

**THE LEONARD N. STERN SCHOOL OF BUSINESS  
NEW YORK UNIVERSITY  
ACCT-GB.1306: FINANCIAL ACCOUNTING AND REPORTING  
Fall 2012**

**Professor Eli Bartov**  
**Office: 10-96 KMC**  
**Office Hours: Mondays 4:00-5:00pm and by appointment**

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### **1. Introduction**

This introductory accounting course assumes no prior academic knowledge of accounting. The purpose of this course is to introduce you to the concepts of financial accounting and its underlying assumptions. We will discuss the uses and limitations of the financial statements. Procedural aspects of accounting will be discussed in order to enhance your understanding of the content of the financial statements. However, the emphasis of the class is on using accounting information in the evaluation of business performance and risk. This aspect will be highlighted throughout, but more so in the second part of the course (after the midterm).

### **2. Required Textbook**

The textbook is Horngren, Sundem, Elliott & Philbrick, Introduction to Financial Accounting, 10<sup>th</sup> edition (2011, Prentice Hall, ISBN-10: 0136122973). The book's suggested retail price is \$213.33; used books are available for a discount of up to 55% (see, for example, [www.amazon.com](http://www.amazon.com)).

### **3. Preparation for Class Sessions**

#### Assigned Chapters and Problems

Prior to each class, you should read the assigned chapters and do the assigned problems listed on the syllabus. Doing problems is the best way to learn accounting and to understand how the transactions affect the financial statements. All assigned problems should be completed before coming to class. All assignments, *which must be hand-written*, will be collected at the beginning of class and returned the following class. The assignments will be graded as either zero (no credit due to insufficient effort) or one. Solutions to all problems will be available on Blackboard once they are collected. The assigned problems will be used in class discussions; be prepared to answer questions regarding them in class.

#### Mini-Cases

The class discussions will also focus on two “mini-cases” that will be handed out during class. These cases, which must be *hand-written*, will be collected at the beginning of class and returned the following class. This is a group project (the group size should not exceed four); you do not have to work with the same people on every case. The cases will also be graded as either zero or one. Specific information about the case requirements will be provided in class. Solutions to all mini-cases will be available on Blackboard once they are collected.

#### Articles

Various articles will be handed out during class. They provide you with the viewpoints of academicians, practitioners, business journalists, corporate managers, regulators, politicians, and stock analysts on accounting issues. Although most of the articles are not technical, to fully understand the issues they raise you need a sound understanding of the material covered in the related chapters of the text. You are responsible for the content of these articles.

#### 4. Learning Accounting

Experience in this course suggests the following:

- Classes make extensive use of homework problems assigned from the text and the mini cases. I will not discuss all the assigned work in class. You will learn accounting better (and will perform better on the problem-oriented exam) if you do the assigned reading and if you work on the assigned problems prior to each class.
- Each class in Financial Accounting builds on material from previous classes. You therefore must keep up to date, or you will find subsequent classes difficult.
- Data from course evaluations of earlier offerings of this course suggest that you should plan to spend ten or so hours each week outside class on the readings, cases, and problems.
- Showing up late to class disrupts class, so I do not permit late entrance, defined as arriving at the door more than one minute after scheduled start time.

#### 5. Teaching Assistant

| Name                | Office Hours           | E-Mail                           |
|---------------------|------------------------|----------------------------------|
| Christopher Khouri  | Tuesdays 1:00-2:00pm   | Christopher.Khouri@stern.nyu.edu |
| Tzach Roitenberg    | Wednesdays 4:30 - 5:30 | tr872@stern.nyu.edu              |
| Nachum (Nick) Rybak | Mondays 4:30 - 5:30pm  | nur202@stern.nyu.edu             |

#### 6. Blackboard

All course materials including the solutions manual, this syllabus, the two electronic progress tests, the lectures notes, and the cases are available through Blackboard, a web-based course administration package. To access Blackboard, please log in to <http://sternlife.stern.nyu.edu/> with your Stern netID and password, and then click on [Blackboard Academic Suite](#).

#### 7. Grading

##### Examinations

There are two open-books electronic progress tests, which should be completed online through Blackboard (<http://sternclasses.nyu.edu>, logging in using your Stern netID and password) within the specific time period indicated in the class schedule. There are also two cumulative in-class examinations. You should bring a calculator to these exams; laptops are not allowed. I will not give a makeup midterm examination for any reason. If you miss the midterm examination and have a valid reason, I will base the examination portion of your course grade on the two electronic progress tests, and the final exam (see below for details). All in-class exams are closed books/notes; you may bring in one 8.5x11 sheet of notes and write on the front, back, and edges of the sheet.

##### Course Grade Computation

|                                                   |             |
|---------------------------------------------------|-------------|
| Classroom Participation                           | 15%         |
| Diagnostic Test 1 (Sep.28 – Sep. 30)              | 5%          |
| Diagnostic Test 2 (Oct. 12 – Oct. 14)             | 5%          |
| Weekly Problem Assignments (including mini-cases) | 10%         |
| Midterm Examination (Oct. 24)                     | 25%*        |
| Cumulative Final Examination (Dec. 12)            | 40%*        |
|                                                   | <u>100%</u> |

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\* If the final exam score exceeds that of the midterm, then the weights are 0% midterm exam and 65% final exam.

| CLASS SCHEDULE                             |      |                                                                                                                                                                                   |                                                                      |
|--------------------------------------------|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Date                                       | Day  | Reading Assignment                                                                                                                                                                | Assigned Problems / Mini-Cases <sup>1</sup>                          |
| 1. Sep. 5                                  | Wed. | <b>Introduction:</b> Organizational Issues, and Introduction to Financial Accounting<br><br><b>Chapter 1:</b> The Balance Sheet                                                   | 1-16, 1-37, 1-40                                                     |
| 2. Sep. 12                                 | Wed. | <b>Chapter 2:</b> Income and Cash Flow Statements; Accrual vs. Cash-Basis Accounting; Income Recognition<br><br><b>Chapter 3:</b> Recording Transactions and the Accounting Cycle | 2-37, 2-48, 2-51, 2-55                                               |
| 3. Sep. 19                                 | Wed. | <b>Chapter 3:</b> Recording Transactions and the Accounting Cycle (Cont'd)<br><br><b>Chapter 4:</b> The Adjustment and Closing Processes                                          | 3-21, 3-28, 3-37, 3-41, 3-51                                         |
| 4. Sep. 26                                 | Wed. | <b>YOM KIPPUR – NO CLASS</b>                                                                                                                                                      |                                                                      |
| 5. Fri., Sep. 28, 7pm – Sun., Sep. 30, 7pm |      | <b>DIAGNOSTIC TEST 1:</b> Measuring Income                                                                                                                                        | 45 min.; 15 questions.                                               |
| 6. Oct. 3                                  | Wed. | <b>Chapter 4:</b> The Adjustment and Closing Processes (Cont'd)<br><br><b>Chapters 1-4:</b> Communicating Financial Information                                                   | 4-21, 4-30, 4-37<br><br><b>Case: AOL</b> (handout).                  |
| 7. Oct. 10                                 | Wed. | <b>Chapter 6:</b> Revenue, Cash and Accounts Receivable<br><br><b>Chapter 9:</b> Time Value of Money (pp. 410-18)                                                                 | 6-43, 6-52, 6-53, 6-71<br><br>Sample midterm exam (handout).<br>9-46 |
| 8. Fri., Oct. 12, 7pm – Sun., Oct. 14, 7pm |      | <b>DIAGNOSTIC TEST 2:</b> Recording Transactions                                                                                                                                  | 45 min.; 15 questions.                                               |
| 9. Oct. 17                                 | Wed. | <b>Chapter 7:</b> Inventory and Cost of Goods Sold<br><br><b>Review:</b> Chapters 1-4 & 6                                                                                         | 7-37, 7-42, 7-47, 7-63, 7-79, 7-81<br>Sample midterm exam (Handout)  |
| 10. Oct. 24                                | Wed. | <b>MIDTERM EXAM (Chapters 1-4 &amp; 6)</b>                                                                                                                                        |                                                                      |
| 11. Oct. 31                                | Wed. | <b>Chapter 8:</b> Long-Lived Assets<br><br><b>Chapter 11:</b> Acquisitions & Goodwill (pp. 494-7; 502-3)                                                                          | 8-39, 8-41, 8-48, 8-60<br><b>Case: Delta</b> (handout)<br>11-35      |
| 12. Nov. 7                                 | Wed. | <b>Chapter 9:</b> Liabilities (pp. 376-83; 407-409)<br><br>Accounting for Bonds (pp. 383-97)                                                                                      | 9-38, 9-39<br>9-59, 9-66, 9-69                                       |

| CLASS SCHEDULE |      |                                                                                                 |                                                   |
|----------------|------|-------------------------------------------------------------------------------------------------|---------------------------------------------------|
| Date           | Day  | Reading Assignment                                                                              | Assigned Problems / Mini-Cases <sup>1</sup>       |
| 13. Nov. 14    | Wed. | <b>Chapter 9:</b> Accounting for Leases<br><br><b>Review: Chapters 7-9 &amp; 11</b>             | 9-42, 9-71, 9-77                                  |
| 14. Nov. 21    | Wed. | <b>THANKSGIVING HOLIDAY – NO CLASS</b>                                                          |                                                   |
| 15. Nov. 28    | Wed. | <b>Chapter 5:</b> Preparing the Cash Flow Statement                                             | 5-46, 5-47                                        |
| 16. Dec. 5     | Wed. | <b>Chapter 5:</b> Preparing the Cash Flow Statement<br>(Cont'd)<br><b>Review:</b> Chapters 1-11 | 5-52, 5-61<br><br>Sample final exam<br>(handout). |
| 17. Dec. 12    | Wed. | <b>FINAL EXAM (Chapters 1-11)</b>                                                               |                                                   |

<sup>1</sup> Assignments are due at the beginning of class on the date shown; no need to turn in sample exams.