

# UN2261: Accounting and Finance

Dian Jiao

Summer, 2025

E-mail: [dj2526@columbia.edu](mailto:dj2526@columbia.edu)

Lecture Time: M/W 9:00am-12:00pm

Office Hours: TBD

Web: [d-jiao.github.io/teaching/](https://d-jiao.github.io/teaching/)

Lecture Hall: TBD

TBD, in person or via Zoom

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## Course Description

The purpose of this course is to provide a basic introduction to accounting, including the foundations of accounting concepts, the underlying mechanics, and the overall perspective required to become intelligent users of accounting information. The course will focus on the main financial statements, the nature of accrual measurement, and the information perspective. In addition, we will explore some accounting methods in detail, such as revenue recognition, assets, liabilities, and equity.

The overarching perspective is that accounting reports provide information that is useful for a variety of purposes. In the course, I will also provide insights into how the financial markets use accounting information to evaluate executives, predict future stock returns, assess firms' riskiness, and allocate society's resources to their most productive uses.

## Prerequisites

The prerequisite for this course is Principles of Economics (ECON UN1105) *or* Economic Reasoning (BC1003). Our class will begin without assuming any prior knowledge of accounting. Some basic knowledge of statistics and Excel will be helpful but not required.

## Course Materials

To ensure that we cover the material in a way that is most beneficial, I will provide a digit handout (without solutions for in-class exercises) for each topic's presentation before class and the full presentation slides (with solutions for in-class exercises) after each class. These presentation files are designed to be self-contained, while the following textbooks are good references. Practice exercises and sample exams will be provided if needed.

- **Financial Accounting for MBAs**, by Easton, Wild, Halsey, and McAnally (EWHM), 9th edition, Cambridge Business Publishing, 2024
- **Financial Accounting**, by Libby, Libby, and Short, 11th Edition, McGraw-Hill/Irwin, 2023
- **Intermediate Accounting**, by David Spiceland, Mark Nelson, Wayne Thomas, and Jennifer Winchel, 11th Edition, 2023

## Course Objectives

Knowledge of financial accounting is an essential skill necessary for understanding companies' communication with their various stakeholders (e.g., investors) and for making sound business decisions (e.g., investment decisions). After taking this course, you will be able to:

1. Understand the role, objectives, and institutions of financial reporting.
2. Know the main financial statements, their relation to each other, and their construction and preparation.
3. Identify the most important considerations in the preparation and interpretation of financial statements and analyze the financial performance and position of companies.
4. Evaluate the credibility of financial statements.

## Grading Policy

Grades will be assessed based on two examinations, the assignments, and class participation. The tentative weights are as follows, and the final letter grade will be based on your ranking in the class and the school's grading policy.

- **60%** Exams: There will be midterm and final exams in class. The exams are closed-book, but you are allowed to bring a calculator and a one-page letter-sized hand-written cheat sheet. Each exam will focus on the topics covered in the corresponding three-week period but can also be cumulative. This part of the grade will be determined by the maximum of  $20\% \times \text{Midterm} + 40\% \times \text{Final}$  and  $40\% \times \text{Midterm} + 20\% \times \text{Final}$ .
- **20%** Assignments: There will be weekly assignments due on Monday at 9:00 AM (5 in total, except the first week). Your grade on each assignment will incorporate your effort in attempting the questions. Only the best 4 scores will be in the final grade.
- **20%** Class participation: The assessment will include attendance, on-time arrival, and professional behavior during class (including but not limited to not leaving before the class ends, not having private conversations, not using electronics for purposes unrelated to the class), responding to questions (I may cold-call, so be prepared), asking questions and sharing your thoughts, and a general demonstration of positive engagement.

## Tentative Schedule

The schedule is tentative and subject to change. The learning goals below should be viewed as the key concepts you should grasp after each week and also as a study guide before the exams. Every topic covered in this course builds on the preceding topics. Therefore, this course requires constant attention and consistent effort. Batch processing will almost surely be inefficient, frustrating, and unproductive. I strongly encourage you to keep up with the class.

### Week 1, 05/26 - 05/30:

- **Lecture 1 Overview of the Course:** Introduction to main financial statements; Basics on recording transactions with journal entries
- **Lecture 2 Balance Sheet:** Definitions of assets, liabilities, and equity; Balance sheet-based financial ratios (1st homework assigned<sup>1</sup>)

### Week 2, 06/02 - 06/06:

- **Lecture 3 Income Statement:** Definition of revenues and expenses; Structure of the income statement; Income statement-based financial ratios (1st homework due)
- **Lecture 4 Revenue Recognition:** Accrual-based accounting; Revenue and expense recognition; Advances and deferred revenues (2nd homework assigned)

### Week 3, 06/09 - 06/13:

- **Lecture 5 Cash Flow Statement and Midterm Review:** The structure, preparation, and interpretation of a cash flow statement (2nd homework due)
- Midterm Exam (3rd homework assigned)

### Week 4, 06/16 - 06/20:

- **Lecture 6 Current Assets:** Account Receivable; Inventory and cost accounting (3rd homework due)
- **Lecture 7 Long-lived Assets:** Depreciation and impairments; Disposals (4th homework assigned)

### Week 5, 06/23 - 06/27:

- **Lecture 8 Liabilities:** Bond accounting; Leases (4th homework due)
- **Lecture 9 Stockholders' Equity:** Contributed equity; Issuance, buybacks, and re-issuance; Dividends; Stock splits; Earnings per share (5th homework assigned)

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<sup>1</sup>There will not be additional review sessions, and the assignments will be reviewed during the Monday lectures. The solutions will be available after Monday sessions.

**Week 6, 06/30 - 07/04:**

- **Lecture 10 AI in Accounting and Final Review** (5th homework due)
- Final Exam

## **Course Policies**

### **Attendance Policy**

Students are expected to be present and participate in every session. Please email me directly if you are absent for an excused reason.

Breakfast and snacks are allowed in class (I know getting up early is tough), but please avoid affecting the course or keeping you from active participation.

### **Policies on Late Submission**

Late submissions will be accepted for no penalty only if a valid excuse is communicated to the instructor before the deadline. After the deadline, assignments will be accepted for a 50% deduction to the score up to 2 days after the deadline. After this 2-day grace period, any assignments handed in will be graded 0.

### **Honor Code and Academic Integrity**

Columbia University does not tolerate cheating or plagiarism in any form. Students violating the code of academic integrity and professional conduct will be subject to disciplinary procedures. Guidelines on academic integrity are available at <https://www.college.columbia.edu/academics/academicintegrity>, and all students are expected to be familiar with and abide by them.

Course materials (videos, assignments, problem sets, etc.) are for your use in this course only. You may not upload them to external sites, share them with students outside of this course, or post them for public commentary without the instructor's permission.

### **Accommodation and Support for Students**

Students with documented disabilities may receive reasonable accommodations. Students are encouraged to contact Columbia University's Office of Disability Services for information and to register for services.

### **Generative AI Policy**

Students in this course may only use Generative AI tools, such as ChatGPT, for generating ideas or understanding concepts learned in the course better, and must include a citation describing any usage. Using these tools to generate responses to assignments violates the Honor Code and Academic Integrity and be considered as plagiarism.