



GSBA 510 – Accounting Concepts and Financial Reporting

Course Syllabus

Master of Science in Finance – Summer 2016

Section – 15594; Location – JKP 212

Class Sessions – M & W: 9:00 – 11:45 am

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Office Hours: M&W: 11:45 am – 12:15 pm; and by appointment

Course Description

This course will provide you with a working knowledge of the fundamentals of financial accounting by introducing you to the underlying concepts and practical applications of basic accounting principles and techniques. The primary reasons you are taking this course at the beginning of your graduate finance career here at USC are:

- 1) The fundamental purpose of financial accounting is to provide quantitative information to knowledgeable readers for decision-making purposes.
- 2) Financial accounting systems focus on providing information about a variety of business events to external users, such as investors and bankers, so they can determine if / how / when they want to be involved with an organization.
- 3) Finance professionals must understand what financial accounting systems are telling them (or in some cases not telling them) in order to make sound business decisions.

To that end, this course focuses on one of the major accounting specialties, financial accounting. Other accounting specialties, such as tax accounting, management accounting, consulting and audit, may be touched upon, but will not be a primary focus of course discussions.

More specifically, you will be responsible for the following activities:

- Discussing the rules, conventions and approaches used in the preparation of financial statements;
- Gaining an understanding of the core concepts of financial reporting;
- Applying the rules, conventions and concepts to business transaction sets to understand the impact individual transactions can have on financial statement presentation;
- Developing the skills to analyze financial statements;
- Investigating various public sources of financial information used in capital markets; and
- Considering the usefulness and limitations of financial statements and their analysis in specific decision contexts.

Although the course will include moderately technical descriptions of financial accounting concepts and demonstrations of key techniques, please remember the primary objective is to help you become an educated user (rather than the preparer) of accounting information. Lastly, this course is intended for those with limited, or no, prior business coursework so do not panic when you think everyone else in the room 'gets it' while you don't... my guess is you're not alone.

Learning Objectives

Upon completion of this course, you should be able to:

- Demonstrate proficiency in applying GAAP rules and conventions in the preparation of financial statements by being able to properly record business transactions and construct the primary financial statements for a publicly traded firm.
- Describe the typical structure, organization, and information contained in publicly available sources of accounting information (for example, annual reports, 10-Ks, and 10Qs) by performing an analysis and developing a report based on a major public company.
- Demonstrate the ability to construct, compare and contrast accounting measures of operating returns and risks from publicly available financial reports by calculating appropriate metrics and answering questions.
- Demonstrate the ability to construct an analysis of financial statements and draw meaningful inferences concerning profitability, liquidity, and solvency for a publicly traded firm by calculating appropriate metrics and answering questions.
- Understand and describe management's financial reporting choices and likely motivations by reconciling accounting principles and conventions sometimes leveraged to maximize operating results or financial position by performing analysis and answering questions.
- Understand the differences in international reporting standards by listing and explaining at least three major differences between US GAAP and selected IFRS standards.

To achieve these learning objectives, a combination of background reading, interactive discussion / lecture and practice problems will be utilized. Please note, the most important word in the sentence above is "interactive." The reason is that research on learning indicates it is very difficult to gain anything more than a superficial understanding of material without practice and feedback. Therefore, you should expect our class sessions to incorporate a substantial amount of both.

To demonstrate your achievement of the learning objectives stated above: 1) you will be required to demonstrate your knowledge by individually working problems during quizzes and exams; and 2) you may be asked to complete in class group assignments on an ad hoc basis at the professor's discretion.

Required Materials

The following books and support materials are available in the bookstore:

- Required – *Financial Accounting*, 5th Ed. by Dyckman, Hanlon, Magee & Pfeiffer, Cambridge (978-1-61853-165-0)
- Background Material – Internet Supplemental Undergraduate Class: Principles of Accounting; Larry M. Walther Professor at Utah State University;
<http://www.principlesofaccounting.com/> (WALTHER)
- Supplemental Material – *Accounting Standards Codification* (ASC) that can be accessed using the instructions on the Blackboard site for this course. The ASC represents the authoritative standards that, in large measure, constitute Generally Accepted Accounting Principles ("GAAP").

Feel free to purchase the required text online as this can result in some cost savings. However, if you choose to purchase the book or materials online, please be aware that you are responsible for making alternative arrangements for completing all readings and advance preparation until the books arrive.

Course Notes

Information for this course, including assignments, solutions and other resources, will be posted on the USC Blackboard Course Pages under

<https://blackboard.usc.edu/>.

If you have any questions or need assistance with the Blackboard Course Pages, please contact the Marshall Help Desk (Hoffman Hall Room 300, 213-740-3000 or HelpDesk@marshall.usc.edu).

Grading Policies

Your grade in this class will be determined by your team's relative ability to produce high-quality client deliverables, your relative performance at contributing to those deliverables, and class participation. The total class score will be weighted as follows:

	Points	Weight	
Exam I	100	30%	(Individual)
Exam II	100	40%	(Individual)
Quizzes (highest 1 of 2)	20	5%	(Individual)
Participation	10	10%	(Individual)
In-class Exercises	TBD	5%	(Group)
Company Analysis	10	10%	(Group / Individual)

After each student's weighted total points are determined for the semester, letter grades are assigned on a curve according to Marshall School of Business grading guidelines.

Final grades represent how you perform in the class relative to other students. Your grade will not be based on a mandated target, but on your performance. Historically, the average grade for this class is about a 3.3 (i.e., B+). Three items are considered when assigning final grades:

1. Your score for each of the items above weighted by the appropriate factor and summed.
2. Your overall percentage score for the course.
3. Your ranking among all students in the course taught by your instructor during the current semester.

Assignments and Grading Detail

Expectations regarding your performance on deliverables, presentations, assessments, and participation are as follows:

Exams

Exams may include: multiple-choice questions, short answer / brief essay questions, exercises, and problems. Preparing for exams involves dedication and ends only when you can: 1) identify the relevant issues in a given business situation; 2) analyze the data and transform it into information to be used in a comprehensive answer; and 3) explain what you did using techniques demonstrated in class. The best bet for success involves a number of steps. First, is making sure you do the advanced preparation for each class session. Second is reworking problems done in class and trying other / additional problems. Third is making sure you ask questions in a real-time manner to solidify your understanding of the material as we go, rather than trying to 'get it' right before an exam. Remember, on exams you will be required to perform all work (e.g., problem setup, solution generation, and answer presentation) on your own.

The exam dates for this fall are as follows:

Exam I	Wednesday	June 22 nd
Exam II	Wednesday	July 20 th

During the semester, each exam is returned no more than one week after you complete it. After the exam is returned there is a one-week reflection period and then you will have one week to discuss your grade. After this time, grades on tests become final. All other grades are final once given.

Marshall School of Business policy is you cannot miss exams without a serious, compelling and properly documented emergency. In addition, to the extent possible you must inform the instructor of the emergency prior to the exam (I understand this is not always possible). If you miss an exam for something other than a serious emergency and / or you cannot provide documentation, you will

receive a zero grade for the exam. If there is a serious emergency, you can provide proper documentation and (when possible) have notified me before the exam, a substitute grade is calculated based on the normalized average of your remaining future exams.

Quizzes

Quizzes may include multiple-choice questions, exercises and problems. Quizzes are provided one 'class week' before each exam (including the final) and are designed to prepare you for the upcoming exam. You can best prepare for them by keeping up with the work in class, reworking preparation problems and problems we have done in class, and trying other problems. There are no make-up quizzes as only the two highest raw scores is used to generate the quiz component of the total score.

Participation

In business, it is impossible to describe the importance of clear communication. Signs of poor communication are easy to see: team members fail to speak up; team deliverables fail to meet expectations; project / work milestones fail to be met; companies fail to achieve profits / clients fail to pay bills and provide references; careers fail to continue... note the common theme. In short, active participation from each class / team member is essential for your success. It is not enough to "make" every class or meeting and "help" with each deliverable. It is necessary for each of you to contribute for the class to achieve effective results.

To help to facilitate class participation, each class session has background reading and preparation problems you should read and review in advance. During class sessions, our time will be used to discuss the topic and attempt to develop an actionable / real world based financial accounting solution to address the issue, opportunities or requirement (i.e., directive) the topic presents. These discussions can include thoughts and examples from the book, current events, or your experience. To maximize your score, you should take the initiative and be prepared to contribute to a number of these discussions throughout the course. Note, these you are not required to provide a formal presentation of the material or the answers, but rather to simply raise questions and be prepared to discuss related issues as part of the overall learning experience.

In terms of grading, class participation will primarily fall into three categories (this is not to say there will be only three grades, but few people will fall outside them). Category one, you come to every class session, sit attentively, take wonderful notes and absorb everything said... If this is you, then you will earn no participation points. Category two, you come to class every day and contribute something every couple of classes that helps us all (including me) become more knowledgeable about financial accounting... If this is you, then you will earn half the total participation points. Category three, you come to class every day and contribute positively during every session... If this is you, then you will earn the maximum participation score. Note, it does not say "talk" anywhere in this paragraph, it says "contribute."

You can get feedback on your classroom participation at any time during the semester; simply ask me how you are doing. Just so you know, when you ask, my first response will be to ask you how you think you are doing (accurate self-evaluation is extremely important to your long-term success). After you answer honestly, we will talk about my impressions and the steps you can undertake to improve your standing.

In-class Exercises

During most classes, unannounced exercises will allow you to apply the skills you acquire during class. The intent is to provide you with the kind of material you should expect to see on exams. These exercises can be completed by ad hoc groups, of four members or less, using any course materials present (i.e., open book / open notes). You earn points by completing the exercise based on the proper application of the techniques covered during class discussion. There are no make-ups or alternative assignments for these exercises.

Company Analysis

The Company Analysis will require you to work in teams to leverage the material learned during the semester to analyze public company. The project will be handed out during the semester. It is a research / analysis based assignment that will require your team to produce a report by answering specific questions about a public company. You will document your results by delivering a professional / high quality copy of the report as indicated in the class schedule.

“Individual” points are earned as the team’s score is ‘weighted’ by your team members’ assessment of your contribution. The information is obtained from peer evaluation forms that must be turned in to me no later than three days after the final exam is scheduled. The outcome is your score can be significantly different from the team score depending upon your team’s evaluation of your contributions throughout the semester.

Please note:

1. All deliverables (including exams) are assessed / graded based on professional standards. This includes grammar, spelling, organization, neatness, format and overall presentation. In all circumstances you are to treat what you produce in this class as executive oriented. This means that all deliverables should be prepared in a manner that would facilitate management review and acceptance (not just as a class assignment for your professor). This year will go by fast, so you may as well get used to producing professional results. ☺
2. Deliverables are due at the end of the applicable class period or as indicated in the attached schedule; no late deliverables will be accepted. All returnable deliverables will be returned during class within a calendar week. Those materials not picked up in class will be available for pickup in the instructor’s office, during normal office hours, until the end of the semester. Any returned materials not picked up by the end of the semester will be discarded after the last class session.
3. The instructor will retain all exams, team projects and peer evaluations for at least one semester following submission of the final course grade.
4. All work turned in or discussed during this class should be the work of the individual or team representing the work. In general, collaboration with students outside your team will be considered a violation of university policy unless the instructor gives prior approval. On the other hand, consultation with appropriate professionals outside the university is encouraged.

MARSHALL GUIDELINES

Learning Goals

In this class, emphasis will be placed on the USC Marshall School of Business learning objectives as follows:

Objective	Title	Description	Course Emphasis
1	Integration of Business Disciplines	Our graduates will develop a strategic level of understanding of the key functions of business and be able to comprehend the relationships between the core business disciplines in order to <i>make holistic judgments and decisions in analyzing business situations.</i>	Medium
2	Global Perspective	Our graduates will develop a global mindset and a competitive edge in this interdependent, fast-changing, diverse and volatile world through structured educational opportunities. They will acquire knowledge, both theoretical and practical as well as experiential, about America and the rest of the world, and the economic/financial interdependencies that signify current geopolitical, economic and financial relationships that impact business decisions so as to <i>make a difference in the world.</i>	Low
3	Critical Thinking Skills	Our graduates will demonstrate critical thinking skills by making the intellectual connection between quantitative and qualitative tools, theories and context to provide the basis for <i>proper and effective problem solving and decision-making as well as the development of new and innovative business opportunities to strategically navigate the complex demands of the current and dynamic national and international business environments.</i>	Medium
4	Leadership	Our graduates will develop people and leadership skills by demonstrating self-awareness, emotional intelligence, curiosity, visionary and strategic thinking, teamwork, reflection and knowledge transfer skills to promote their effectiveness as <i>business managers and leaders.</i>	Low
5	Ethical Principles and Professional Standards	Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities and <i>aspire to add value to society</i>	Medium
6	Communication	Our graduates will be effective communicators to <i>facilitate information flow in organizational, social, and intercultural contexts.</i>	Low

Retention of Graded Coursework

Graded work that has not been returned to you will be retained for one year after the end of the semester. Any other materials not picked up by the end of the semester will be discarded after final grades have been submitted.

Technology Policy

Laptop and Internet usage is not permitted during academic or professional sessions unless otherwise stated by the professor. Use of other personal communication devices, such as cell phones, is considered unprofessional and is not permitted during academic or professional sessions. Upon request, all electronic devices in your possession (e.g., cell / smart phones, tablets, laptops, etc.) must be completely turned off and / or put face down on the desk in front of you. In addition, at certain times (i.e., during exams), you might also be asked to deposit your devices in a designated area in the classroom. Video recording of faculty lectures is not permitted due to

copyright infringement regulations. Audio recording is only permitted if approved in advance by the professor. Use of any recorded or distributed material is reserved exclusively for the USC students registered in this class.

Recordings

No student may record any lecture, class discussion or meeting with the professor without the professor's prior express written permission. The word "record" or the act of recording includes, but is not limited to, any and all means by which sound or visual images can be stored, duplicated or retransmitted whether by an electro-mechanical, analog, digital, wire, electronic or other device or any other means of signal encoding. The professor reserves all rights, including copyright, to lectures, course syllabi and related materials, including summaries, PowerPoints, prior exams, answer keys, and all supplementary course materials available to the students enrolled in this class whether posted on Blackboard or otherwise. They may not be reproduced, distributed, copied, or disseminated in any media or in any form, including but not limited to all course note-sharing websites. Exceptions are made for students who have made prior arrangements with DSP and the professor.

Statement for Students with Disabilities

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to the professor as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m. – 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. For more information visit www.usc.edu/disability.

Statement on Academic Conduct and Support Systems

USC seeks to maintain an optimal learning environment. General principles of academic honesty include the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one's own academic work from misuse by others as well as to avoid using another's work as one's own. All students are expected to understand and abide by these principles. SCampus, the Student Guidebook, (www.usc.edu/scampus or <http://scampus.usc.edu>) contains the University Student Conduct Code (see University Governance, Section 11.00), while the recommended sanctions are located in Appendix A.

Students will be referred to the Office of Student Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at: <http://www.usc.edu/student-affairs/SJACS/>. Failure to adhere to the academic conduct standards set forth by these guidelines and our programs will not be tolerated by the USC Marshall community and can lead to dismissal.

Academic Conduct

Plagiarism – presenting someone else's ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Section 11, Behavior Violating University Standards (<https://scampus.usc.edu/1100-behavior-violating-university-standards-and-appropriate-sanctions/>). Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct (<http://policy.usc.edu/scientific-misconduct/>).

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the Office of Equity and Diversity (<http://equity.usc.edu/>) or to the Department of Public Safety (<http://capsnet.usc.edu/department/department-public-safety/online-forms/contact-us>). This is important for the safety whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report, or can initiate the report on behalf of another person. The Center for Women and Men (<http://www.usc.edu/student-affairs/cwm/>) provides 24/7 confidential support, and the sexual assault resource center webpage (sarc@usc.edu) describes reporting options and other resources.

Support Systems

A number of USC's schools provide support for students who need help with scholarly writing.

Check with your advisor or program staff to find out more. Students whose primary language is not English should check with the American Language Institute (<http://dornsife.usc.edu/ali>), which sponsors courses and workshops specifically for international graduate students. The Office of Disability Services and Programs (http://sait.usc.edu/academicsupport/centerprograms/dsp/home_index.html) provides certification for students with disabilities and helps arrange the relevant accommodations

Emergency Preparedness / Course Continuity

If an officially declared emergency makes travel to campus infeasible, USC Emergency Information (<http://emergency.usc.edu/>) will provide safety and other updates, including ways in which instruction will be continued by means of blackboard, teleconferencing, and other technology. USC's Blackboard learning management system and support information is available at blackboard.usc.edu.

For additional information, you may use any of the following:

USC Emergency – (213) 740-4321
USC Emergency Information – (213) 740-9233
USC Information – (213) 740-2311
KUSC Radio – 91.5 FM

Schedule of Classes

Session	Date	Topic	Reading	Preparation*
1	6/1	Introduction to Financial Accounting	Ch 1	1-36, 1-37, 1-40, 1-46, 1-47
2	6/6	Constructing Financial Statements	Ch 2	2-35, 2-39, 2-45, 2-48, 2-49, 2-57, 2-62, 2-67
3	6/8	Adjusting Accounts for Financial Statements	Ch 3	3-22, 3-24, 3-32, 3-35, 3-40, 3-44, 3-45, 3-53
4	6/13	Reporting and Analyzing Cash Flows	Ch 4	4-26, 4-31, 4-33, 4-42, 4-46, 4-51
5	6/15	Analyzing and Interpreting Financial Statements	Ch 5	5-19, 5-20, 5-36, 5-37, 5-41
6	6/20	Reporting and Analyzing Revenues, Receivables, and Operating Income	Ch 6	6-30, 6-31, 6-33, 6-34, 6-36, 6-39, 6-50
7	6/22	Exam I		
8	6/27	Reporting and Analyzing Financial Investments	Ch 12	12-20, 12-24, 12-30, 12-32, 12-39
9	6/29	Reporting and Analyzing Inventory	Ch 7	7-13, 7-15, 7-26, 7-27, 7-28, 7-29, 7-32
10	7/6	Reporting and Analyzing Long-Term Operating Assets	Ch 8	8-22, 8-24, 8-25, 8-28, 8-30, 8-31, 8-32, 8-34, 8-35
11	7/11	Reporting and Analyzing Liabilities	App A Ch 9	9-19, 9-38, 9-39, 9-42, 9-44, 9-45, 9-50, 9-52, 9-54
12	7/13	Reporting and Analyzing Leases, Pensions, and Income Taxes	Ch 10	10-13, 10-22, 10-35, 10-37, 10-41, 10-43
13	7/18	Reporting and Analyzing Stockholders' Equity	Ch 11	11-40, 11-42, 11-43, 11-49, 11-50, 11-51 Team Project Due
14	7/20	Exam II		

* All preparation problem answers will be available on Blackboard at the conclusion of each class. Please note, in class activities may leverage other problems and not all preparation problems are covered in class.