



Fall 2018 - Principles of financial accounting

ACCT-UB 9001

Tuesday 10.30 AM-1.15 PM

Classroom Location: Sassetti Montughi

Class Description:

No prerequisites are required.

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. Accordingly, 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.

The course can be classified into two parts. Part I is designed to develop your appreciation of fundamental accounting concepts. Part II focuses on the application of your accounting knowledge on earnings quality issues and earnings management activities related to assets, liabilities, and equity.

Class sessions will comprise a formal lecture in which we will discuss new concepts and procedures. To benefit from classroom discussion, students should complete the assigned readings prior to the relevant class session. Assigned exercises/problems should be completed by the dates indicated and will be discussed in class. During each session we will work through problems from the text as far as time permits.

There will be two midterm exams and a final exam. The midterm and final exams will be closed book. However, in the II Mid and in the Final you are allowed to bring into the exam one 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., for a ratio you can report in the cheat sheet the definition and meaning but not how to compute it starting from a financial statement).

You are allowed the use of a calculator for all exams. Laptops, cell phones and other hand-held smart devices that have internet connections will not be permitted during exams.

Annual Report Team Project. The term is designed to give you practice in interpreting and analyzing

company financial information. Steps: a) Compose your team (from 3 to 4 students); b) As a team select an industry to analyze; c) Each team member should acquire the last three year annual reports or 10-k for one publicly traded company in the industry and compute on an individual basis the ratios discussed in class; d) As a team you will write a report comparing the selected companies in order to suggest the one you consider the best 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.

Instructor Details:

Giovanni Liberatore

New York University

Florence Villa Ulivi - Via

Bolognese, 120 Florence,

Italy, 50139

Office Hours: by appointment

Villa Ulivi location: teachers' offices (2nd floor).

Villa Ulivi Phone Number: +39 055 5007

300 E-mail: gl29@nyu.edu; liber@unifi.it

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 Participation: 10%
- Written Assignments and Team Project: 10%
- Midterm Exams: 25% each
- Final Exam: 30%

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

Assessment Expectations: [Please use this text]

- **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.

Grading Policy:

Please refer to Assessment Expectations and the policy on late submission of work.

Academic Accommodations:

Academic accommodations are available for students with documented disabilities. Please contact the Moses Center for Students with Disabilities at 212-998-4980 or see the [Moses Center](#) for further information.

Students with disabilities who believe that they may need accommodations in a class are encouraged to contact the Moses Center for Students with Disabilities at (212) 998-4980 as soon as possible to better ensure that such accommodations are implemented in a timely fashion. For more information, see [Study Away and Disability](#).

Attendance Policy:

Study abroad 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. And 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 mandatory, and unexcused absences will be penalized with a two percent deduction from the student’s final course grade.** Students are responsible for making up any work missed due to absence. Repeated absences in a course may result in failure.

For courses that meet once a week, one unexcused absence will be penalized by a two percent deduction from the student’s final course grade. For courses that meet two or more times a week, the same penalty will apply to the number of class times over a single week

Excused Absences:

In case of absence, regardless of the reason, the student is responsible for completing missed

assignments, getting notes and making up missed work in a timely manner based upon a schedule that is mutually agreed upon between the faculty member and the student. **The only excused absences are those approved by the Office of Academic Support; they are as follows:**

Absence Due to Illness

- If you are sick, please see a doctor. Contact the Office of Student Life for assistance.
- For absences that last for **two or more consecutive days, a doctor's certificate, "certificato medico" is required.** The doctor will indicate in writing the number of days of bed rest required. Please note **these certificates can only be obtained on the day you see the doctor** and cannot be written for you afterwards.
- Absences can ONLY be excused if they are reported WITHIN 48 HRS of your return to class via the online [NYU Florence Absence Form](#)
- OAS will not accept a student email or telephone call regarding an absence due to illness
- OAS will only notify faculty of absences REPORTED on the ABSENCE FORM
- The Office of Student Life, when assisting you in cases of severe or extended illness, will coordinate with the Office of Academic Support to properly record your absences

Due to Religious Observance

- Students observing a religious holiday during regularly scheduled class time are entitled to miss class without any penalty to their grade. This is for the holiday only and does not include the days of travel that may come before and/or after the holiday
- Information regarding absences due to religious observance must be provided at least SEVEN DAYS PRIOR to the date(s) in question using the online [NYU Florence Absence Form](#)
- Please note that no excused absences for reasons other than illness can be applied retroactively.

Due to a class conflict with a program sponsored lecture, event, or activity

- All students are entitled to miss one class period without any penalty to their grade in order to attend a lecture, event or activity that is sponsored by La Pietra Dialogues, Acton Miscellany or the Graduate Lecture series.
- Information regarding absences due to a class conflict must be provided at least SEVEN DAYS PRIOR to the date(s) in question using the online [NYU Florence Absence Form](#)
- Please note that no excused absences for reasons other than illness can be applied retroactively.

Students with questions or needing clarification about this policy are instructed to contact a member of the Office of Academic Support located in Villa Ulivi or to email florence.academicsupport@nyu.edu

Late Submission of Work

- All course work must be submitted on time, in class on the date specified on the syllabus.
- To request an extension on a deadline for an assignment, students must speak to the

- professor one week prior to the due date
- To receive an incomplete for a course at the end of the semester, two weeks before final exams, both the student and the faculty member must meet with the Assistant Director of Academic Affairs to review the request and if granted, they must both sign an Incomplete Contract detailing the terms for completing missing coursework.

Plagiarism Policy [Please use this standard text]

PLAGIARISM WILL NOT BE TOLERATED IN ANY FORM:

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.

In the event of suspected or confirmed cases of plagiarism, The faculty member will consult first with the Assistant Director for Academic Affairs as definitions and procedures vary from school to school. Please consult the "Academic Guidelines for Success" distributed on your USB key at Check-in and on the NYU Florence Global Wiki.

For a detailed description of some possible forms of plagiarism and cheating please consult the Community Compact that you signed at Orientation, a copy of which is on the above mentioned Wiki and USB key.

Writing Center:

The Writing Center, located in Aula Belvedere in Villa Ulivi, offers you feedback on any type of writing, at any stage in planning or drafting. Sign up for a consultation at the [Writing Center's website](#) and submit your working draft or ideas a day in advance to [NYU Florence Writing Center](#). Drop in for a consultation M-Th, but remember that appointments are given priority. Be assured that very rough drafts are welcome. Please note that we do not correct or "fix" your writing; instead we prompt you to think and work. Our aim is to create stronger writers in the long term, not necessarily perfect papers in the short term

Required Text:

Libby-Libby-Hodge, *Financial Accounting*, McGraw-Hill, 9th Global edition (isbn 978-1-259-25412-3) You may find the book in the following bookstore:

International bookshop

[La Feltrinelli](#)

Via de' Cerretani 30/32r - 50123

Firenze Tel: 055 2382652

Fax: 055 288482

firenze.international@lafeltrinelli.it

or you can opt for the e-book version.

Copies of each textbook are available for consultation and short term loans in the [Villa Ulivi Library](#). Extra copies of some textbooks are also available for semester long loans. For more information please consult [Books and Course Materials](#).

Supplemental Texts(s):

- Selected readings from business media.

- Web page for the course on the NYU Classes, where announcements for supplementary required readings will be posted.

Internet Research Guidelines:

The careful use of internet resources is encouraged and a list of recommended websites will be given. Failure to cite internet and other non-traditional media sources in your written work constitutes plagiarism.

Class Assignments and Topics:

Session 1 - [09/04]

Financial Accounting and business decisions

HMWK: E1-4, E1-5, E1-6, P1-1 (homework is always due by consecutive Monday 9.00 am)

Read: Ch 1 pp. 2-22; Ch 2 pp. 42-74; Articles: "*Citigroup bonus package*" + "*Citigroup shareholders in rebellion over executive pay*" (readings are discussed in the consecutive session)

Session 2- [09/11]

Investing and financing decisions and the balance

sheet HMWK: E2-12, P2-5, CP2-3, CP2-7

Read: Ch 3: pp. 102-135; Article: "*Fraud suit names...*"

Session 3-[09/18]

Operating decisions and the income statement

HMWK: E3-7, E3-10 (only questions 1,2,3), E3-11, CP3-4

Read: Ch 4: pp. 160-189; Article: "*The myth of smooth earnings*"

Session 4 - [09/25]

The adjustment process and financial statement

preparation HMWK: P4-3, P4-5, P4-7 + I Mid

preparatory exercises

Read: Ch 12: pp 600-625; Ch 6: pp. 282-298 (readings will be discussed in session 6)

Session 5- [10/02]

1st Mid-term exam concerning Sessions 1-4 (class hours)

Session 6- [10/09]

Statement of cash flows; Reporting and interpreting sales revenue and

receivables HMWK: E6-3, E6-8, E6-12, E12- 7, P12-2

Read: Ch 7: pp. 332-357; Article: *Deutsche Bank balance sheet*

Session 7- [10/16]

Reporting and interpreting cost of goods sold and

inventories HMWK: E7-7, E7-12, CP7-3, CP7-6

Read: Ch 8: pp. 388-426; Article: *The secret behind those profit jumps*

Session 8 - [10/23]

Reporting and interpreting property, plant and equipment and

intangibles HMWK: E8-1, E8-9, E8-16, E8-24, E8-20 + II Mid

preparatory exercises

Read: Ch 9: pp. 458-487; Article: *The Microsoft-LinkedIn Deal Proves We Overvalue Goodwill*

Session 9 - [11/06]

Reporting and interpreting liabilities

HMWK: E9.5, 16, 17, 18, P9.12, CP9.3 (req.1,2) (this homework is due by Nov 21,

9.00 am) Read: Ch 10: pp. 506-536; [Video](#) (readings will be discussed in session 11)

Session 10 - [11/13]

2nd Mid-term exam concerning Sessions 6-8 (class

hours) Team project kick-off

Session 11 - [11/20]

Reporting and interpreting bonds

HMWK: E10-4, E10-20, P10-6, CP10-4,

CP10-5 Read: Ch 11: pp. 554-580

Session 12 - [11/27]

Reporting and interpreting owners'

equity HMWK: E11-3, 16, 18; CP11-3

Read: Appendix A: A0-A25

Session 13 - [12/04]

Reporting and interpreting investments

HMWK: EA 7, 10; PA-7 + Final preparatory

exercises Team project discussion

Session 14 - [Enter date]

Final Exam concerning Sessions 9, 11-13 (class hours)

Session 15 - [Enter date]

A guest speaker lecture outside of class time will be organized and communicated during the semester.

Classroom Etiquette

- Eating is not permitted in the classrooms. Bottled water is permitted.
- Cell phones should be turned off during class time.
- The use of personal laptops and other electronic handheld devices are prohibited in the classroom unless otherwise specified by the professor.
- We recycle! So keep it green! Please dispose of trash in the clearly marked recycle bins located throughout the on campus buildings

Suggested Co-curricular Activities

Suggested optional co-curricular activities will be announced in class and/or via email by the professor throughout the semester.

Your Instructor

Giovanni Liberatore is full professor in Accounting and Business Administration at the University of Florence. He received a Ph.D. in Accounting and Business Administration from the University of Pisa in 1992. He is adjunct professor of financial accounting at NYU in Florence and adjunct professor of management control at LUISS Business School in Rome. He is Certified Public Accountant and Certified Auditor in Italy since 1992. He published several papers and books about financial disclosure, intangibles valuation and managerial accounting.

He has participated at several research projects concerning corporate valuation, management control in public service entities, cost and benefit analysis. Research and consultancy services have concerned hospitality, health and care, insurance, fashion, real estate and tourism industries.