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

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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.

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 Marshal Help Desk (Hoffman Hall Room 300, 213-740-3000 or HelpDesk@marshall.usc.edu).

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**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 40%

Total 100%

**Retention of Graded Work**

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

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**CLASS SCHEDULE**

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<th>Topic</th>
<th>HSEP</th>
<th>ASSIGNMENTS</th>
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| 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  
GP # 1: Maria Hernandez |
| 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 |
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<tbody>
<tr>
<td>9</td>
<td>7/2</td>
<td>MID-TERM EXAM</td>
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<td>10</td>
<td>7/9</td>
<td>Inter-corporate Investments: Consolidations</td>
<td>Ch. 11</td>
<td>CW: Equity Investments Scenarios</td>
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<td>12</td>
<td>7/16</td>
<td>Liabilities: Operating Liabilities &amp; Deferred Taxes</td>
<td>Ch. 9</td>
<td>CW: Deferred Tax Accounting HW: HSEP 9-61, 9-63</td>
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<tr>
<td>13</td>
<td>7/18</td>
<td>Shareholder’s Equity</td>
<td>Ch. 10</td>
<td>HW: HSEP 9-71, 9-78</td>
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<td>14</td>
<td>7/23</td>
<td>Financial Statement Analysis</td>
<td>Ch. 12</td>
<td>GP # 2: TBD</td>
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<tr>
<td>15</td>
<td>7/25</td>
<td>Financial Statement Analysis</td>
<td>Ch. 12</td>
<td>HW: TBD</td>
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Notes

1. CW = Class Work, HW = Home Work, GP = Group Project, HSEPT = 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 HSEPT refer to assignment materials at the end of the respective chapters.
5. All items (other than those in HSEPT) 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](http://www.usc.edu/scampus) or [http://scampus.usc.edu](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/](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/](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](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/](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](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/](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/](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/](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/](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/](https://studentaffairs.usc.edu/ssa/)

**Diversity at USC – [https://diversity.usc.edu/](https://diversity.usc.edu/)**

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