

NEW YORK UNIVERSITY
Leonard N. Stern School of Business

B01.1306.91(32)
Financial Accounting and Reporting
Spring 2008

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COURSE OUTLINE

<u>Date</u>	<u>Topic</u>	<u>Readings</u>	<u>Class Assignment</u>
I. PRELIMINARIES			
02/11/08 (02/13/08)	A. Financial information: users, uses, and vulnerabilities. The framework: generally accepted accounting principles (GAAP).	Ch. 1	<u>Reality check:</u> “Auditing firms urge new ways...”
II. STATEMENT OF FINANCAIL POSITIONS			
	B. The balance sheet: A snapshot of assets, liabilities, and owners equity; historical and fair values.		
	C. Accounting procedures: Double entry and asset/liabilities’ records.		
III. STATEMENTS OF OPERATIONS			
02/25/08 (02/20/08)	A. Enterprise performance measurement: Earnings vs. cash flows.	Ch. 2	1. Cisco’s 2007 performance evaluation 2. Exercise on current assets and current liabilities 3. 3-22, 3-37.
	B. Earnings measurement: Revenue and expense recognition rules. The matching process.		
	C. Double entry records. Financial statement preparation and interpretation.	Ch. 3	<u>Reality Check:</u> “Death by accounting.”

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03/03/08 (02/27/08)	Accrual accounting and information for managers and investors.	Ch. 4	1. Exercise on income management 2. 2-55, 3-39 <u>Reality Check:</u> "Expanding investigations increase the heat on Dell."
03/10/08 (03/05/08)	Statement of cash flows: Preparation and interpretation.	Ch. 5	1. Exercise on income management II 2. 4-39, 5-47 <u>Reality Check</u> "Hertz tries too hard..."
03/24/08 (03/12/08)	A. Review: Integrating concepts and techniques: Assets, liabilities, earnings and cash flows. B. Analyzing enterprise performance: Profitability and risk.	Ch. 12 (534-559)	1. Handout Question 1 2. 5-61 (Use indirect method) <u>Reality Check:</u> "Ann Taylor: A big critic..."
03/31/08 (03/26/08)	A. MID-TERM EXAM. B. Assessing enterprise value and growth.	Ch. 12 (559-579)	1. 12-61
IV. ASSETS, LIABILITIES, EQUITIES			
04/07/08 (04/02/08)	Sales and accounts receivable.	Ch. 6	1. Exercise on accounts receivable 2. 6-30, 6-59 3. Handout Question 2 (different recognition rules) <u>Reality Check</u> "Hiding profits at some banks..."

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04/14/08 (04/09/08)	Inventory valuation methods. Accounting for manufacturing operations (Appendix 7).	Ch. 7	<ol style="list-style-type: none"> Exercise on inventory valuation. 7-34, 7-73 Handout Question 3 (manufacturing accounts). <p><u>Reality Check</u> “Big Oil’s accounting method...”</p>
04/21/08 (04/16/08)	Physical assets and depreciation. Intangible capital and intellectual property.	Ch. 8	<ol style="list-style-type: none"> Handout Question 4 (R&D Capitalization) 8-55, 8-63 <p><u>Reality Check:</u> “Softbank’s accounting...”</p>
04/28/08 (04/23/08)	Investment in securities and in other companies.	Ch. 11	<ol style="list-style-type: none"> Exercise on marketable securities 11-38, 11-39. <p><u>Reality check:</u> “It’s time to get real...”</p>
05/05/08 (04/30/08)	Liabilities (short- and long-term), off-balance sheet financing, and shareholder equity.	Ch. 9 Ch. 10	<ol style="list-style-type: none"> Exercise on operating and capital leases. 9-56, 9-65, 10-37 <p><u>Reality check:</u> “Option expensing...”</p>
05/12/08 (05/07/08)	FINAL EXAM		

Textbook: Hongren, Sundem, Elliott and Philbrick, Introduction to Financial Accounting, 9th edition, 2006, Pearson/Prentice Hall.

Financial Report: Print Cisco's 2007 financial report and bring to each class.

Exercises and Reality Checks for class discussion are posted on Blackboard.

Grading: Final grade will be primarily based on the midterm and final exams, as well as on quality of weekly assignments and class discussion.

Midterm Exams are on 03/31/08 (03/26/08).

Final Exams are on 05/12/08 (05/07/08).

Office Hours: Wednesdays, 5:00-6:00pm, Henry Kaufman Management Center, 10-92, and by appointment (212-998-0028). Monday, 5:00 – 6:00 p.m. in Westchester.

Homework

<u>Date</u> <i>(To be handed in class)</i>	<u>Assignment</u>
02/25/08 (02/20/08)	1-36, 1-40, 2-37
03/03/08 (02/27/08)	2-46, 2-47, 3-36
03/10/08 (03/05/08)	3-43, 4-37, 4-42
03/24/08 (03/12/08)	5-49*, 5-54, 5-58
03/31/08 (03/26/08)	Handout question. 12-35, 12-62
04/07/08 (04/02/08)	12-54, 6-58
04/14/08 (04/09/08)	6-66, 6-67, 7-41
04/21/08 (04/16/08)	7-56, 7-75, 8-32

* Use the Indirect method. Also comment on the changes in the cash flow statement if the fixed assets were sold for €200 (rather than €100).

Date
(To be handed in class)

Assignment

04/28/08
(04/23/08)

8-42, 8-44, 8-71

05/05/08
(04/30/08)

11-27, 11-28, 11-32, 9-33

05/12/08
(05/07/08)

9-53 (1 and 2), 9-68, 9-74, 10-72