparing the Cash Flow Statement

 The direct and indirect methods for Cash Flow from Operations

7. Apr 1 Chapter 8. Long Term Assets including Intangibles

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. Apr 8 **SECOND EXAM (1 hour 45 mins)**

Chapter 9. Time Value of Money.

9. Apr 15 Chapter 9. Accounting for Long-term Liabilities: Notes and Bonds payable

10. Apr 22 Chapter 10. Owner’s Equity (only select topics − see class notes)

11. Apr 29 An Introduction to Profitability and Liquidity Analysis

**Practice final exam and solution distributed**

12. May 6 **FINAL EXAM (2 hours 30 mins)**