

SYLLABUS
ACCOUNTING AND FINANCE FOR LAWYERS

INTRODUCTION:

Prof. Amanda B. Shaked
Email: amanda.shaked@gmail.com
Hofstra Secretary's Name and Room #:
Tuesday/Thursday 2:10pm-3:30pm
Upper Level Class

OBJECTIVE:

The objective of this course is to develop basic accounting and finance skills, and to use these skills to gain a better understanding of the financial conditions of organizations and the environments in which they operate, and to incorporate this subject matter with the practical and analytical skills necessary for the practice of law.

ASSIGNED TEXT:

Introductory Accounting, Finance and Auditing for Lawyers, by Lawrence A. Cunningham, 6th Edition, West Publishing

Also recommended: Law in A Nutshell: Accounting and Finance for Lawyers, Meyer, 5th Edition, 2013.

SUGGESTED: Subscribe to the Wall Street Journal and read daily.

ATTENDANCE AND PREPARATION: The rules of the New York State Court of Appeals, the American Bar Association, and the Law School all require law students to be in good and regular attendance in the courses for which they are registered. To comply with these rules, you must attend at least 85% of your regularly scheduled classes. A student enrolled in a three-credit course may thus miss no more than two 120-minute class sessions (in other words, two regularly scheduled classes)

I will provide sign-in sheets for each regularly scheduled class, which shall be the dispositive evidence regarding your absence from a given class. Each student is responsible for signing in. Falsification of sign-in sheets is a violation of the Code of Academic Conduct.

If you exceed the permitted absences by failing to sign in, you will be administratively withdrawn from the course. No prior notice may be given, and you will receive notification from the Office of Academic Records indicating the withdrawal. Any such withdrawal may have serious ramifications for your financial aid, academic standing, and date of graduation. If you are excessively absent from several classes, you may face additional sanctions, including but not limited to denial of certification of good and regular attendance to the New York State Board of Law Examiners, or other state bar examiners.

If you believe you must be absent from class for more than the permitted number of classes, you should contact the Office of Student Affairs as soon as possible. Accommodations will be made for students who must be absent for religious reasons and in cases of truly compelling hardship. Any request for an exception made to the Office of Student Affairs must be accompanied with appropriate documentation.

LATENESS: Students are expected to be on time to class. However, it is better to come to class late than not at all. You may walk in late if you have a good reason, as long as you don't abuse this privilege.

EXPECTED STUDENT WORKLOAD: The American Bar Association requires that you spend at least six hours per week outside of class studying for this 3-credit course. This is an average amount of time required for out of class work per week over the course of the semester. The time you will spend throughout the semester reviewing the readings below and working through the problems, and completing the final (and likely exceed) that time commitment. This is in addition to the two hours and forty minutes per week of class time.

COMPUTERS: Computers are to be used during class for taking notes and no other purpose. They are not to be used to "surf the net" or send email or instant messages. Violations of this rule may lead to you being prohibited from using a laptop during class.

COMMUNICATIONS: The best way to communicate with me is by email. I will get back to you within 24 hours. While I do not maintain regular office hours, if you need to speak with me in person, we can set up an appointment either before or after class.

EXAMINATION AND GRADES: This course will be graded on the regular A-B-C grading scale. The grade will be based mainly on the final exam, which will probably be a combination of essays, true-false questions, problem solving and perhaps some short answers. The exam will be a twenty four (24) hour take home exam. The exam will be open book.

"TWEN" (The West Education Network): I have set up a course page for this class on TWEN. TWEN gives me a quick way to reach all of you with any announcements, Syllabus

changes, handout materials, interesting links, etc. It also gives me a way to extend class discussion beyond the classroom hours. *You must register for this course on TWEN by August 24, 2017.*

Week 1:

Cunningham, pp.3-30

Class 1- August 22, 2017:

Introduction to Course: Its Purpose and Scope

What is Accounting? What is Finance? What is Auditing? How are they different? How do they overlap?

Why do lawyers need to understand financial accounting?

When is accounting information utilized?

Class 2- August 24, 2017:

Business in the real world

Basic business concepts and terminology

Financial accounting vs. other types of accounting

Readings for next week: Cunningham pp. 31-53.

Class 3-August 29, 2017:

Introduction to Bookkeeping

The Balance Sheet

The Fundamental Equation

Assets; Liabilities; Owner's Equity

Debits/Credits (Left side/Right Side)

Journal entries

T accounts

Balance Sheet accounts defined

Work with entries and T account examples.

Readings for next week: Cunningham, pp. 55-91

Assignments for next week, Prob. 2 A (p. 41) and Prob. 2B (p. 52)

Class 4- August 31, 2017:

Work through Problem 2A in class

Discussion of the Income Statement

How does the Income Statement relate to the Balance Sheet

Working with Revenue and Expense Entries and T Accounts.

Recap of Balance Sheet and Income Statement
Discussion of Extraordinary Items, and other Comprehensive Income
Introduction to Statement of Changes in Owner's Equity

Class 5-September 5, 2017:

Work through Problem 2B in class.
Revisit the discussion on how accounting and bookkeeping differ.
Introduction to Accrual Accounting
Accrual Accounting/ Deferred Expenses/Inventory

Readings for next week: Cunningham, pp.93-115, 117-152.
Assignments for next week, Prob. 3 (p.67) and Prob. 4B (p. 90)

Class 6-Septmeber 7, 2017:

Work through Prob. 3 in class
Accrual Accounting/Deferral of Expenses/Depreciation

Class 7-September 12, 2017:

Work through Problem 4B in class
Depletion, Intangibles, Goodwill
Deferral of Revenue

Readings for next week: Cunnigham, pp. 153-173, pp. 215-233
Assignment for next week, Prob. 5 (p. 113)

Class 8-September 14, 2017:

Work through Problem 5 in class
Accrual Accounting: Accrual of Expenses and Revenue.

Class 9- September 19, 2017:

Discussion of the "Cash Cycle"
Discussion of the Statement of Cash Flows
Relating the Statement of Cash Flows to the Income Statement

Reading for next week: Cunningham, pp. 175-214
Assignments for next week: Problem 7B (p.172) and Problem 9A (p. 239)
*to do this problem, use the facts from Prob. 6 (p.149) and the skills you developed from solving Problem 4B.

There is no class on September 21, 2017/ Rosh Hashanah

Class 10-September 26, 2017:

Work through Problem 7B in class
Why Net Income can be deceptive- what net income does not show.
Discussion of the critical concepts behind cash flow.
Work through Problem 9A in class

Class 11- September 28, 2017:

How to analyze a Financial Statement

Why lawyers need to understand how to analyze and prepare financial statements.

Ratio analysis: the common ratios, who uses them and why.

How do we define profit?

Introduction to the Cost of Capital

Common size analysis and industry standards.

Understanding leverage

Reading for next week: Cunningham, pp. 353-407

Assignments for next week: Problem 8 (p. 211), and Problem 9B (p.239).

Class 12- October 3, 2017:

Work through Problem 8 in class

Continuation on our discussion of Financial Analysis

Understanding the footnotes to the financial statements.

The Auditor's Report

The M.D.& A.

Class 13- October 5, 2017:

Working through Problem 9B in class.

Discussion of Auditing

GAAS

What does Auditing entail?

Understanding Internal Controls and Accurate Records. What are they and why are they important in auditing?

FCPA; SEC; Sarbanes-Oxley

Reading for next week: Cunningham, pp. 409-453.

Class 14- October 10, 2017:

Discussion of the Role of an Auditor

Auditor Liability

Sarbanes-Oxley and auditors, Board, Corporate Officers and Attorneys.

The Role of the Attorney.

Class 15- October 12, 2017:

Common accounting shenanigans

What are the red flags to look for?

Class 16-October 17, 2017:

Accounting in Practice (see handout)

What role does accounting play in Matrimonial Law?

Class 17-October 19, 2017:

Accounting in Practice
What role does accounting play in Real Estate Law?

Class 18- October 24, 2017:

Accounting in Practice
What role does accounting play in the negotiating and drafting of contracts?

Class 19-October 26, 2017:

Introduction to Finance/Understanding the Basic Principles
What is the time value of money?
Discussion of discount rates
 Introduction and basic calculations

Readings for next week: Cunningham, pp. 117-127, 269-296.
Assignment for next week: Problem 10 (p. 265)

Class 20- October 31, 2017:

The “Engineering Economics.”
Variations on the time value of money theme
ROI, IRR, Amortization, Annuities, Sinking Funds, Payback Periods

Class 21- November 2, 2017:

Working through Problem 10 in class
Valuation of Securities: Introduction/Revisiting the time value of money.
Accounting for securities, an exception to the rule of historical cost.

Assignment for next week, Problems 11 A, and 11C (pp. 295, 296)

Class 22- November 7, 2017:

Working through Problems 11A, and 11C in class

Class 23- November 9, 2017:

Money: What is it?
Discussion of Credit
The Banking System
Interest rates
Common financial instruments

Readings for next week: Cunningham, pp. 233- 239, 297-321.

Class 24- November 14, 2017:

Discussion of Inflation. What are the causes, effects, implications for accounting, implications for valuation?
Further discussion of securities valuation.
Accounting for securities.

Class 25- November 16, 2017:

Financial Markets- overview and discussion of the major markets
Discussion of Market Regulation
How well do markets value?
Efficient markets theory.

Class 26- November 21, 2017:

Overview of Basic Statistical Theory
Introduction to Portfolio Theory

Readings for next week: Cunningham, pp 127-131, 135-149

Assignment for next week: Problem 12 A (p. 319)

No class on November 23, 2017/ Thanksgiving

Class 27- November 28, 2017:

Work through Problem 12 A in class
Risk
Shifting and spreading risk: old and new techniques
Derivatives: concepts and uses
Common derivatives
Regulation of derivatives

Class 28- November 30, 2017:

Last Class
Whether to lease or buy
“Off- Balance Sheet Financing”
Equity accounting for ownership
Operating Leases
Variable Interest Entities
Summary of Course
Review for Final Exam