



## Accounting Department Fall 2012

### ACCT-UB.0001.06 Principles of Financial Accounting

TR 8:00 - 9:15 am Room: LC25

**Prof. Mascia Ferrari**

E-mail: [mferrari@stern.nyu.edu](mailto:mferrari@stern.nyu.edu)  
KMC 10-97

**Office Hrs:** Thursday 3:30-4:30 pm  
and by appointment

**TA: Aaradhi Tilva**

E-mail: [aht248@stern.nyu.edu](mailto:aht248@stern.nyu.edu)

**Office Hrs:** M-W 1:00-2:00 pm  
E&Y learning center TLC

### Course Description and Learning Goals

Global competition and the continuing integration of the world's financial markets mean that you will increasingly have to read and interpret the financial statements of different reporting entities.

The purpose of this course is for you to learn how to read, understand, and analyze the financial statements of most publicly-traded companies with the perspective of external users: investors, creditors, customers, suppliers, government regulators, and business school students.

This course provides the fundamentals of financial accounting and it is intended for students with no previous exposure. By looking at the main financial statements - balance sheet, income statement, statement of cash flows, and statement of stockholders' equity - particular attention is paid to how these four statements relate to each other and how they provide information about the financial health of a company.

The U.S. GAAP is moving towards a process of convergence with international accounting standards (IFRS). The SEC issued a proposed IFRS 'roadmap' which outlines milestones that, if achieved, could lead to mandatory transition to IFRSs for US issuers. We will highlight the main differences between U.S. GAAP and IFRS and how these changes will affect the future users of accounting information.

### Course pre-requisites

No prior knowledge of the material is required or even expected.

## Course Outline

The following topics will be covered: the nature of financial statements, the balance sheet and the income statement, analysis of transactions, revenue and expense recognition, inventory accounting, current and long-term assets, depreciation and amortization expense, liabilities, interest expense, leases, concepts of present and future values, bonds, stockholders equity, cash flow statement.

## Required course materials

Libby, Libby Short, *Financial Accounting* 7<sup>th</sup> ed., McGraw-Hill (custom edition for New York University). Financial Reports: Appendix B and C (on Blackboard). Print both and bring to each class. Other materials (notes, solutions, and other course documents) will be available on Blackboard.

## Assessment Components

### Homework Assignments

You must submit a hardcopy of your completed homework at the beginning of class on the date due; late homework will not be accepted. Solutions to homework will be posted to Blackboard.

### Exams

There will be three exams, two during the semester and one during finals. Due to the cumulative nature of the course, all exams will be cumulative in terms of background necessary to understand and adequately respond to the questions posed. The exams will be closed-book. There are no make-ups. If you miss the first or second exam for valid reasons that you must notify me via email before the start of the exam, extra weight will be added to the exam that you did take. If you miss the final exam, you will receive zero for that exam. You may not schedule any travel plans before the final exam date. Please bring a nonprogrammable calculator with you during exams.

### Grading

Your grade will be based on 15% homework, 15% first exam, 20% second exam, 40% final exam, and 10% class professionalism. Class professionalism is *not* the same as class participation. Professionalism means taking the course seriously and avoiding behaviors that are disruptive to the class.

## Grading

At NYU Stern we seek to teach challenging courses that allow students to demonstrate their mastery of the subject matter. In general, students in undergraduate core courses can expect a grading distribution where:

- 25-35% of students can expect to receive A's for excellent work
- 50-70% of students can expect to receive B's for good or very good work
- 5-15% of students can expect to receive C's or less for adequate or below work

Note that while the School uses these ranges as a guide, the actual distribution for this course and your own grade will depend upon how well you actually perform in this course.

## Re-Grading

The process of assigning grades is intended to be one of unbiased evaluation. Students are encouraged to respect the integrity and authority of the professor's grading system and are discouraged from pursuing arbitrary challenges to it.

If you believe an inadvertent error has been made in the grading of an individual assignment or in assessing an overall course grade, a request to have the grade re-evaluated may be submitted. You must submit such requests in writing to me within 7 days of the announcement of the grades, including a brief written statement of why you believe that an error in grading has been made. Requests made after that will not be considered. Only exams written in pen will be accepted for a re-grade.

**No crossed out answers or erased answers will be considered for regrading.** So, be careful when putting your answers on the exam sheets. Exams that have been altered in any way will not be re-graded; the exam score will be changed to a zero, and the Student Disciplinary Committee will be notified.

## Professional Responsibilities For This Course

### Attendance

- Class attendance is essential to your success in this course and is part of your grade. An excused absence can only be granted in cases of serious illness, grave family emergencies, or religious observance and must be documented. Job interviews and incompatible travel plans are considered unexcused absences. Where possible, please notify me in advance of an excused absence.
- Students are responsible for the course materials, including lectures, from the first day of this class, forward. It is the student's obligation to bring oneself up to date on any missed coursework.
- Most course announcements will be made as announcements on blackboard. Sometimes E-mail will be sent, but to the Blackboard e-mail address only. It is your responsibility to ensure that this is correct, to check the e-mail and/or make sure that it is correctly forwarded to an address that you do check. Also, it is your responsibility to check the blackboard frequently.

### Participation

In-class contribution is a significant part of your grade and an important part of our shared learning experience. Your active participation helps me to evaluate your overall performance. You can excel in this area if you come to class on time and contribute to the course by:

- Providing strong evidence of having thought through the material.
- Advancing the discussion by contributing insightful comments and questions.
- Listening attentively in class.
- Demonstrating interest in your peers' comments, questions, and presentations.
- Giving constructive feedback to your peers when appropriate.

### Assignments

Late assignments will either not be accepted or will incur a grade penalty unless due to documented serious illness or family emergency. Exceptions to this policy for reasons of religious observance or civic obligation will only be made available when the assignment cannot reasonably be completed prior to the due date and you make arrangements for late submission in advance. The readings and assignments for the course are on the Blackboard. All homework assignments should be completed by the due date listed in course schedule.

### **E-mail policy**

You may ask the TAs or myself any questions by e-mail. Your message **MUST** include a subject and your name, clearly identifying yourself as my student. Please make sure your Email queries are self contained, and detailed, that is, please pretend that we are with no books or documents in sight when we receive your email. Thanks.

### **Classroom Norms**

- Arrive to class on time and stay to the end of the class period. Chronically arriving late or leaving class early is unprofessional and disruptive to the entire class. Repeated tardiness will have an impact on your grade. Students may enter class late only if given permission by the instructor and can do so without disrupting the class.
- Network connectivity during class: none, unless required for the course. Turn off all electronic devices prior to the start of class. Laptops, cell phones and other electronic devices are a distraction to everyone.

## **Stern Policies**

### **General Behavior**

The School expects that students will conduct themselves with respect and professionalism toward faculty, students, and others present in class and will follow the rules laid down by the instructor for classroom behavior. Students who fail to do so may be asked to leave the classroom.

### **Collaboration on Graded Assignments**

Students may not work together on graded assignment unless the instructor gives express permission.

### **Course Evaluations**

Course evaluations are important to us and to students who come after you. Please complete them thoughtfully.

## **Academic Integrity**

Integrity is critical to the learning process and to all that we do here at NYU Stern. As members of our community, all students agree to abide by the NYU Stern 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 the 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 Stern community.

The entire Stern Student Code of Conduct applies to all students enrolled in Stern courses and can be found here:

Undergraduate College: <http://www.stern.nyu.edu/uc/codeofconduct>

Graduate Programs: [http://w4.stern.nyu.edu/studentactivities/involved.cfm?doc\\_id=102505](http://w4.stern.nyu.edu/studentactivities/involved.cfm?doc_id=102505)

To help ensure the integrity of our learning community, prose assignments you submit to Blackboard will be submitted to Turnitin. Turnitin will compare your submission to a database of prior submissions to Turnitin, current and archived Web pages, periodicals, journals, and publications. Additionally, your document will become part of the Turnitin database.

## **Recording of Classes**

Your class may be recorded for educational purposes

## **Students with Disabilities**

If you have a qualified disability and will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the Moses Center for Students with Disabilities (CSD, 998-4980, [www.nyu.edu/csd](http://www.nyu.edu/csd)) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the CSD, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation.

## Course outline

| Date            | Topic  | Text Chapter      | Discussion Case and Problems | Homework Assignments     |   |                         |              |
|-----------------|--|-------------------|------------------------------|--------------------------|---|-------------------------|--------------|
|                 |  |                   |                              | Questions <sup>(1)</sup> | Exercises <sup>(2)</sup>                  | Problems <sup>(3)</sup> | Due          |
| 9/4;<br>9/6     | Financial Statements and Business decisions                              | Ch. 1             |                              | 8, 9<br>MC 1,4,5,8       | 2,11                                      |                         | <b>9/13</b>  |
| 9/11;<br>9/13   | Investing and financing decisions and balance sheet                      | Ch. 2             |                              | 1-3,8,11,12,<br>MC 1-7   | 3,4                                       | 3                       | <b>9/20</b>  |
| 9/18;<br>9/20   | Operating decisions and the income statement                             | Ch. 3             |                              | 4, 11<br>MC 2-6          | 6,7,17                                    |                         | <b>9/27</b>  |
| 9/25;<br>9/27   | Adjustments Finance statement and the quality of earnings                | Ch. 4             |                              | 4,11,13                  | 6,8,16,18, 19                             | 7                       | <b>10/2</b>  |
| 10/2            | Communicating and interpreting accounting information                    | Ch. 5 from p. 249 | CP5-3                        | MC 1,5                   | 17  |                         | <b>10/4</b>  |
| 10/4            | <i>Review session</i>  |                   | COMP4-1                      |                          | <i>I will announce extra office hours</i> |                         |              |
| <b>10/9</b>     | <b>Midterm Exam 1</b>  |                   |                              |                          |   |                         |              |
| 10/11           | Revenue Recognition and Accounts Receivable                              | Ch. 6             |                              |                          |   |                         |              |
| 10/16           | <b>No classes</b>  |                   |                              |                          |   |                         |              |
| 10/18           | Revenue Recognition and Accounts Receivable                              | Ch. 6             |                              | 1,8,9<br>MC 8,10         | 3,11,13,16,18,21                          | 2,5                     | <b>10/25</b> |
| 10/23;<br>10/25 | Reporting and Interpreting Cost of Goods Sold and Inventory              | Ch. 7             |                              | 8,9,11                   | 2,5, 8,11,17                              | 2,5,6                   | <b>11/1</b>  |
| 10/30;<br>11/1  | Reporting and Interpreting property, plant and equipment and Intangibles | Ch. 8             |                              | 1,2,14                   | 5,8,14,17                                 | 6,10                    | <b>11/6</b>  |
| 11/6            | <i>Review session</i>  |                   | COMP 8-1                     |                          | <i>I will announce extra office hours</i> |                         |              |
| 11/8            | <b>Midterm Exam 2</b>  |                   |                              |                          |   |                         |              |

| Date              | Topic                                     | Text Chapter | Discussion Case and Problems    | Homework Assignments     |   |                         |              |
|-------------------|---|--------------|---------------------------------|--------------------------|---|-------------------------|--------------|
|                   |   |              |                                 | Questions <sup>(1)</sup> | Exercises <sup>(2)</sup>                  | Problems <sup>(3)</sup> | Due          |
| 11/13;<br>11/15   | Reporting and Interpreting Liabilities    | Ch. 9        |                                 | 7-10                     | 1,15,16, 24                               | 4,7,11                  | <b>11/20</b> |
| 11/20             | Reporting and Interpreting Bonds          | Ch. 10       |                                 | 5,8,11                   | 1,2,4,6,16                                | 2, 6                    | <b>11/27</b> |
| <b>Nov. 21-25</b> | <b>Thanksgiving Break</b>                 |              |                                 |                          |   |                         |              |
| 11/27;<br>11/29   | Statement of Cash Flows                   | Ch. 13       |                                 | 10-12                    | 1,7,10, 15                                | 4(R2)                   | <b>12/4</b>  |
| 12/4              | Statement of Cash Flows                   | Ch. 13       |                                 |                          |   |                         |              |
| 12/6;<br>12/11    | Reporting and Interpreting Owners' Equity | Ch. 11       |                                 | 3,8,11                   | 4,10,15,24<br>M9                          | 1,5                     | <b>12/13</b> |
| 12/13             | <i>Review Session</i>                     |              | COMP 11 case<br>A,B,D<br>CP13-4 |                          | <i>I will announce extra office hours</i> |                         |              |
| TBA               | <b>Final Exam</b>                         |              |                                 |                          |   |                         |              |

(1) Question and multiple choice questions (MC)

(2) Exercises and Mini Exercises (M)

(3) R = requirements

\* CP = cases and project