

NEW YORK UNIVERSITY
Stern School of Business

Financial Accounting
UB.0001 Section 4 MW 11:00-12:15p
Fall 2013

Instructor

Alex Dontoh
10-72 KMC
Phone: 212-998-0064
adontoh@stern.nyu.edu
Office Hours: MW 3:30 -5:00p
and by appointment

Teaching Assistants

Karishma Thakrar
Office Hours: MW 12:15-1:45p; 4:30-5:45p
kkt233@stern.nyu.edu and by appointment

Marco Yu
Office Hours: MW 12:15-1:45p; 4:30-5:45p
my885@stern.nyu.edu and by appointment

Course Description

Accounting information is used in valuation, in contracting, by investors, by creditors, by managers and by the government. A good understanding of accounting is one of the basic building blocks of business education. 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 is divided into two parts. Part I of the course is designed to develop your appreciation of fundamental accounting concepts. 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, bonds, leases, income taxes, and investments in corporate securities.

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 the course 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 on pages 4 and 5 of this document 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 reading assignment and worksheet. To complete reading assignments you will need to read assigned pages from the textbook and then work the exercise from the back of the chapter prior to the class session. The goal is to prepare adequately to for class and you are not expected to fully understand the material prior to coming to class. Consequently, pre-class reading assignments will be graded on preparation effort and not on the correctness of your answers. What counts is convincing me and the rest of the class that you have read the text and you are ready to apply the information in a coherent manner. The grading will simply be credit (1) or no credit (0).

Homework Assignments

Homework assignments due dates are indicated in the course schedule. Late homework will not be accepted. I however will make an exception to this policy for reasons of religious observance or civic obligation *only* when the homework cannot reasonably be completed prior to the due date and you make arrangements for late submission with me in advance. Your homework should be neat and orderly.

Exams

There will be two midterm exams 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 cumulative nature of the course material, all exams will necessarily be cumulative unless indicated otherwise. You are allowed the use of a calculator for all exams. However, laptops, cell phones and other hand-held smart devices that have internet connections will not be permitted during exams.

Annual Report Term Project

The term is designed to give you practice in interpreting and analyzing company financial information. I would like you to complete the project in groups. The report should be prepared in good form, using proper grammar, paragraph, and sentence structure. It should be typed, double-spaced, with approximately 1" margins. Number the pages. Use headings and subheadings to separate major sections of the report. Include citations for sources of information. A reference should be provided for any information that is not your own idea. Write in your own words. Use quotations sparingly. Provision will be made to submit a copy of the paper online through **TURNITIN** in addition to a hardcopy submission. Detailed instructions will be provided at a later date.

Class Attendance/Presence:

Class Attendance is required and part of your course grade. Absences may be excused only in the case of documented serious illness, family emergency, religious observance, civic or important work obligation. If you will miss class for religious observance or 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 as announcements on blackboard. Sometimes email will be sent, but to the Blackboard email address 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 Blackboard course web site regularly and often. From past experience, here is my advice: do not plan on missing classes on a regular basis. Class material is often not covered in

the course pack or textbook. In-class participation is essential in getting a good grade in the course.

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 the 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 and I will be inviting you to contribute to the discussion even when you don't volunteer. You should refrain from using laptops, cell phones, smart phones and other electronic devices during class and during exams.

Textbook

The required textbook for the class is Financial Accounting 7th Ed. McGraw-Hill by Libby, Libby and Short (LLS). The text is by Robert Libby, Patricia Libby and Daniel Short, *Financial Accounting* 7th Ed., (Custom Edition for New York University), McGraw Hill, New York, 2011. All assigned readings and homework are from this text. Lecture notes, solutions, and other course documents are included in a course pack available on Blackboard. 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 Connect Assignments	8%
Homework Assignments	10%
Midterm Exam	32%
Final Exam	40%
Term Project	10%

Academic honesty and disability access:

Plagiarism is the act of representing somebody else's work as one's own. This is a type of fraud or deception similar to the way some company executives have misrepresented the health and soundness of their firms. The Stern School does not tolerate this sort of behavior. You are expected to adhere to the Stern Code of Conduct <http://www.stern.nyu.edu/uc/codeofconduct>. A student's responsibilities include, but are not limited to, the following:

- 1) A duty to acknowledge the work and efforts of others when submitting work as one's own. Ideas, data, direct quotations, paraphrasing, creative expression, or any other incorporation of the work of others must be clearly referenced.
- 2) A duty to exercise the utmost integrity when preparing for and completing examinations, including an obligation to report any observed violations. If you are a student with a disability and you feel you need accommodations, you must register with the Moses Center for Students with Disabilities. They are located at 726 Broadway, 2nd floor, and can be reached at 212-998-4980 or mosecsd@nyu.edu.

Class Schedule

Date	Topic	Reading Assignment	Class Prep Connect Assignments
9/4, 9/9, 9/11	Overview of Financial Statements and Reporting Process	Course Pack Ch. 2 LLS Ch1 pp. 1-19 LLS Ch2 pp.43-50	http://connect.mcgraw-hill.com/class/a_dontoh_section_4 9/9 - Prepare qns. 3 & 8 on p. 27 9/11 - Prepare M1-1 on page 30
9/16	HW Assignment 1 Due		
9/16, 9/18	Recording Transactions & Preparing Financial Statements	Course Pack Ch. 2 LLS Ch2 pp. 50-60 LLS Ch2 pp. 61-65 LLS Ch3 pp. 102-115	Cases: Partco Company, Planet of the Grapes 9/16 - Prepare E2-5 on page 84 9/18 - Prepare E2-8 on page 84-85
9/23, 9/25	Income Measurement and Accrual Accounting	LLS: Ch. 4 pp. 169-175 LLS: Ch. 4 pp. 177-182	Case: Village Appliance Shop 9/23 - Prepare M4-2 on page 196 9/25 - Prepare E4-18
9/30	HW Assignment 2 Due Review Session		
10/2	Midterm 1	Covers material in Ch. 1-3 of Course Pack and Ch. 1-4 of LLS text	
10/7, 10/9	Revenue Recognition and Accounts Receivable	LLS: Ch. 6 pgs. 279-288 LLS: Ch. 6 pgs. 286-294	10/7 - Prepare Question. 4 on page 307 and E6-2 on page 310 10/9 - Prepare E6-12
10/14	Columbus Day – No Classes		
10/16,10/21	Inventory and Cost of Goods Sold	Course Pack Ch. 5 LLS: Ch7 331-333; 336-338 LLS: Ch7 338-345 LLS: Ch7 357-359	10/16 - Prepare Question #4 on p. 363 (not multiple choice question) and E7-1 on p. 366 10/21 - Prepare E7-5
10/23	HW Assignment 3 Due		

10/23, 10/28, 10/30 Valuation and Reporting of Long Lived Tangible and Intangible Assets

Course Pack Ch. 6
LLS: Ch8 387-394
LLS: Ch8 395-410
LLS: Ch8 411-419

10/23 - Prepare M8-3 on p. 424
10/28 - E8-1 on p. 426
10/30 - Prepare E8-15 on page 431

11/4 Midterm 2 Covers material in Ch. 4-6 of Course Pack and Ch. 6-8 of LLS text

11/11 Accounting for Investments

11/13, 11/18 Statement of Cash Flows

LLS: CH13 637-645
LLS: CH13 646-658

11/3 - Prepare qn. 1 on page 669
11/18 - Prepare E13-1 on page 672

11/20 HW Assignment 4 Due

11/20, 11/25, 11/27, 12/2 Liabilities: Bonds & Capital Leases; Time Value of Money

LLS: CH9 455-468;
LLS: CH9 470-477;
LLS: CH10 506-518
LLS: CH10 519-531

11/25 -Prepare Qns 5&6 on page 485
11/27 - Prepare M9-7,M9-8 page 487
12/2 -Prepare E10-7 on page 538

12/4 HW Assignment 5 Due

12/4, 12/9 Reporting and Interpreting Owners' Equity

LLS: Ch 11 551-559
LLS: Ch 11 560-567

12/4 - Prepare E11-4 on page 578
12/9 - Prepare E11-11 on page 580

12/11 Review Session