

**New York University  
Stern School of Business  
Undergraduate College**

**Principles of Financial Accounting (ACCT-UB.0001.03)  
Fall 2013  
M/W, 9:30 – 10:45 a.m., UC25**

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## **Instructor Information**

Ian Stewart

Office: Tisch Hall 502, Telephone: (212) 998-0184 (Office), (805) 708-6160 (Cell);

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

Office Hours: M/W, 11 a.m. - 12 p.m. & by appointment.

**Teaching Assistant:** Lei-Chi (Ariel) Huang, [leichi.huang@stern.nyu.edu](mailto:leichi.huang@stern.nyu.edu)

## **What this Course Promises You**

Welcome to Principles of Financial Accounting! Would you like to know how to use financial statements to make investment decisions? The business world is, of course, much too complex to rely solely on accounting numbers, however, much of the earnings and cash flow data you will need to make sound decisions come from financial statements. Accounting numbers are the language of business and you will find that they can be of enormous help in assessing the value of a company and tracking its progress over time.

My goal is that by the end of this course you will (1) understand the core concepts of financial statements; (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. You will be more likely to achieve these goals if you attend class regularly, complete all assigned work to the best of your ability, participate actively in class activities and group work and study diligently for exams. I'm looking forward very much to partnering with you to support you to achieve these aims.

If you're to grasp what the financial statements are about, you will need to be clear about the core concepts of accounting. There are two types of core concepts that we will be studying simultaneously. The first set of concepts relate to what it means to "do accounting." Here we will focus on the heart of accounting---the analysis of transactions. The second class of concepts involves understanding the elements of financial statements---assets, liabilities, revenues, expenses etc. The first five chapters of the text discuss these foundational ideas of accounting. Of the remaining chapters, 6-11 discuss individual sections of the financial statements in more depth, and the final chapter, chapter 13, is devoted to an in-depth look at the Statement of Cash Flows. The one page graphic on page 5 shows this overall structure and sets out the logical progression of the course through the topics laid out in our textbook.

## **What will you be doing to realize these promises?**

As I noted above, to realize these promises you must take responsibility for your own learning. I cannot simply 'transmit' knowledge to you; you have to take an active role in the learning process. To do this you must be willing to spend your own study time on your *initial exposure* to new material. The textbook authors have done an excellent job in introducing you to financial accounting. For me to present all that information again in-class would be a poor use of

your time. If you prepare for class by reading the designated pages from the text and completing a pre-class worksheet we can then use class time together to develop a deeper understanding of the material.

During class, I will provide you with short lectures on key concepts and information that will also help you learn. In addition, I will supply a handout each week which will give you a brief orientation to the topic, what it is that's important for you to know and be able to do, and an outline of the material or process to help you master the concepts effectively with plenty of space for you to add your own notes and/or complete some exercises to develop your proficiency. No previous accounting knowledge is necessary to succeed in the class.

The text is by Robert Libby, Patricia Libby and Daniel Short, *Financial Accounting* 7<sup>th</sup> Ed., (Revised Custom Edition for New York University), McGraw Hill, New York. All assigned readings and homework are from this text. We will be making extensive use of McGraw-Hill's Connect platform which will allow you to complete your homework anytime and anywhere, get feedback on your work and access additional resources. To register for Connect you will need to go to this web address: <http://connect.mcgraw-hill.com/class/acct-ub000103> Click the "Register Now" button and enter your email address. If you already have a McGraw-Hill account, you will be asked for your password and will not be required to create a new account. If you have purchased a new copy of the textbook, you will be provided with an access code, in which case enter your access code and submit. Alternatively, you can buy online to access Connect or ConnectPlus (which includes access to the eBook), or you can start a free trial. Finally, you will need to fill out the registration form and click submit. This should take you to our course site and you can begin to access your assignments and study resources.

### **How Will We Understand the Nature and Extent of Your Progress?**

The final grade will assess your ability analyze and record transactions, to interpret annual report information and use that information to analyze a company's performance. To evaluate your progress in reaching these goals (and to provide you with feedback on your learning) we will look at the following items:

(1) <i>Pre-class Reading &amp; Exercises</i>	<i>10</i>
(2) <i>Homework Problems</i>	<i>10</i>
(3) <i>Tests (Two at 15 points each)</i>	<i>30</i>
(4) <i>Final exam</i>	<i>35</i>
(5) <i>Annual Report Project</i>	<i>15</i>
<i>Total</i>	<u><i>100 %</i></u>

## **Grades are determined following the Undergraduate *Grading Guidelines* for Core Courses:**

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have adopted a grading guideline for core courses with enrollments of more than 25 students in which approximately 35% of students will receive an “A” or “A-“ grade. In core classes of less than 25 students, the instructor is at liberty to give whatever grades they think the students deserve, while maintaining rigorous academic standards.

### **Pre-class Reading & Exercises**

Each class meeting will be preceded by a pre-class reading assignment and an exercise to complete. Typically this will involve reading about half a chapter from the textbook and then working on an exercise from the back of the chapter. All these exercises should be submitted on the Connect website. I have set up the Connect website so that it will give you immediate feedback after you complete each question. My purpose in doing this is so that you will see how you are doing on the assignment as you are completing it and be able to identify the areas you need to revisit to improve. After submitting each question, you will see your score, the correct answer, and explanation and the solution.

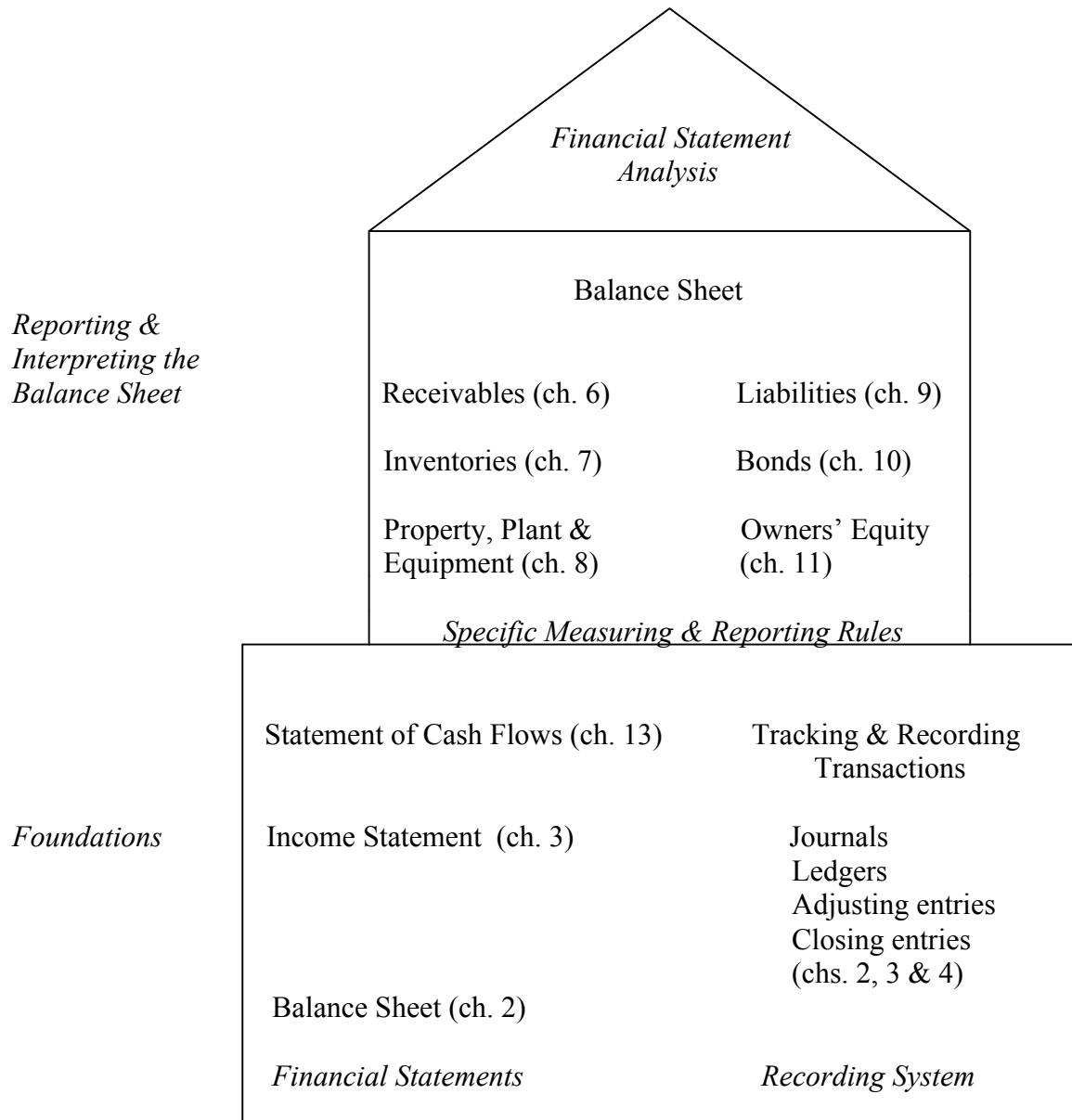
The grading will simply be credit (1) or no credit (0). There are 22 of these exercises. You can drop two of them. Completion of 20 will earn 10 percentage points, 19, 9.5 points, etc.

### **Homework Problems**

Homework sets will be more challenging and will be drawn from the end-of-chapter problems. These will be due in the week *after* we have concluded our class discussion of the relevant chapter. Again I will be asking you to submit your homework problems using McGraw-Hill’s Connect web site. I want to encourage you to do the homework **in small groups of 4-6 people. If you do this, you will find yourself far more engaged and far better prepared for class, and you will learn significantly more.**

**During some portion of class time you will be working in small groups to tackle more challenging problems. One of the best ways of clarifying your understanding and remembering a concept or process is to explain it to someone else. Since you will be engaged in the most difficult processing of information in class, your success depends critically on your presence in class. This is your chance to get help when you need it most from your peers and me.** Please make every effort to arrive to class on time and stay to the end of the period. 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.

I hope you will be an active participant in class. I will do everything I can to make the classroom a hospitable place where you will feel comfortable expressing your ideas. I will be inviting you to contribute to the discussion even when you don’t volunteer. However, I will only

*Graphic Syllabus of Principles of Financial Accounting***Course Organization at a Glance**

call on you when I have given you time to prepare, for example, I might ask you how you tackled the pre-class exercise or an in-class problem that I've already given you time to work on.

We all make mistakes when we learn. Indeed, that is part of how we learn. If you make a mistake, bet your life half the class has made it too. The important thing is to find out how to do it without mistakes next time, and really understand this. So let's support each other and help each other learn. Research shows that the helper learns at least as much as the helped. I would really appreciate it if you would silence your cell phone, and refrain from using laptops, cell phones, smart phones and other electronic devices during class. Thanks so much!

**I will not accept late homework** unless due to documented serious illness or family emergency. I 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.

There are 18 problems that have been assigned for the course as a whole; completion of all 18 will earn you 10 points, 17, 9.5 points, etc.

**Please understand that doing these homework problems is the key to success in the course.** I will be doing my best to help and encourage you to tackle these homework problems between one class and the next.

## **Two Mid-terms and Final Exam**

**The two tests and the final exam are cumulative.** Everyone is required to take the two mid-term tests. There are no make-up tests. If you miss a mid-term exam for a documented illness or family emergency, the points from the missed exam will be added to the final exam. **If you miss one of the midterms for any other reason, you will get a score of 0.** The questions on the midterms will be similar to the homework problems and the problems that we have worked in class. If you are diligent in completing the homework and the in-class problems you will have plenty of practice in the type of questions you can expect on the tests. The tests and the final cover all the material in the textbook that has been assigned as reading (even if the subject was never discussed in class or included in a previous assignment). The tests and final exam will be closed book. You are allowed to bring a calculator. Laptops, cell phones and other hand-held devices with internet access are not permitted during the tests or the final exam.

**Re-grading:** In line with the Grading Guidelines for the NYU Stern Undergraduate College, the process of assigning grades is intended to be one of unbiased evaluation. I encourage you to respect the integrity and authority of the grading system and discourage you from pursuing arbitrary challenges to it. If you feel that an inadvertent error has been made in grading your test paper or in assessing an overall course grade, you may submit a request to have the grade re-evaluated. Please submit such requests in writing to me within seven days of receiving the grade, including a brief statement of why you believe that an error in the grading has been made.

## **The Annual Report Project**

(This is the subject of a separate handout).

## **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 this 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: [www.stern.nyu.edu/uc/codeofconduct](http://www.stern.nyu.edu/uc/codeofconduct)

## **General Conduct & Behavior**

Students are also expected to maintain and abide by the highest standards of professional conduct and behavior. Please familiarize yourself with Stern's policy in Regard to In-Class Behavior & Expectations (<http://stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academic-policies/index.htm>) and the NYU Disruptive Behavior Policy (<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/bullying--threatening--and-other-disruptive-behavior-guidelines.html>).

## **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, (212) 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 Topics and Assignments:**

The following is a “tentative” schedule of readings and assignments. I reserve the right to make adjustments in the event of extenuating circumstances, by mutual agreement, and/or to ensure better student learning.

<u>Lecture Dates</u>	<u>Topics</u>
9/4 W	<b>Overview of Financial Statements &amp; Business Decisions (Ch. 1)</b> <i>For 9/9 please read: Libby, Libby &amp; Short (LLS), pp. 18-23.</i>
9/9 M	<b>Overview of Financial Statements &amp; Business Decisions (Ch. 1)</b> <i>For 9/11 please read: LLS, pp. 42-56, and prepare E2-5.</i>
9/11 W	<b>Investing, Financing &amp; the Balance Sheet (Ch. 2)</b> <i>For 9/16 please read: LLS, pp. 57-71, and prepare E2-7.</i>
9/16 M	<b>Investing, Financing &amp; the Balance Sheet (Ch. 2)</b> <i>For 9/18 please read: LLS, pp. 100-113, and prepare E3-10.</i>
9/18 W	<b>Operating Decisions &amp; the Income Statement (Ch. 3)</b> <i>For 9/23 please read: LLS, pp. 113-127, and prepare E3-11. P2-3 &amp; 4.</i>
9/23 M	<b>Operating Decisions &amp; the Income Statement (Ch. 3)</b> <i>For 9/25 please read: LLS, pp. 162-176, and prepare: E4-6. P3-4 &amp; 5.</i>
9/25 W	<b>Adjustments, Financial Statements &amp; the Quality of Earnings (Ch. 4)</b> <i>For 9/30 please read: LLS, pp. 177-186, and prepare: E4-18 &amp; 19.</i>
9/30 M	<b>Adjustments, Financial Statements &amp; the Quality of Earnings (Ch. 4)</b> <i>For 10/2 please prepare: P4-3 &amp; P4-7</i>
10/2 W	<b>Review</b>
10/7 M	<b>FIRST MID-TERM EXAM (chs. 1-4)</b>



*For 10/9 please read: LLS, pp. 636-655, and prepare: E13-7.*

10/9 W

**Statement of Cash Flows (Ch. 13)**

*For 10/16 please read: LLS, pp. 652-657, & Supp. B (pp. 664-5)  
and prepare: E13-13.*

10/14 M

**NO CLASS**

10/16 W

**Statement of Cash Flows (Ch. 13)**

*For 10/21 please read: LLS, pp. 657-660, & Supp. A (pp. 660-3),  
and prepare: E13-21.*

10/21 M

**Statement of Cash Flows (Ch. 13)**

*For 10/23 please read: LLS, pp. 469-477, and prepare: E9-15,  
P13-4 & 5*

10/23 W

**Reporting & Interpreting Liabilities (Ch. 9)**

*For 10/28 please read: LLS, Supp. B. (pp. 480-481),  
& Supp. C (pp. 481-483) and prepare: E9-25.*

10/28 M

**Reporting & Interpreting Liabilities (Ch. 9)**

*For 10/30 please read: LLS, pp. 504-519, and prepare: E10-9,  
Prepare P9-10 & 11.*

10/30 W

**Reporting & Interpreting Bonds (Ch. 10)**

*For 11/4 please read: LLS, pp. 519-525, and prepare: E10-17.*

11/4 M

**Reporting & Interpreting Bonds (Ch. 10)**

*For 11/6 please read: LLS, p. 530, and prepare: E10-22.*

11/6 W

**Reporting & Interpreting Bonds (Ch. 10)**

*For 11/11 please prepare: P10-7, 10 & 15.*

11/11 M

**Review**

11/13 W

**SECOND MID-TERM EXAM, (chs. 13, 9-10)**

*For 11/18 please read: LLS, pp. 550-559, and prepare: E11-9.*

11/18 M **Reporting & Interpreting Owners' Equity (Ch. 11)**

*For 11/20 please read: LLS, pp. 560-567, and prepare: E11-16.*

11/20 W **Reporting & Interpreting Owners' Equity (Ch. 11)**

*For 11/25 please read: LLS, pp. 284-295, and prepare: E6-9 & 12, P11-2 & P11-6.*

11/25 M **Reporting & Interpreting Receivables (Ch. 6)**

*For 11/27 please read: LLS, pp. 330-345, and prepare: E7-5, P6-4.*

11/27 W **Reporting & Interpreting Cost of Goods Sold & Inventories (Ch. 7)**

*For 12/2 please prepare: LLS, pp. 346-358, and prepare: E7-16.*

12/2 M **Reporting & Interpreting Cost of Goods Sold & Inventories (Ch. 7)**

*For 12/4 please read: LLS, pp. 386-406, and prepare: E8-8, P7-5 & 8.*

12/4 W **Reporting & Interpreting Property, Plant & Equipment (Ch. 8)**

*For 12/9 please read: LLS, pp. 406-419.*

12/9 M **Reporting & Interpreting Property, Plant & Equipment (Ch. 8)**

*For 12/11 please hand in the Annual Report Project*

12/11 W **Review**

12/16 M **FINAL EXAMINATION 8:00 - 9:50 a.m.**

**Student Biographical Information**

Your name (please print) \_\_\_\_\_

Please also supply its phonetic pronunciation \_\_\_\_\_

Your hometown \_\_\_\_\_

Please tell me about your major area of study and your career and life goals at this point.

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What do you expect to learn from the course?

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Please tell me something about your knowledge and experiences that may be relevant to financial accounting.

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Please identify two or three values that are personally important to you and explain why these values matter to you.

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What other information do you think it might be helpful for me to know about? Are there any areas where you might appreciate special assistance?

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*Thank you. All information you supply on this form will be held in strict confidence.*