

GSBA 510: Accounting Concepts and Financial Reporting
MSF Program
Summer 2018

Instructor

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Class Meetings: Section 15594 Monday/Wednesday 2.30pm – 4.55 pm – 110 JKP
Office Hours: KR Monday/Wednesday 4:00 – 6:00 pm (HOH 821)
Satish Tuesday/Thursday 4.00 – 6.00 pm (HOH 821)

COURSE DESCRIPTION AND OBJECTIVES

Course Description

Corporate financial statements are arguably the most important source of information about a firm's financial performance/position to investors and other external stakeholders. These financial statements are prepared in accordance with *generally accepted accounting principles (GAAP)* formulated by regulatory bodies. Developing an understanding and an appreciation of financial accounting rules and techniques that forms the basis for the financial statements is crucial for anyone in the world of business and finance. Indeed, financial accounting could be called the “language” of business, at least in financial terms, and therefore an understanding of financial accounting is the starting point for business and financial literacy.

This course will focus on understanding the identification, measurement, and the recording of business transactions in the financial statements, and more crucially on how we can use the financial statement information in the analysis and appraisal of business performance. However, being an introductory course, we will cover the basic vocabulary and mechanics of financial accounting through the text, problems and cases.

Course Objectives

This course is designed to provide a working knowledge of the fundamentals of financial accounting. We will pursue this objective by:

- i. covering rules, conventions, and approaches used in preparation of financial statements,
- ii. understanding the core concepts of financial reporting,
- iii. developing the skills to analyze financial statements,

- iv. investigating various public sources of financial information used in capital markets, and
- v. considering the usefulness and limitations of financial statement analysis in specific decision contexts.

With these objectives, we investigate the following topics:

- i. concepts, principles, and methods (GAAP & IFRS)
- ii. financial statements (balance sheet, income statement, & cash flow statement),
- iii. assets (current assets, PP&EQ, & Intangible assets),
- iv. equities – liabilities (current & long-term) and stockholders' equity, and
- v. analysis of financial statements.

Learning objectives

- A. Mechanics of financial accounting
 - a. All students will be proficient in applying GAAP rules (US GAAP and IFRS) to record economic transactions.
 - b. All students will be able to construct the primary financial statements for a publicly traded firm from trial balances/transactions.
 - c. A majority of the students will understand the basic accounting for special topics of interest to finance practitioners such as bonds, financial securities, and mergers & acquisitions.
 - B. Understanding and analyzing financial statements
 - a. All students will be familiar with reading and understanding financial statements and other information contained in publicly available sources of accounting information (for example, annual reports, 10-Ks, and 10Qs).
 - b. Most students will be able to understand and appreciate differences in financial statements across different industries, for example across manufacturing, service and financial sectors
 - c. All students will be able to analyze financial statements and draw meaningful inferences concerning profitability, liquidity, and solvency for a medium size publicly traded firm.
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COURSE MATERIALS

Course Materials

a. Required Text

Introduction to Financial Accounting 11th Edition by Horngren, Sundem, Elliot, Philbrick (HSEP)

b. USC Blackboard Course Pages

All information for this course, including announcements, 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 POLICY

Grade Determination

The course grade is based on the following:

1.	Homework	10%
2.	Class Participation	10%
3.	Group Projects	10%
4.	Mid-Term Exam	30%
5.	Final Exam	<u>40%</u>
	Total	<u>100%</u>

Retention of Graded Work

Retained paperwork (unclaimed by students) will be discarded after December 31, 2019.

CLASS SCHEDULE

#	Date	Topic	HSEP	ASSIGNMENTS
1	6/4	- Overview - Introduction to Financial Statements	Ch. 1	CW: T-Shirt Example
2	6/6	- Accruals and Double Entry Accounting	Ch. 2	CW: Sierra Corp <u>GP # 1: Maria Hernandez</u>
3	6/11	- Accruals and Double Entry Accounting	Ch. 3, 4	CW: Husker Auto Glass HW: HSEP 2-48
4	6/13	- Statement of Cash Flows	Ch. 5	CW: Rosenberg Co. HW: HSEP 4-39,3-41
5	6/18	- The Operating Cycle: Revenue Recognition & Receivables	Ch. 6	CW: Operations Problems HW: HSEP 5-65, 5-66
6	6/20	- The Operating Cycle: Cost of Goods Sold & Inventory - Long-Term Assets: PP& E	Ch. 7	CW: NuVax Case HW: HSEP 6-68, 6-71, 7-56
8	6/27	- Inter-corporate Investments: Marketable Securities and Fair Value Accounting	Ch. 11	CW: Equity Investments Scenarios HW: HSEP 8-51, 8-72

#	Date	Topic	HSEP	ASSIGNMENTS
9	7/2	MID-TERM EXAM		
10	7/9	- Inter-corporate Investments: Consolidations	Ch. 11	CW: Equity Investments Scenarios
11	7/11	- Liabilities: Debt Instruments & Leases	Ch. 9	CW: Bond and Lease Problems HW: HSEP 11-39, 11-45, 11-47
12	7/16	- Liabilities: Operating Liabilities & Deferred Taxes	Ch. 9	CW: Deferred Tax Accounting HW: HSEP 9-61, 9-63
13	7/18	- Shareholder's Equity	Ch. 10	HW: HSEP 9-71, 9-78
14	7/23	- Financial Statement Analysis	Ch. 12	<u>GP # 2: TBD</u>
15	7/25	- Financial Statement Analysis	Ch. 12	HW: TBD

Notes

1. CW = Class Work, HW = Home Work, GP = Group Project, HSEP = Horgren, Sundem, Elliot, Philbrick – required text.
2. HW and GP to be turned in on the dates shown at the beginning of class.
3. CW is to be prepared for class discussion prior to class. Does not have to be turned in.
4. HW references to HSEP refer to assignment materials at the end of the respective chapters.
5. All items (other than those in HSEP) will be put up on Blackboard.

MISCELLANEOUS DISCLOSURES

Academic Integrity

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 the following website: <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.

No audio or video recording is permitted.

Statement of Academic Conduct and Support Systems

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 Part B, Section 11, "Behavior Violating University Standards" <https://policy.usc.edu/scampus-part-b/>. 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>.

Support Systems:

Student Counseling Services (SCS) - (213) 740-7711 – 24/7 on call

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention. <https://engemannshc.usc.edu/counseling/>

National Suicide Prevention Lifeline - 1-800-273-8255

Provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week. <http://www.suicidepreventionlifeline.org>

Relationship & Sexual Violence Prevention Services (RSVP) - (213) 740-4900 - 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender-based harm. <https://engemannshc.usc.edu/rsvp/>

Sexual Assault Resource Center

For more information about how to get help or help a survivor, rights, reporting options, and additional resources, visit the website: <http://sarc.usc.edu/>

Office of Equity and Diversity (OED)/Title IX compliance – (213) 740-5086

Works with faculty, staff, visitors, applicants, and students around issues of protected class. <https://equity.usc.edu/>

Bias Assessment Response and Support

Incidents of bias, hate crimes and microaggressions need to be reported allowing for appropriate investigation and response. <https://studentaffairs.usc.edu/bias-assessment-response-support/>

Student Support & Advocacy – (213) 821-4710

Assists students and families in resolving complex issues adversely affecting their success as a student EX: personal, financial, and academic. <https://studentaffairs.usc.edu/ssa/>

Diversity at USC – <https://diversity.usc.edu/>

Tab for Events, Programs and Training, Task Force (including representatives for each school), Chronology, Participate, Resources for Students