Welcome to Principles of Financial Accounting and to the Stern School of Business. Recent accounting fraud has focused attention on the integrity of company financial reports. Senior executives at Enron, Worldcom, and Adelphia have been found guilty of misleading investors and the general public about the profitability and financial soundness of their firms. These developments underscore the important role that financial reporting plays in a free enterprise economy. What is that role? Why is it important? What kinds of information do accountants provide? How is it generated? How reliable is it? How is this information used?

In this course you will have the opportunity to explore these fundamental questions. In the process, you will develop an understanding of (1) basic accounting concepts and terms; (2) the financial statements—the balance sheet, income statement, and the statement of cash flows—that firms use to describe their businesses; (3) the approach used to construct the major elements of the financial statements; and (4) some ratios that capture key aspects of the firm’s performance. This will begin to help you make sense of company financial statements and start to use them to analyze a company’s performance. Of course, financial reporting is but one source of information needed by those who make investment, credit, and similar resource allocation decisions. Users of financial reports also need to consider pertinent information about general economic conditions or expectations, political events and political climate, or industry outlook. However, you will be able to read the financial press and financial statements with more understanding and make more knowledgeable decisions as a result of having taking this course.

Since you are taking this class either out of personal interest or as part of the requirements of another degree program outside Stern, the emphasis will be in knowing how to interpret and use accounting information in making business decisions. However, 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
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 and expenses and cash flows; (2) be able to interpret annual report information and analyze a company’s performance using this information. This means that we will be focusing as much as possible on reading, interpreting and analyzing company financial reports. I have tried to select several problems that are drawn from actual annual reports because this is what we want you to be able to make sense of once the course is over. (3) The result of this is that you will become fluent in the language of business.

How Will You Fulfill These Promises?

To realize these promises you must take responsibility for your own learning and participate as an active learner. To take charge of your own education you must willing to spend your own study time on your initial exposure to new material. You can best do this by reading the assigned sections from the textbook and by applying your learning, using the practice problems listed in the course program, before you come to class. During class, we will work collaboratively to process your responses and to tackle more complex applications. This will enable your peers and me to provide critical feedback during instruction and learning so that you will be able to master the concepts effectively and efficiently.

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 fill in the gaps and personalize the notes. No previous accounting knowledge is necessary to succeed in the class.

The text is by Charles T. Horngren, Gary L. Sundem, John A. Elliott, and Donna R. Philbrick, Introduction to Financial Accounting, Ninth Edition, Boston, MA: Pearson Publishing Company, 2006. Please be sure to purchase the version which has been customized specially for New York University. All assigned readings and homework are from this text.

How Will We Know Whether You Are Achieving the Promises?

The final grade will assess your ability analyze and record transactions, and 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:
The quizzes are designed to ensure that you’ve read the text and have attempted to apply the content to some relatively simply exercises. That way everyone will have a moderate level of understanding quickly and effectively. Then we will be able to spend class time tackling increasingly complicated concepts and aspects of performance. Since you will be engaged in the most difficult processing on information in class, I urge you not to miss class. This is your chance to get help when you need it most from your peers and me. The quizzes will be relatively brief. There are no make-ups for quizzes so if you miss one you will get a zero for that quiz. Each student’s lowest quiz score will be dropped when calculating the final quiz score.

The two tests and the final exam are cumulative. There are no make-up tests unless you have a doctor’s excuse. If you miss a mid-term exam, the final exam will count as 40% of your grade.

There are three cases that you will be asked to prepare throughout the semester. Each is designed to consolidate your understanding of important topics in the course. The first, Food Lion, deals with financial statement preparation, the second, Kohl’s, deals with the statement of cash flows, and the third, Abercrombie & Fitch, deals with the formal accounting system for tracking and recording transactions and report presentation. The due dates for these cases can be found in the course schedule below.

For the Annual Report Project I am going to ask you to work in groups of three to analyze a company’s performance and communicate your findings. The three of you get to choose the company’s financial statements you’d like to work on. The project is designed to integrate the information you’ve gleaned throughout the semester into a cohesive written analysis of the performance of a firm. The summary report is prepared by the group of three. A description of the final report is attached to this syllabus. The report is due in our last class on December 13th.

If you have a qualified disability and will require academic accommodation during this course, please contact the Moses Center for Students with Disabilities (CSD, 998-4980) and provide me with a letter from them 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.

Plagiarism:

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. Please know that the penalty for cheating is an automatic grade of F for the course.
Course Topics and Assignments:

The following is a “tentative” schedule of readings and assignments. I reserve the right to make adjustments as circumstances require.

<table>
<thead>
<tr>
<th>Lecture Dates</th>
<th>Topics</th>
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<tbody>
<tr>
<td>9/6 W</td>
<td>Introduction</td>
</tr>
<tr>
<td>9/8 F</td>
<td>Balance Sheet Transactions &amp; Regulatory Environment</td>
</tr>
<tr>
<td>9/13 W</td>
<td>Balance Sheet Transactions &amp; Regulatory Environment Continued</td>
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<tr>
<td></td>
<td>For 9/15 please read: HSEP, ch. 2 and prepare: 2-35.</td>
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<tr>
<td>9/15 F</td>
<td>Measuring Income to Assess Performance</td>
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<tr>
<td>9/20 W</td>
<td>Measuring Income to Assess Performance Continued</td>
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<tr>
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<td>For 9/22 please read: HESP, ch. 3 (pp. 90–113) and prepare: 3-25.</td>
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<tr>
<td>9/22 F</td>
<td>Recording Transactions</td>
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<tr>
<td></td>
<td>For 9/27 please prepare: 3-6, 3-39, 3-40, 3-42, 3-50.</td>
</tr>
<tr>
<td>9/27 W</td>
<td>Recording Transactions Continued</td>
</tr>
<tr>
<td></td>
<td>For 10/4 please read: HSEP, ch. 4 and Prepare: 4-29, 4-35.</td>
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<tr>
<td>9/29 F</td>
<td>FIRST MID-TERM EXAM</td>
</tr>
<tr>
<td>10/4 W</td>
<td>Accrual Accounting &amp; Financial Statements</td>
</tr>
<tr>
<td></td>
<td>For 10/6 please prepare: 4-53, 4-58.</td>
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The FOOD LION case is also due in class on 10/6

10/6 F  Accrual Accounting & Financial Statements Continued

For 10/11 please read: HSEP, ch. 5 and prepare 5-31, 5-32.

10/11 W  Statement of Cash Flows

For 10/13 please prepare: 5-34, 5-35, 5-36.

10/13 F  Statement of Cash Flows Continued

For 10/18 please prepare: 5-45, 5-48, 5-52, 5-62.

10/18 W  Statement of Cash Flows Continued

For 10/20 please prepare: 5-27, 5-29, 5-68, 5-69.

10/20 F  Statement of Cash Flows Continued

For 11/1 please read: HSEP, ch. 6 (pp. 230-238, 241-251) and prepare: 6-33, 6-45.

KOHL’S case is also due in class on 11/1

10/25 W  Review

10/27 F  SECOND MID-TERM EXAM

11/1 W  Accounting for Sales

For 11/3 please prepare: 6-49, 6-65, 6-66, 6-82.

11/3 F  Accounting for Sales Continued

For 11/8 please read: HSEP, ch. 7 (pp 278-298, 303-311), and prepare: 7-47, 7-56.

11/8 W  Inventories & Cost of Goods Sold

For 11/10 please prepare: 7-75, 7-76, 7-88.

11/10 F  Inventories & Cost of Goods Sold Continued

For 11/15 please read: HSEP, ch. 8, and prepare: 8-38.
11/15 W  Long-Lived Assets & Depreciation

        For 11/17 please prepare: 8-43, 8-63, 8-80.

11/17 F  Long-Lived Assets & Depreciation Continued

        For 11/29 please read: HSEP, ch. 9, (pp. 383-395, 409-417) and
        prepare: 9-26, 9-30.
        ABERCROMBIE & FITCH Case is also due 11/29

11/22 W  Thanksgiving Recess

11/25 F  Thanksgiving Recess

11/29 W  Liabilities & Interest

        For 12/1 please prepare: 9-69, 9-70, 9-80.

12/1 F   Liabilities & Interest Continued

        For 12/6 please read: HSEP, ch. 10 (pp. 441-465, 469-471), and
        Prepare: 10-42, 10-43.

12/6 W   Stockholders’ Equity

        For 12/8 please prepare: 10-44, 10-45, 10-58, 10-70.

12/8 F   Stockholders’ Equity Continued

12/13 W  Review

        ANNUAL REPORT PROJECT due

12/20 W  FINAL EXAM  8 am. – 9:50 a.m.
Student Consent Form
The professor of this course is participating in an effort to develop new and better methods for promoting student learning. Your professor will be asked to evaluate his or her syllabus, exams, class activities, and written assignments. He or she will also receive feedback from other faculty members regarding teaching plans and how they are carried out. One of your teacher’s goals is to improve student learning, and this cannot be accomplished without student input. Your professor will select several students whose work will be copied and included in a course portfolio to show how much and how deeply students are learning. This form requests your consent to allow your work to be considered for inclusion in your professor’s course portfolio.

Please check the following designated purposes to which you give consent:

_____ I am willing to have copies of my coursework included in my professor’s course portfolio.

_____ I do not want copies of my course work included in my professor’s course portfolio

If you are willing to have your coursework included, check one of the following:

_____ I want my name to remain on any work that is used.

_____ I decline to have my name remain on any work that is used.

Any additional restrictions on the use of classroom work (please specify):

Your name (please print) ____________________________________________________________
Date ______________________________
Phone Number ___________________________
Email address __________________________
Course Title ____________________________
Professor ______________________________

By signing below you give your permission that work you produce for this course may be used with the restrictions and for the purposes indicated above. You understand that your grade is not connected in any way with your participation in this effort and that your anonymity will be maintained unless you designate otherwise. Finally, you understand that you are free to withdraw consent at any time, now or in the future, without being penalized.

Signature ______________________________________________________________

If you have questions or concerns, please discuss them with your professor.
Student Biographical Information

Your name (please print) _________________________________________________________

Please also supply its phonetic pronunciation _________________________________________

Your hometown________________________________________________________________

College phone number___________________________________________________________

Your major area of study or intended major
______________________________________________________________________________

How do you see this course fitting in with your own program of study at NYU?________________________
______________________________________________________________________________

______________________________________________________________________________

What job and life experiences might be useful in this class?
______________________________________________________________________________

______________________________________________________________________________

What skills, information, and interests can you contribute to the course?
______________________________________________________________________________

______________________________________________________________________________

What other information do you think it might be helpful for me to know about?
______________________________________________________________________________

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