

WARNING: This course requires constant attention and consistent effort. Batch processing will almost surely be inefficient, frustrating, and unproductive. I urge you to keep up with the class schedule.

Course Descriptions and Syllabus – Summer 2020

Your instructor

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Consultation hours: By Appointments
Teaching Assistant: TBA

Course Descriptions

Accounting reports are an important means of communication with investors. This course focuses on the development, analysis and use of these reports. It 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.

The course uses simple examples to provide students with a clear understanding of accounting concepts. It stresses the ability to apply these concepts to real world cases, which by their very nature are complex and ambiguous. In addition to text-oriented materials, the classes also include cases so that students can discuss applications of basic concepts and actual financial reports.

The course is divided into two parts. Part I of the course is designed to develop your appreciation of fundamental accounting concepts. You will understand why professional judgments and discretions are required when preparing financial statements. Part II of the course 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, bonds, and leases.

Course Objectives

By the end of the course, you should be able to:

- Appreciate how business activities are captured by financial statements.
- Understand the difference between cash and accrual accounting.
- Interpret Balance Sheets, Income Statements, and Statement of Cash Flows.
- Prepare simple financial statements.
 - Explain how components of financial statements are linked together.
 - Prepare simple journal entries, ledgers, trial balances, and end-of-period adjusting entries.

- Identify issues related to revenue recognition. Some of these issues include (but not limited to): accounting for frequent flyer programs, trade/promotional coupons, activation/installation fees, long-term contracts, when to report gross or net revenue.
- Discuss issues related to assets, liabilities, equities. Some of these issues include (but not limited to): when to capitalize or expense, setting allowance using the balance sheet or income statement approach, impairment of assets, LIFO reserve, why is debt reported on the balance sheet approximates market value of the debt, capital or operating leases.
- Have a basic understanding of how financial statement analysis is tied to valuation.
- Apply ratio analysis to companies in different industries
- Aware of ways companies engage in earnings management activities by topics that we covered.

Class Handouts

Your mandatory reading materials are your Handouts.

Class notes, class exercises, solutions to class exercises, review questions, solutions to review questions, sample exams and all other lecture-related materials are available in electronic-format on *NYU Classes*.

Optional Electronic Text

Some of you prefer to supplement your class notes with other materials. Here is a book that I recommend.

Easton, P., Wild, J., Halsey, R., and M. McNally, *Financial Accounting*, Cambridge Business Publishers.

Assessments

Your final grade is calculated based on:

2 Assignments	20
4 Mini Tests	20
Mid-term Exam	20
Final Exam	40

Grading

The course will follow the grading policies of core courses:
A/A- max of 35% of the class

Assignments (individual submission, collaboration allowed)

There are 2 assignments for this course. All assignments must be submitted at the start of the class. You can find the due dates of your assignments on our class schedule. **You are allowed**

to work on the assignments in groups; however, each individual is to submit his or her own written version of the assignment.

Mini Tests (individual assessment, collaboration NOT allowed)

To ensure that you put in consistent effort into the course, 4 mini tests are designed to test your accounting knowledge in selected topics. You can find the test dates on our class schedule. **You are NOT allowed to work through the questions in groups for your mini tests.**

Exams

The mid-term exam will cover all materials in Part I of the tentative class schedule. The final exam will cover the full course (both Parts I and II). Both mid-term and final exams are 3 hours long.

Class Schedule

At the end of this document, you will find a class schedule. You will find it beneficial to read (or skim) the assigned handouts. For those without accounting background, you may want to read (or skim) the assigned background readings from the recommended text. When reviewing the handouts, you will find class exercises assigned for selected topics. Discussions of class-exercises have been scheduled during class time and will take place typically after a new topic is introduced. These class-exercises are designed to consolidate your understanding of key accounting concepts and apply your accounting knowledge to situations/cases with a dimension of realism. Solutions to class exercises are posted on NYU Classes as well. ‘Review questions with solutions’ are additional questions that you can attempt to better grasp the accounting concepts/issues.

Tentative Class Schedule

Date	Class Content	Hand-out	Assessment Date (Mini-tests: M; Assignment A)
(1) 7/7	Introduction and course logistics Overview of 4 statements	1	
(2) 7/9	ΔCash vs Net Income Balance Sheet and the Accounting Equation; Accounting Cycle	2 & 3	
(3) 7/13	Balance Sheet and the Accounting Equation; Accounting Cycle (cont.)	2 & 3	
(4) 7/14	Adjusting Entries and Completing the Accounting Cycle; Statement of Cash Flows	4	
(5) 7/16	Statement of Cash Flows	4	M#1 due 7/16 at the start of class
(6) 7/20	Mid-Term Review		A#1 due 7/20 at the start of class
(7) 7/21	Mid-Term Exam		
(8) 7/23	Revenue Recognition	7	
(9) 7/27	Assets: Accounts Receivables	8	
(10) 7/28	Assets: Long-Lived Assets	9	M#2 due 7/28 at the start of class
(11) 7/30	Assets: Inventory	10	
(12) 8/3	Liabilities: Bonds Liabilities: Leases	11	M#3 due 8/3 at the start of class
(13) 8/4	Review of concepts and a set of financial statements Ratios from different industries	12	M#4 due 8/6 at the start of class A#2 due 8/9 at 11.55pm
(14) 8/6	Final Exam TBA		

Enjoy the accounting experience, let the fun begin!