

**NEW YORK UNIVERSITY
Stern School of Business**

**Principles of Financial Accounting
Summer 2014
May 28-July 2 2014
MW 9-12:noon Lecture Session
F 9-12:noon – Recitation Session**

**PRINCIPLES OF FINANCIAL ACCOUNTING
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F 9-12:noon – Recitation Session

Instructor

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Stern School Of Business
New York University

Office Hours: MW 1:30 -3:00 pm
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 p.s 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.

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 NYU Classes 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.

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.

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 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) 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.

Textbook

The text is *Financial Accounting* 7th Ed., (Custom Edition for New York University), by Robert Libby, Patricia Libby and Daniel Short, 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 Prep Assignments	5%
Homework Assignments	15%
Midterm Exam	30%
Final Exam	50%

CLASS SCHEDULE

Date	Topic	Reading Assignment	Class Prep
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PART I

OVERVIEW OF FINANCIAL STATEMENTS AND REPORTING PROCESS

May 28		Course Pack Ch. 1	
		LLS Ch1 pp. 3-24	
	Class Discussion Problem:	E1-5, E1-7	
	Self Study Demonstration Case:	Apple Inc	

Recording Transactions & Preparing Financial Statements

June 2		Course Pack Ch. 2	Prepare E2-5
		LLS Ch2 pp.. 44-57; 59-69	
		LLS Ch3 pp.. 102-125	Prepare E2-12
	Class Discussion Mini Case:	Partco Company, Planet of the Grapes	
	Self Study Demonstration Case:	Terrific Lawn Corp. Part 1&2 LLS pp. 72-74;128-132	

INCOME MEASUREMENT AND ACCRUAL ACCOUNTING

June 4		Course Pack Ch. 3	Prepare P3-1, E4-6
		LLS: Ch. 4 pp. 164-175;177-182	
	Class Discussion Mini Case:	Village Appliance Shop	
	Self Study Demonstration Case:	Terrific Lawn Corp. LLS pp. 186-192	

June 6	Recitation Session - TA		E3-5, E3-10,
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STATEMENT OF CASH FLOWS

June 9		Course Pack Ch. 4	Prepare E13-1
		LLS: CH13 637-645	
		LLS: CH13 646-658	Prepare E13-9
	Class Discussion Mini Case:	Breda Enterprises Inc.	
	Self Study Demonstration Case:	Redhook Ale Brewery- use Indirect Method for CFO – LLS	

REVENUE RECOGNITION AND ACCOUNTS RECEIVABLE:

June 11		Course Pack Ch. 5	Prepare E6-2
		LLS: Ch. 6 pp. 279-283	
		LLS: Ch. 6 pp. 286-294	Prepare E6-12
	Class Discussion Mini Case:	Mantes Corporation	
	Self Study Demonstration Case:	Wholesale Warehouse Stores LLS pp. 302-303. (skip qn. 2)	

June 13	Recitation Session	Review - Instructor	Sample Midterm
June 16	MIDTERM EXAM	Covers material in Ch. 1-5 of Course Pack and LLS Ch. 1-7	

PART II

INVENTORY AND COST OF GOODS SOLD

June 16	Course Pack Ch. 6	Prepare E7-1
	LLS: Ch7 331-333; 336-338	
	LLS: Ch7 338-345;357-359	Prepare E7-5
	Class Discussion Mini Case: Adnan Oil Heat Co.	
	Self Study Demonstration Case: Balent Appliances LLS pp. 356-357.	

VALUATION AND REPORTING LONG LIVED TANGIBLE AND INTANGIBLE ASSETS

June 18	Course Pack Ch. 7	Prepare E8-1; E8-3	
	LLS: Ch8 387-394;395-410		
	LLS: Ch8 411-419	Prepare E8-15; E8-12	
	Class Discussion Mini Case: Problem P8-10 in LLS		
	Upjane Corporation and Dakota Corporation		
	Self Study Demonstration Case: Diversisied Industries LLS		
June 20	Recitation Session	TA	P 7-6, P8-10 LLS

LONG TERM LIABILITIES: BONDS & CAPITAL LEASES

June 23	Bond Valuation and Interest	LLS: CH10 506-518, 519-531	Prepare, E10-7; P10-2
June 25	Class Discussion Mini Case:	Acronis Bridge Construction Company	
		Ivy Corporation, American Airlines	
	Self Study Demonstration Case:	Muller Co. p. 477; Reed Company LLS	

REPORTING AND INTERPRETING OWNERS' EQUITY

June 25	Course Pack Ch. 9	Prepare E11-4; E11-9	
	LLS: Ch 11 551-559;560-567		
	Class Discussion Mini Case: Monk Corporation		
	Self Study Demonstration Case: Shelly Corp. LLS p. 568		
June 27	Recitation Session	TA	Bond Problems
June 30	OWNERS' EQUITY - cont		
June 30	Final Exam Review		Bond Problems – cont.
July 2	Final Exam		

HOME WORK ASSIGNMENTS AND DUE DATES

June 6	HW Assignment 1	Problem P2-2 in LLS
June 13	HW Assignment 2	Portobello Co
June 20	HW Assignment 3	Problem P7-6 in LLS
June 27	HW Assignment 4	Asset Valuation Problems

Student Biographical Information

Your name (please print) _____

Please also supply its phonetic pronunciation _____

Your home country _____

In which country do you plan to pursue your career after graduation _____

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

What do you expect to learn from the course?

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

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

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?

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