New York University
Leonard N. Stern School of Business
FINANCIAL ACCOUNTING AND REPORTING B01.1306.31
Spring 2007

Professor Sarah McVay
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Phone: 212 998–0040
Office Hours: Tuesday 5–6pm and by appointment
Class: 6–9pm Tuesday, KMC 2-70

Course Description and Objectives
This course develops the student’s ability to measure, communicate, and evaluate financial information. Rather than solely focusing on technical competencies, this course also emphasizes the underlying rationale for accounting practices and the effectiveness of these practices. An understanding of financial accounting is essential to anyone who will use financial information as in input to economic decision-making, including managers, investors, regulators, creditors and analysts. Specific objectives include:

1. Recognizing accounting’s role in business and government;
2. Understanding basic vocabulary, definitions and double-entry procedures associated with accounting and financial management, especially the accounting equation (Assets = Liabilities + Owner’s Equity);
3. Identifying the basic financial statements, the interrelationships between them and the information they provide to decision makers;
4. Understanding the difference between cash flow and accrual accounting;
5. Becoming familiar with common analytical methods to measure business financial performance; and
6. Gaining an appreciation of ethical issues in accounting

Course Materials
The suggested text for the course is Horngren, Sundem, Elliott & Philbrick, Introduction to Financial Accounting (9th Edition). This text is not required, and readings will not be assigned. However, I will be posting suggested practice problems and solutions from this book for those of you who want extra practice problems, beyond the review problems I hand out in class. In general, a reference text may be useful. If you already have an introductory accounting text, that will be sufficient. If you are looking for additional reference tools, I also recommend:

1. Stickney and Weil, Financial Accounting
2. Easton, Wild and Halsey, Financial Accounting for MBAs
Class Format and Grading

This course consists of a combination of lecture and class discussion of cases. I will also provide supplementary practice problems and solutions that you can work through on your own to help master the material. I emphasize that it is important that you keep up with the coursework. Accounting is not conducive to cramming for exams because new material always builds on prior concepts.

Your course grade will be computed as follows:

- **Class Participation**: 5%
- **Cases**: 10%
- **Quizzes**: 10%
- **Mid-Term Exam**: 35%
- **Final Exam**: 40%

**100%**

**Cases**: The top three of four assigned cases will be 10% of your course grade. Cases are due in the class after the material has been discussed (on due dates shown). In order to receive credit for the cases, they need to be turned in before class begins. I strongly prefer that you turn in a hard copy to me at the beginning of class. However, I will accept emailed solutions beforehand. If you do email me your case, you must make sure that your name appears on the attached document itself, not just in your email. I suggest printing out a hard copy for yourself to bring to class, as we will (briefly) discuss the cases as time permits. You may choose to work in groups (three students maximum) and may hand in one copy per group.

**Quizzes**: The top three of four in-class quizzes will be 10% of your course grade. Quizzes will focus on the material discussed in the previous class. If you are up to date on the material (i.e., you have reviewed the material and attempted the practice problems), these will not be very challenging.

**Exam Policy**: You are expected to take all exams at the scheduled times. If you must miss an exam, you must notify the professor before the exam is given. Failure to do so or lack of a valid reason for your absence will result in a score of zero for the missed exam. The format of the exams will be discussed in class. I expect to include multiple choice questions, short answers and problems on your exams. Students who believe that an exam has been incorrectly scored should submit a written request for re-grading within one week from the time the exam is returned to you.

Upon enrollment in this course, you agree to adhere to the Stern MBA Honor Code and accept the consequences of your actions should you violate that code. Any instances of academic misconduct will be immediately reported to the appropriate University authorities.

**Blackboard**: The lecture notes, solutions and other course documents are available on Blackboard at [http://sternclasses.nyu.edu](http://sternclasses.nyu.edu). You need to log in using your Stern ID and password.
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<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Case Due / Quiz</th>
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<tr>
<td>February 6</td>
<td>Overview of Financial Statements and Reporting Process</td>
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<tr>
<td>February 13</td>
<td>Recording Transactions and Preparing Financial Statements</td>
<td>Harley-Davidson</td>
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<td>February 20</td>
<td>Accrual Accounting and Adjusting Entries</td>
<td>Quiz</td>
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<td>February 27</td>
<td>Receivables and Revenue Recognition</td>
<td>Abercrombie &amp; Fitch</td>
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| March 6    | **MIDTERM EXAM**  
*Extra office hours on Monday, March 6 from 5:30 – 7:30*  
*TA will hold office hours Sunday, March 5th* |                 |
| March 13   | **SPRING BREAK**                                                      |                 |
| March 20   | Inventory                                                             |                 |
| March 27   | Long-Lived Tangible and Intangible Assets                               | Quiz            |
| April 3    | Liabilities                                                           | Tasty Baking    |
| April 10   | Stockholders’ Equity                                                 | Quiz            |
| April 17   | Cash Flow Statement                                                   | Dow Chemical    |
| April 24   | Capstone and Review                                                   | Quiz            |
| May 1      | **FINAL EXAM**  
*Extra office hours on Monday, April 30 from 5:30 – 7:30*  
*TA will hold office hours Sunday, April 29th* |                 |