Principles of Financial Accounting

ACCT-UB 9001 F01

Brightspace course site  https://brightspace.nyu.edu/d2l/home/207140

Fall 2022
Please contact florence.academicsupport@nyu.edu if you have trouble accessing the Brightspace site.

Syllabus last updated on: [09-03-2022]

Lecturer Contact Information
Giovanni Liberatore
Office hours: by appointment

Prerequisites
No prerequisites are required.

Units earned
4

Course Details
- Meeting Days and Times: Tu 10:30 AM - 1:15 PM
- All times are Central European Time (CET). Please note that in Europe, Daylight Saving Time ends Sunday, October 30th, 2022, and clocks will be set one hour earlier.
- Location: San Gimignano, Villa Ulivi.
- COVID-related details: In the interest of protecting the NYU Florence community, we are closely following CDC and local guidance around COVID-19 and adjusting our recommendations and policies accordingly. Your health and well-being are our top priority.

Course Description
Accounting is a profession that specializes in providing information for the making of economic decisions. Accordingly, this course introduces you to the important role that accounting plays in a free enterprise society, the conceptual content of accounting, and the uses and limitations of conventional accounting data.
Owing to the globalization of commerce and finance, accounting is increasingly serving decisions that are international in scope, so U.S. accounting treatments will also be examined from an international perspective. We will approach the subject from a user’s point of view, not the accountant, although this does require extensive work on how accounting information is prepared. Throughout the semester, we will be doing problems using real financial statements.
Desired Outcomes
On completion of this course, students should:

● Have the capability to read and understand a financial statement;
● Be able to perform a comparison between competing companies;
● Make relevant connections between theory and real-world examples, through references to media material, readings, or case studies;
● Find an increased interest to read economic and business-related materials in the media.

Assessment Components

● Attendance and Academic Commitment*: 10%
● Team Project: 15%
● Midterm Exams: 25% each
● Final Exam: 25%

Failure to submit or fulfill any required course component results in failure of the class.

*NB: Commitment: A student’s commitment will be evaluated based on active participation, involvement and contribution in the course either remote or in-person. Contributions include, but are not limited to: class assignments, tasks, discussion boards, office hours, online chat, and/or the viewing of asynchronous course materials and completion of relevant work.

Assessment Expectations:

● Grade A: The student makes excellent use of empirical and theoretical material and offers structured arguments in his/her work. The student writes comprehensive essays/exam questions and his/her work shows strong evidence of critical thought and extensive reading.
● Grade B: The candidate shows a good understanding of the problem and has demonstrated the ability to formulate and execute a coherent research strategy.
● Grade C: The work is acceptable and shows a basic grasp of the research problem. However, the work fails to organize findings coherently and is in need of improvement.
● Grade D: The work passes because some relevant points are made. However, there may be a problem of poor definition, lack of critical awareness, poor research.
● Grade F: The work shows that the research problem is not understood; there is little or no critical awareness and the research is clearly negligible.

Grading Guidelines
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.
Attendance Policy
Studying at Global Academic Centers is an academically intensive and immersive experience, in which students from a wide range of backgrounds exchange ideas in discussion-based seminars. Learning in such an environment depends on the active participation of all students. Since classes typically meet once or twice a week, even a single absence can cause a student to miss a significant portion of a course. To ensure the integrity of this academic experience, class attendance at the centers is expected promptly when class begins. Attendance will be checked at each class meeting.

Unexcused absences may be penalized with a two percent deduction on the participation component of the final grade for every week's worth of classes missed. Four unexcused absences in one course may lead to a Fail in that course.

As soon as it becomes clear that you cannot attend a class, you must inform your professor and/or the Academics team by e-mail florence.academicsupport@nyu.edu immediately (i.e. before the start of your class). Absences are only excused if they are due to illness, Moses Center accommodations, religious observance or emergencies. For two or more consecutive days of absences due to health reasons, a doctor's note must be submitted in person or by e-mail to the Academics team.

Please note that remote attendance will only be considered by the Office of Academic Support if for health reasons you are unable to attend class in person after two consecutive days of absence.

Regardless of whether an absence is excused or not, it is the student's responsibility to catch up with the work that was missed by getting notes from a classmate or meeting with your faculty member during office hours.

Exams, tests and quizzes, oral presentations, and/or important deadlines that are missed due to illness always require a doctor's note as documentation.

For a detailed explanation of the global attendance policy, see the NYU Florence Attendance Policy Flowchart.

The Global Attendance Policy is posted in the Academic Policies tab in Brightspace, on the NYU Florence Student Portal website, and is posted around campus.

After you have read and reviewed the policies, if there is anything that still needs further clarification or raises a question, please reach out to florence.academicsupport@nyu.edu.

Final exams
Final exams must be taken at their designated times. Should there be a conflict between your final exams, please bring this to the attention of the Academics team. Final exams may not be taken early, and students should not plan to leave the site before the end of the finals period.

Late Submission of Work
Please refer to Academic Policies in Brightspace.

Teaching & Learning Philosophy
Each weekly session is composed by: a) a formal lecture concerning new concepts and procedures, b) a classroom discussion over the assigned readings, exercises and problems. During each session we will work through problems from the text as far as time permits.

The midterms and final exams will be closed book. However, n the II Midterm and in the Final you will be allowed to consult a double sided A4 (8 ½" x 11") page of your own notes (cheat
sheet). The notes are aimed to avoid memorization of definitions and other concepts, not to substitute your ability in solving the problems (i.e. you can report the definition and meaning of a specific ratio but not an example of how to compute it). So, in no case the cheat sheet can report numbers. The cheats sheet will be dropped to the instructor at the end of the test. The use of a calculator for all exams is suggested. Cell phones and other hand-held smart devices that have internet connections will not be allowed during classes and exams.

The Annual Report Team Project is designed to give you practice in interpreting and analyzing company financial information. To accomplish the project, you would: a) compose your team; b) as a team select an industry to analyze; c) as a team member acquire the last three year annual reports or 10-k for one publicly traded company in the industry and compute the ratios discussed in class; d) as a team write a report comparing the selected companies in order to suggest the one you consider a good investment opportunity.

Office hours are provided to clarify concepts that have been introduced in the lectures and to go over assigned homework problems that we did not get to go over in class.

Required Text(s)

Go to [https://connect.mheducation.com/class/g-liberatore-fall-2022](https://connect.mheducation.com/class/g-liberatore-fall-2022) Whatever is the option (e-book or hard copy) you need to buy and register yourself with a Connect Code. Hard copies of the textbook are available for consultation and semester-long loans in the Villa Ulivi Library. Please email florence.library@nyu.edu to reserve a copy. To request scans from books on reserve please fill out the Ulivi Library Book Scan Form.

Supplemental Text(s) (not required to purchase)
Supplementary readings will be available online on the NYU Brightspace course site.

Class Assignments and Topics:

**Session 1 [09/06] Financial Accounting and business decisions**
- Read in advance Ch 1, pp. 2-22
- Hmw Exercises: E1-4, E1-5, E1-6, P1-1
- Hmw Articles: “*Citigroup bonus package*” + “*Citigroup shareholders in rebellion*” …

**Session 2 [09/13] Investing and financing decisions and the balance sheet**
- Read in advance: Ch 2, pp. 42-76
- Hmw Exercises: E2-12, P2-5, CP2-3, CP2-7
- Hmw Article: “*Fraud suit names*…”

**Session 3 [09/20] Operating decisions and the income statement**
- Read in advance: Ch 3, pp. 104-136
- Hmw Exercises: E3-7, E3-10 (only questions 1,2,3), E3-11, CP3-4
- Hmw Article: “*The myth of smooth earnings*”

**Session 4 [09/27] The adjustment process and financial statement preparation**
- Read in advance: Ch 3, pp. 168-198
- Hmw Exercises: P4-3, P4-5, P4-7 + I Mid preparatory exercises
Session 5 [10/04] 1st Mid-term exam concerning Sessions 1-4 (class time)

Session 6 [10/11] Statement of cash flows; Reporting and interpreting sales revenue and receivables
- Read in advance: Ch 12, pp 614-638; Ch 6, pp. 288-305
- Hmw Exercises: E6-3, E6-8, E6-13, E12-7, P12-2
- Hmw Article: “Balance sheet doubts widen German lender’s credibility gap”

Session 7 [10/18] Reporting and interpreting cost of goods sold and inventories
- Read in advance: Ch 7, pp. 340-366
- Hmw Exercises: E7-7, E7-12, CP7-3, CP7-6
- Hmw Article: “The secret behind those profit jumps”

Session 8 [10/25] Reporting and interpreting property, plant and equipment and intangibles
- Read in advance: Ch 8, pp. 396-432
- Hmw Exercises: E8-1, E8-9, E8-16, E8-24, E8-20 + II Mid preparatory exercises
- Hmw Article: “The Microsoft-LinkedIn deal proves we overvalue goodwill”

Session 9 [11/08] 2nd Mid-term exam concerning Sessions 6–8 (class time) + Team project kick-off

Session 10 [11/15] Reporting and interpreting liabilities
- Read in advance: Ch 9, pp. 468-498
- Hmw Exercises: E9.5, 16, 17, 18; P9.12, CP9.3 (req.1,2)
- Hmw Video: crisisofcredit.com

Session 11 [11/22] Reporting and interpreting bonds
- Read in advance: Ch 10, pp. 518-541
- Hmw Exercises: E10-4, E10-20, P10-6, CP10-4, CP10-5
- Hmw Article: “Tesla’s Gross Margin: Grossly Misleading”

Session 12 [11/29] Reporting and interpreting owners’ equity
- Read in advance: Ch 11, pp. 568-588
- Hmw Exercises: E11-3, 16, 18; CP11-3
- Hmw Article: “Paying back your shareholders”

Session 13 [12/06] Reporting and interpreting investments + Team project presentations
- Read in advance: Appendix A, A0-A26
- Hmw Exercises: EA 7, 10; PA-7 + Final preparatory exercises

Session 14 [12/12] Seminar + Review Session

Session 15 [16/12] Final Exam concerning Sessions 10-13 (10.30am-1.15pm)
Your Lecturer
I am professor of Corporate valuation at the University of Florence and adjunct professor of financial accounting at NYU Abroad (Florence and Shanghai). I received my Ph.D. in Accounting from the University of Pisa in 1992 and my research interest are in corporate disclosure and intangibles valuation.
I acted as scientific coordinator of projects supported by several entities, as European Union, United Nations, World Bank. I am a Certified Public Accountant and a Certified Auditor in Italy. I have provided consultancy services to companies operating in a variety of industries (health and care, insurance, fashion, start-up, real estate, hospitality). I am in the board of auditors of the Italian Central Bank (Banca d'Italia).

Academic Honesty & Plagiarism
As the University's policy on "Academic Integrity for Students at NYU" states: "At NYU, a commitment to excellence, fairness, honesty, and respect within and outside the classroom is essential to maintaining the integrity of our community. By accepting membership in this community, students take responsibility for demonstrating these values in their own conduct and for recognizing and supporting these values in others." Students at Global Academic Centers must follow the University and school policies. NYU takes plagiarism very seriously; penalties follow and may exceed those set out by your home school. Your lecturer may ask you to sign a declaration of authorship form and may check your assignments by using TurnItIn or another software designed to detect offenses against academic integrity.

The presentation of another person’s words, ideas, judgment, images, or data as though they were your own, whether intentionally or unintentionally, constitutes an act of plagiarism. It is also an offense to submit work for assignments from two different courses that is substantially the same (be it oral presentations or written work). If there is an overlap of the subject of your assignment with one that you produced for another course (either in the current or any previous semester), you MUST inform your professor.

For guidelines on academic honesty, clarification of the definition of plagiarism, examples of procedures and sanctions, and resources to support proper citation, please see:
- NYU Academic Integrity Policies and Guidelines
- NYU Library Guides

Inclusivity Policies and Priorities
NYU’s Office of Global Programs and NYU’s global sites are committed to equity, diversity, and inclusion. In order to nurture a more inclusive global university, NYU affirms the value of sharing differing perspectives and encourages open dialogue through a variety of pedagogical approaches. Our goal is to make all students feel included and welcome in all aspects of academic life, including our syllabi, classrooms, and educational activities/spaces.

Attendance Rules on Religious Holidays
Members of any religious group may, without penalty, excuse themselves from classes when required in compliance with their religious obligations. Students who anticipate being absent due to religious observance should notify their lecturer and Office of Academic Support in writing via e-mail one week in advance. If examinations or assignment deadlines are scheduled on the day the student will be absent, the Academics Office will schedule a make-up examination or extend the deadline for assignments. Please note that an absence is only excused for the holiday but not for any days of travel that may come before and/or after the holiday. See also University Calendar Policy on Religious Holidays
Pronouns and Name Pronunciation (Albert and Zoom)
Students, staff, and faculty have the opportunity to add their pronouns, as well as the pronunciation of their names, into Albert. Students can have this information displayed to faculty, advisors, and administrators in Albert, NYU Brightspace, the NYU Home internal directory, as well as other NYU systems. Students can also opt out of having their pronouns viewed by their instructors, in case they feel more comfortable sharing their pronouns outside of the classroom. For more information on how to change this information for your Albert account, please see the Pronouns and Name Pronunciation website.
Students, staff, and faculty are also encouraged, though not required, to list their pronouns, and update their names in the name display for Zoom. For more information on how to make this change, please see the Personalizing Zoom Display Names website.

Moses Accommodations Statement
Academic accommodations are available for students with documented and registered disabilities. Please contact the Moses Center for Student Accessibility (+1 212-998-4980 or mosescsd@nyu.edu) for further information. Students who are requesting academic accommodations are advised to reach out to the Moses Center as early as possible in the semester for assistance. Accommodations for this course are managed through NYU Florence.

Bias Response
The New York University Bias Response Line provides a mechanism through which members of our community can share or report experiences and concerns of bias, discrimination, or harassing behavior that may occur within our community.
Experienced administrators in the Office of Equal Opportunity (OEO) receive and assess reports, and then help facilitate responses, which may include referral to another University school or unit, or investigation if warranted according to the University's existing Non-Discrimination and Anti-Harassment Policy.
The Bias Response Line is designed to enable the University to provide an open forum that helps to ensure that our community is equitable and inclusive.
To report an incident, you may do so in one of three ways:

- Online using the Web Form (link)
- Email: bias.response@nyu.edu
- Phone: 212-998-2277
- Local Telephone: 055 5007277