

**NEW YORK UNIVERSITY**  
**Stern School of Business**  
**Principles of Financial Accounting**  
**Spring 2013**

**Course Description:**

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. Achievement of this goal requires an understanding of the basic principles that underlie accrual accounting, as well as an appreciation of the amount of judgment required in applying these principles. I will regularly refer to current events that show the impact of accounting in the business world and I will use the Jones Group Company as a real-world example. A solid understanding of accounting is one of the basic building blocks of the business world.

**Instructor:**

Amal Shehata  
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Daytime Telephone: 646-528-9054  
Office: KMEC 10-70 (10<sup>th</sup> fl)  
Office Hours: Wednesdays 12:30 – 1:30pm and by appointment  
Classroom: LC25  
Class time: MW 2:00pm-3:15pm

**TA Information:**

Name: Siddharth Dayama  
Email: siddharth.dayama@nyu.edu  
TA Office Hours: Friday 2 – 4pm  
Location: E&Y Learning Center

**Required Text and Material:**

- Libby, Libby & Short, “Financial Accounting” 7<sup>th</sup> edition, Custom Edition for NYU
- The Jones Group (JG) Annual Report (relevant sections provided by instructor; link to full report on BB)

**Grading:**

Quizzes	10%
Annual Report Project	15%
Midterm I	20%
Midterm II	20%
Final Exam	35%

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 below 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 your performance in this course.

### **Quizzes:**

There will be periodic, closed book/closed note quizzes on previously covered material and homework assignments. Quizzes will be announced in advance, will last approximately 10 minutes and will be held at the beginning of the class period. Make-ups are not permitted but the lowest quiz score will be dropped, allowing you to miss one quiz without penalty. No make-up quizzes will be given. Students who complete their quiz in advance of their classmates should refrain from talking or making any disruptive noise until all quizzes have been collected.

### **Midterms and Exams:**

There will be 2 mid-term exams and a final exam. All exams will be closed book/closed notes and the final exam will be cumulative. Make-up exams are not permitted. **Nonprogrammable calculators are permitted (no computers, smartphones or blackberries).**

### **Homework:**

Homework assignments are provided on the syllabus and students should plan to spend 2-3 hours of preparation for each hour of class time on average. Homework solutions will be available on Blackboard, however, I strongly encourage you to attempt the assignments without using the solutions until complete. Homework will not be collected unless explicitly stated; however, the assignments will represent the material you should understand for quizzes and exams. **It is critical that you complete the assignments in order to learn the material.** I will announce any assignments to be collected in advance.

### **Annual Report Project:**

The Annual Report Project (ARP) is designed to give you practice in interpreting and analyzing company financial information. The project will be completed in groups of 4-5 students. Full details are provided on a separate handout.

### **Class Meetings**

Assigned readings and homework assignments should be completed **prior to** the relevant class session and selected problems will serve as a vehicle for class review. Our class time will be spent developing a deeper understanding of the material you have already read and homework problems you have completed independently; my lectures will focus on the more challenging concepts presented in your textbook and I will aim to present the “big picture” of how the concepts build upon each other and relate to each other. We will regularly solve problems together and I will refer to real world examples. Lecture notes will be available on Blackboard prior to the class meeting. Students are requested to arrive to class on time and remain for the entire class period. **During class, please turn off all audible technology (i.e. phones, pocket PCs, iPod's iPad's etc.) as well as laptop computers.**

### **Attendance, Participation and Class Preparation:**

I encourage and expect full attendance and participation during our class time; if you will miss class for exceptional circumstances, please let me know in advance. Our time together will consist of interactive discussion and collaborative problem-solving so please come prepared to focus and contribute to a quality working session.

### **Blackboard:**

I will use Blackboard regularly to email you, post lecture notes, homework solutions, relevant articles and other course material so please make sure you are correctly registered and checking our sight on a regular basis.

Please note: the dates and assignments listed below are subject to change:

<b>DATE</b>	<b>CHAPTER</b>	<b>ASSIGNMENT: complete assignments prior to the corresponding class date</b>
January 28, 2013	Chap 1: Financial Statements and Business Decisions, including supplement A	
January 30, 2013	Finish Chap 1 and begin Chap 2: Investing, Financing Decisions & the Balance Sheet	Ch 1: Q: 9,18 E1-2, E1-4, E1-9, E1-11 CP1-1 (use JG annual report)
February 4, 2013	Chap 2: Investing, Financing Decisions & the Balance Sheet	Ch 2: Q: 2, 3, MC3, MC7, MC9, E2-3, E2-5, E2-7, P2-5
February 6, 2013	Finish Chap 2, begin Chap 3: Operating Decisions & the Income Statement	
February 11, 2013	Chap 3: Operating Decisions & the Income Statement	Ch 3: MC 5, M3-2, M3-5, M3-6, M3-7, M3-8, E3-2, E3-7, P3-4
February 13, 2013	Finish Chap 3 & begin Chap 4: Adjustments, Financial Statements & the Quality of Earnings	
February 20, 2013 <b>(no class on February 18)</b>	Chap 4: Adjustments, Financial Statements & the Quality of Earnings	Ch 4: E4-6, E4-8, E4-14, E4-15, E4-18, E4-19, E4-20 optional: P4-7 (for more practice)
February 25, 2013	Finish Chap 4 & Chap 5 pages 240-244	Ch 5: E5-10, E5-12
February 27, 2013	<b>Midterm 1</b>	
March 4, 2013	Chap 6: Sales Revenue, Receivables & Cash (including supplement on p. 304)	Ch 6: E6-3, E6-5, E6-9, E6-10, E6-14, E6-16, E6-19, E6-20, E6-23, P6-3
March 6, 2013	Chap 6: Sales Revenue, Receivables & Cash	
March 11, 2013	Finish Chap 6 and begin Chap 7: Cost of Goods Sold & Inventory (including Supp A, but not Supp B or C)	Ch 7: E7-2, E7-5, E7-8, E7-11, E7-17, E7-20, P7-5, P7-9
March 13, 2013	Chap 7: Cost of Goods Sold & Inventory (including Supp A, but not Supp B or C)	
March 25, 2013 (no class March 18 and 20 for Spring Break)	Finish Chap 7 & begin Chap 8: Property, Plant & Equipment; Natural Resources; & Intangibles	
March 27, 2013	Chap 8: Property, Plant & Equipment; Natural Resources; & Intangibles (including Supp on p. 418-419 & read CP8-9 on p. 449)	Ch 8: M8-3, E8-3, E8-5 + E8-21, E8-8, E8-12, E8-13, E8-17, E8-22, P8-6
April 1, 2013	Chap 9: Liabilities (including Supplement B & C)	Ch 9: E9-1, E9-2, E9-13, E9-15, E9-24, P9-4, P9-6, P9-12
April 3, 2013	Chap 9: Liabilities	
April 8, 2013	Finish Chap 9 & review	
April 10, 2013	<b>Midterm 2</b>	
April 15, 2013	Chap 10: Bonds (including page 530 but not Supp A or B)	Ch 10: E10-14, E10-15, E10-19, E10-23, P10-7, P10-8, P10-10

April 17, 2013	Chap 10: Bonds	
April 22, 2013	Chap 10: Bonds	
April 24, 2013	Chap 13: Statement of Cash Flows, including Supp A & B (not C)	Ch 13: E13-11, E13-13, E13-15, E13-21, P13-4, P13-5
April 29, 2013	Chap 13: Statement of Cash Flows	
May 1, 2013	Chap 13: Statement of Cash Flows	
May 6, 2013	Finish Chap 13 & begin Chap 11: Owner's Equity (including Supplement)	Ch 11: M11-9, E11-4, E11-6, E11-10, E11-15, E11-18, E11-19, E11-24, P11-9
May 8, 2013	Chap 11: Owner's Equity	
May 13, 2013	Review	
TBD	Cumulative Final Exam	