

**NEW YORK UNIVERSITY
Stern School of Business**

**FINANCIAL ACCOUNTING – COR1-GB 1306 - 34
SPRING 2019
6:00-9:00 W**

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Faculty

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Course Description

Financial accounting reports are used in valuation, in contracting, by investors, creditors, managers and the government. A good understanding of these reports is one of the basic building blocks of a business education. This course focuses on the development, preparation, analysis and use of financial reports. The course provides an understanding of what financial reports contain, what assumptions and concepts accountants use to prepare them, and why they use those assumptions and concepts. The course is divided into two parts. Part I is designed to develop your appreciation of fundamental accounting concepts and part II focuses on the application of your accounting knowledge on earnings quality issues and earnings management activities related to assets, liabilities, and equity. Topics covered include: accounts receivables, inventory, long-term assets, intangible assets, bonds, leases, income taxes, and shareholders' equity.

Goals

By the end of the course, you should: (1) understand the core concepts of financial accounting including how accountants analyze and record the effects of individual transactions, and the concepts that are essential to understanding financial reports such as assets, liabilities, owners' equity, revenues, expenses and cash flows; (2) be able to interpret annual report information and analyze a company's performance using this information; and (3) be fluent in the language of business.

Teaching Philosophy

I believe the most efficient use of class time aims at reinforcing what the student has tried to achieve on an individual basis prior to class. In-the-classroom learning is achieved by (a) whole-hearted and serious studying of the assigned readings and solving the assigned problems or cases; (b) discussions of the material by the students and teacher in class; and (c) underscoring of important points via short lectures. In light of this, adequate preparation for the class and participation during class are essential.

Preparing for Class

We have considerable amount of material to cover in a relatively short period of time. For most efficient use of class time, it is critical that you prepare adequately for each and every class. It is your responsibility to read the class schedule provided in pages 6-7 of this syllabus carefully to find out reading assignments required for each class session. To ensure that pre-class reading assignments are done, each class meeting will be preceded by a pre-class assignment. To complete reading assignments, you will need to have read the assigned pages from the textbook, and then work the exercise from the back of the chapter *prior to the class session*. All pre-class assignments should be submitted through the McGraw-Hill Connect online assignment website established for the class. Since the goal of pre-class assignments is to prepare you adequately for each class, the Connect system will be set up to allow you multiple attempts to complete assignments, and to give you immediate feedback after you complete each question. All pre-class reading assignments will be graded on preparation effort, and not on the correctness of your answers. The grading will simply be credit (1) or no credit (0).

Homework Assignments

The homework problems will be more challenging and will be drawn from the end-of-chapter problems. These will be due in the week *after* we have concluded our class discussion of the relevant chapter. Again I will be asking you to submit homework assignments using McGraw-Hill's Connect website. I encourage you to do the homework in small groups of 3-4 people. If you do this, you will find yourself far more engaged and far better prepared for class, and you will learn significantly more. **Please understand that doing these exercises and problems is the key to success in the course.** I will not accept late homework assignments unless due to documented serious illness or family emergency. However, I will make an exception to this policy for reasons of religious observance or civic obligation, but *only* when the homework cannot reasonably be completed prior to the due date, and you make arrangements for late submission with me in advance. McGraw-Hill's Connect website address:

<http://connect.mheducation.com/class/prof-dontoh-financial-accounting-gb1306-spring-2019-sec34>

Exams

There will be a midterm and a final exam. The midterm and final exams will be closed book. However, you are allowed to bring into the exam one double sided 8 ½" x 11" page of your own notes (cheat sheet). Due to the progressive nature of the course material, all exams will necessarily be cumulative unless indicated otherwise. You are allowed use of a calculator for all exams but laptops, cell phones and other hand-held smart devices that have internet connections will not be permitted during exams.

Class Attendance/Presence:

Class attendance constitutes an important part of your course grade and is required. Absences may be excused only in the case of documented serious illness, family emergency, religious observance, civic or important work obligation. If you anticipate missing a class for religious observance or a civic obligation, you must inform me no later than the first week of class. Recruiting activities and business trips are not acceptable reasons for absence from class. You are responsible for knowing what goes on in class, which may include material not covered in the readings, modifications to the syllabus, and announcements concerning exams. Most course announcements will be made on NYU New Classes or by email. Emails will be sent to

your email addresses listed on NYU Classes only. It is your responsibility to ensure that this is correct, to check the email and/or make sure that it is correctly forwarded to an address that you do check on frequent basis. Also, it is your responsibility to check the NYU Classes course web site regularly and often. From past experience, here is my advice: plan on attending every class since some class materials are not discussed in the course pack or textbook. Moreover, class participation will count toward your course grade.

Arriving Late, Leaving Early, Coming & Going

Students are expected to arrive to class on time and stay to the end of the class period. Arriving late or leaving class early will have impact on your course grade. Students may enter class late only if given permission by me and can do so without disrupting the class. I would appreciate knowing if you are going to come to class late, and, if you are going to be late, please enter as unobtrusively as possible. You are encouraged to participate in class discussions. You should refrain from using laptops, cell phones, smart phones and other electronic devices during class and exams.

Academic Integrity

Integrity is critical to the learning process and to all that we do here at NYU. As members of our community, all students agree to abide by the NYU Student Code of Conduct, which includes a commitment to:

- Exercise integrity in all aspects of one's academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage.
- Clearly acknowledge the work and efforts of others when submitting written work as one's own. Ideas, data, direct quotations (which should be designated with quotation marks), paraphrasing, creative expression, or any other incorporation of the work of others should be fully referenced.
- Refrain from behaving in ways that knowingly support, assist, or in any way attempt to enable another person to engage in any violation of this Code of Conduct. Our support also includes reporting any observed violations of this Code of Conduct or other School and University policies that are deemed to adversely affect the NYU community.

General Conduct & Behavior

Students are also expected to maintain and abide by the highest standards of professional conduct and behavior. Please familiarize yourself with NYU's policy in regard to in-class behavior & expectations and the NYU Disruptive Behavior Policy at the following site: (<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/bullying--threatening--and-other-disruptive-behavior-guidelines.html>).

Textbook

The textbook for the course is *Financial Accounting* 9th Ed., (Custom Edition for New York University), by Robert Libby, Patricia Libby and Daniel Short, McGraw Hill, New York, 2013. All assigned readings and pre-class assignments are from this text. Lecture notes, solutions, and other course documents are included in a course pack available on NYU Classes. The course pack contains templates for all class slides and illustrative cases and extra practice problems and solutions and you are expected to bring relevant sections to class.

Grading Policy

Attendance and Participation	5%
Prep Assignments	10%
Homework Assignments	10%
Midterm Exam	25%
Final Exam	50%

CLASS SCHEDULE

SESSION 1 - Overview Of Financial Statements And Reporting Process		Course Pack Session 1
Date	Reading Assignment	
Feb 13	LLH Ch1 pp. 2-21 LLH Ch2 pp.. 42-49	
Class Discussion:	E1-7, Apple Computer Financial Statements	
SESSION 2 - Recording Transactions & Preparing Financial Statements		Course Pack Session 2
Feb 20	LLH Ch2 pp. 49-70 LLH Ch3 pp. 102-116; LLH Ch3 pp. 124-134;	
Class Discussion Mini Case:	Partco Company, Planet of the Grapes. E3-10	
Self Study Demonstration Case:	Terrific Lawn Corp. Part 1&2 LLH pp. 69-72;125-129	
SESSION 3 - Income Measurement And Accrual Accounting		Course Pack Session 3
Feb 27	LLH: Ch. 4 pp. 164-177 LLH: Ch. 4 pp. 177-187	
Class Discussion Mini Case:	Village Appliance Shop	
Self Study Demonstration Case:	Terrific Lawn Corp. LLH pp. 186-192	
SESSION 4 - Statement of Cash Flows		Course Pack Session 4
Date	Reading Assignment	Class Prep
Mar 6	LLH: Ch12 548-561 LLH: Ch12 562-571 LLH: Ch12 576-580	
Class Discussion Mini Case:	Breda Enterprises Inc.	
Self Study Demonstration Case:	National Berverage Corp. LLH p 571	

SESSION 5 - Revenue Recognition And Accounts Receivable: Course Pack Session 5
 Date Reading Assignment Class Prep
 Mar 13 LLH: Ch6 230-240
LLH: Ch6 241-246; 256-257
Prepare Mantes Corporation
 Class Discussion Mini Case: Mantes Corporation
 Self Study Demonstration Case: Wholesale Warehouse Stores LLH pp. 299-301

Mar 27 Midterm exam

SESSION 6 - Inventory And Cost Of Goods Sold Course Pack Session 6
 April 3 LLH: Ch7 280-292
LLH: Ch7 339-346;352-353
LLH:Ch7 352-353
 Class Discussion Mini Case: Adnan Oil Heat Co.
 Self Study Demonstration Case: Balent Appliances LLH pp. 350-351

SESSION 7 - Long Lived Tangible And Intangible Assets Course Pack Session 7
 Date Reading Assignment
 April 10 LLH: Ch8 336-353
LLH: Ch8 354-367
LLH: Ch8 367-372
 Class Discussion Mini Case: Problem P8-10 in LLH
Upjane Corporation and Dakota Corporation
 Self Study Demonstration Case: Diversisied Industries LLH 368

SESSION 8 - Long Term Liabilities: Bonds & Capital Leases Course Pack Sessions 8-9
 Current Liabilities LLH: CH9 406-418
 April 17 Present Value Concepts
Bond Valuation LLH: CH10 418-429; 454-469
 April 24 Bond Interest Calculations LLH: CH10 469-482
Installment Debt; Retirement LLH: CH9 465-466
 Class Discussion Mini Case: Acronis Bridge Construction Company; Ivy Corporation
 Self Study Demonstration Cases: Patagonia Co. p. 429; Zeus Company LLH 477

SESSION 9 - Reporting And Interpreting Owners' Equity Course Pack Session 10
 May 1 Reading Assignment
LLH: Ch 11 502-516
LLH: Ch 11 516-521; 579
 Class Discussion Mini Case: Monk Corporation
 Self Study Demonstration Case: Chapter 6 Corp. LLH p. 521

May 7 Review Session

May 8 Final Exam Location: KMEC_3-65, Time: 6-9pm