

BUAD 280: Introduction to Financial Accounting

Section 14514: T/Th 12:30pm - 1:50pm PT

Section 14515: T/Th 2:00pm - 3:20pm PT

Section 14505: T/Th 3:30pm - 4:50pm PT

Spring 2023

Professor: Matthew Shaffer

Contact: mdshaffe@marshall.usc.edu

Office Hours: [TBA]

Course TAs:

Michelle Park (parkmm@usc.edu)

Rabbi Hou (rabbihou@usc.edu)

Maria Wang (wangyuwe@usc.edu)

Course Description and Format

This is the required intro financial accounting course for undergrad business majors at USC.

I have an extremely simple approach to teaching this course. I wrote down all the material I want students to learn into my own book, “Why are we doing this? The meaning of financial accounting,” available (for free) [here](#). That is what I teach in class, and that’s what I test students on. It’s that simple. My mantra for teaching is:

No mysteries, no surprises. My goal is not to keep my students in suspense, it is to make it as easy as possible for them to **master the most important concepts.**

My lectures cover the same material, in the same order, as my text, and, likewise, the homework and exam problems are just arithmetic applications of the core, key concepts that are emphasized in both. I do not require students to do the readings in advance—however, doing so will make it very easy for students to follow everything in lecture and master the material as we go. Students who are struggling should be able to fully remedy that by doing the reading with care. I have taught this course to 350 students and have never seen one exception to this rule.

This course provides a controllable, clear, and doable path to an A. Nothing in this course requires any special genius. What some students find challenging is that the course is *technical and cumulative*, with key material and terminology introduced in each lecture, and building sequentially. This means that it is hard—sometimes impossible—to catch up if you fall behind, and cramming just doesn’t work. In other words, what’s challenging about this course is managing your time and energy, and priorities, as a busy college student, to stay on top of the new key concepts, every single week, throughout.

Materials

Students are *not required to purchase any materials*. The main text for the course is my book, which is freely available on my website [here](#).

However, students are welcome to purchase a physical copy and/or digital access to the McGraw-Hill textbook. That book is a large, publisher-provided text, and, as such, provides more detail, more visuals, and practice problems, etc. My lectures and exam problem setups more closely follow my own text. But there should be no inconsistencies between the two texts. The McGraw-Hill text is available in the bookstore:

- Spiceland, D., Thomas, W., and Hermann, D. (2018). *Financial Accounting, 5th Ed.* McGraw-Hill Education
 - ISBN for Online Access + Online text (purchased through USC Bookstore): 9781264006762
 - ISBN for Online Access + Loose-leaf text (purchased through USC Bookstore): 9781264006182
 - ISBN for Online Access + Online text (purchased directly from McGraw): 9781264006663

Prerequisites and Recommended Preparation

Although there are no formal prerequisites for this course, regularly reading a general business periodical or newspaper's financial section will aid in your business education. USC students can get free access to the Wall Street Journal by going to <https://wsj.com/usc> and following the prompts. I also have a number of podcasts, newsletters and Twitter accounts that I particularly recommend—please contact me if interested.

Grading Policies

The purpose of grading is to help motivate you to learn the material and to accurately and fairly record your mastery of this knowledge, which is essential for your future business careers. To that end, I allow students to **select among two “tracks” to earn their grade for the class**: the “DIY / do-or-die” track and the “attendance commitment track.” (Students will be asked to decide on their track after Lecture 3.)

“DIY / do-or-die” track

If you select this track, your final grade will be calculated as follows:

DIY / do-or-die track	Weight
Exam I	30%
Exam II	20%
Final Exam	30%
Homework	10%
Group Ratio Analysis Project	10%
Total	100%
Discretionary / qualitative:	+/- 5%

That is, this track places high stakes on the exams (“do-or-die”). If you are sufficiently confident in your ability and motivation to self-study and master the material on your own (“DIY”)—which is what ultimately matters to me as prof—this could, possibly, be the right track for you.

“Attendance commitment” track

If you select into this track, you can earn 20% of your grade simply by attending the lectures (in person) and playing by my classroom rules—no computers or smartphones (taking notes on tablets *with the screen down* is okay), willingness to answer when called upon, etc.

The idea of this track is that many students begin the semester with the best intentions of attending class, but then eventually start slipping as the semester wears on. By committing to attend and staking 20% of your grade on it, this track (a.) lowers the stakes on the exams (de-risking your grade) and (b.) HELPS YOU maintain your own commitment.

Under this track, you earn 20% of your grade simply through attending lectures, and, accordingly, the stakes on all of the other components of the grade are 80% as much as those under the “DIY / do-or-die” track. If you elect this track, you get one automatically excused absence, but further absences require advance notice and/or documentation lest pro-rated points be deducted. That is under this track, the grading scheme is as follows:

Attendance Commitment Track	Weight
Attendance	20%
Exam I	$.8 \times 30\% = 24\%$
Exam II	$.8 \times 20\% = 16\%$
Final Exam	$.8 \times 30\% = 24\%$
Homework	$.8 \times 10\% = 08\%$
Group Ratio Analysis Project	$.8 \times 10\% = 08\%$
Total	100%
Discretionary / qualitative:	+/- 5%

My intent in offering these two tracks, as professor, is to balance these two goals: (a.) respecting student autonomy and (b.) helping students who want to make a commitment to attendance. If you are able to master the material on your own, and earn an A on the exams without attending, you will earn an A (and my respect!). However, I caution that, last year, only one student was able to achieve this. Further, the average exam grades tend to be about 75%—this means that the average student would raise their overall grade if they were able to attend (or have excused absences for) even 3/4 of the lectures. I personally think that attending class is better for you in all ways—for learning the material, for enriching your college experience, and for building your social engagement and network (you are business majors after all). But you will be allowed to decide which track you choose, after Lecture 3.

This course is subject to Marshall’s anti-grade inflation **forced curve**. That is, the maximum average grade is fixed by the school. This means that the exams must be sufficiently challenging to separate students in the class, and attaining an ‘A’ requires exceptional performance.

+/-5% of your grade is determined by the professor’s qualitative / discretionary evaluation of your positive contribution to the class. Inputs to that evaluation could include, e.g., participation, courtesy and professionalism toward your colleagues and in the classroom, asking interesting questions, identifying mistakes or ambiguities in the slides/text, or finding topical and/or relatable memes (or, even better, creating them).

Students must meet a minimum standard on the exams in order to pass this course—i.e., simply completing all the required assignments is not sufficient to guarantee that the student will

pass. Any student, of any ability level, who puts in serious and consistent effort to review the course material and internalize the key concepts throughout the course, week-by-week, should be able to achieve an A- by the end. I have taught 350 students and never seen an exception.

Classroom technology policy

If you choose to attend my lectures and learn from me, rather than take the DIY track, my teaching policy is that students may not use computers or smartphones during the class. I recommend taking notes on pencil and paper (and research has found that this is best for learning). You may take notes on a tablet as long as you keep it face-down during the lecture. (Remember, you are in a classroom with your peers and, potentially, future business partners: Your actions during lecture not only affect *your own* learning, but also influences the ‘culture’ of the classroom, and sends a signal to others about the expected level of attention and engagement.)

I introduced this policy last year, after students had spent 3+ semesters on Zoom, and many of these students told me that they even found it ‘therapeutic’—80 minutes without our attention divided by screens, notifications, and the temptation to scroll...

Assignments and Grading Detail

Exams

The exam dates for this spring are as follows:

Exam I	February 16
Exam II	April 4
Final Exam	May 6

The Leventhal School of Accounting policy is exams should not be missed unless there is a very serious emergency AND it is properly documented. To the extent possible, you must inform the instructor of the emergency prior to the exam. If you miss an exam for something other than a serious emergency or cannot provide documentation, you will receive a zero grade for the exam. The final exam must be taken at the scheduled time unless an incomplete contract has previously been approved according to Leventhal School of Accounting guidelines.

I will not offer take-home exams. All exams will be proctored, with **integrity strictly enforced**, to maintain a fair and level playing field for all students, to prevent a “race to the bottom,” and to assure students that they are in control of their grade in this curved class. Additionally, exams will be closed-book: this introductory course focuses on understanding and internalizing the high-level concepts of accounting, with few procedural details.

Homework

There will be a **homework for each chapter of the text**. The course TA’s, Michelle Park (parkmm@usc.edu), Rabbi Hou (rabbihou@usc.edu), and Maria Wang (wangyuwe@usc.edu), are delegated full control of the homework. Please direct your questions on homework to them. Homework problems will be posted to the course Blackboard page. Typically, they will be due at midnight on the night before the first lecture on the *next* chapter. But please check the due date on each Blackboard assignment itself to be sure.

Ratio Analysis Group Project

Students will be randomly assigned to groups of four, and each group will be randomly assigned a pair of two competitor companies, and instructed to analyze and compare them, using the companies' public 10-K filings (accessible via the SEC's EDGAR site, <https://www.sec.gov/edgar.shtml>), as well as the ratios we will learn and discuss in class. Each assigned group of 4 is expected to submit fully original, independent work. Students will use Excel to perform the requisite calculations. The project is described in full detail in a separate document that will be distributed after the first midterm. The **due date for the ratio analysis project will be April 17 at midnight**. To prevent free-riding, group members will evaluate each other in a "group rate poll."

TAs and tutoring

Course TAs

There are three official course Teaching Assistant: Michelle Park (parkmm@usc.edu), Rabbi Hou (rabbihou@usc.edu), and Maria Wang (wangyuwe@usc.edu). Please contact them and attend their office hours for any and all homework questions, and general tutoring as well.

Additional BUAD 280 "Pals" Tutoring

Additionally, there will be regular tutoring available from **5pm to 7pm** every Monday through Thursday, via the BUAD 280 "Pals" program.

Monday (5-7pm)	Tuesday (5-7pm)	Wednesday (5-7pm)	Thursday (5-7pm)
Abby and Martin	Cole and Joey	Karena and Tiffany	Daniel and Yuhan

"Pal" tutor	Email
Abigail Sowske	sowske@usc.edu
Cole Engleman	engleman@usc.edu
Daniel Rogoff	rogoff@usc.edu
Karena Rowley	klrowley@usc.edu
Martin Castro	mscastro@usc.edu
Yuhan Wang	ywang527@usc.edu
Joey Patrick	jnpatric@usc.edu
Tiffany Xia	tiffanyx@usc.edu

Drop Dates and Process

See the Registration Calendar for details, [here](#).

Statement for Students with Disabilities

Students requesting test-related accommodations will need to share and discuss their DSP recommended accommodation letter/s with their faculty and/or appropriate departmental contact person at least **three weeks** before the date the accommodations will be needed. Additional time may be needed for final exams. Reasonable exceptions will be considered during the first three weeks of the semester as well as for temporary injuries and for students recently diagnosed.

Please note that a reasonable period of time is still required for DSP to review documentation and to make a determination whether a requested accommodation will be appropriate.

The Office of Disability Services and Programs (www.usc.edu/disability) provides certification for students with disabilities and helps arrange the relevant accommodations. 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 me (or to your TA) as early in the semester as possible. DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. Email: ability@usc.edu.

Schedule

Date	Topic	Shaffer Text
Jan 10	Intro & Overview, 1	Ch. 1
Jan 12	Intro & Overview, 2	Ch. 1
Jan 17	Accounting for External Transactions	Ch. 2
Jan 19	Accounting for External Transactions	Ch. 2
Jan 24	The <i>Tools</i> of Accounting: Debits, Credits, etc.	Ch. 3
Jan 26	End of Period Adjusting Entries / Internal Transactions	Ch. 4
Jan 31	TA-led review/practice session (“Drill baby drill”)	
Feb 2	Closing the Books: The “Mechanics” of Reporting	Ch. 5
Feb 7	Intro to Ratio Analysis	Ch. 6
Feb 9	Looping Back: Accrual Accounting Deep Dive	Ch. 7
Feb 14	Practice & Review Session	(All of the above)
Feb 16	Midterm 1 (30% of overall grade)	(All of the above)
Feb 21	Receivables: Accounting for Uncollectible Accounts, 1	Ch. 8
Feb 23	Receivables: Accounting for Uncollectible Accounts, 2	Ch. 8
Feb 28	Receivables Part 2: The Remainder	Ch. 9
Mar 2	Inventory and COGS, 1	Ch. 10
Mar 7	Inventory and COGS, 2	Ch. 10
Mar 9	Flex day	
Mar 14	(Spring Break)	
Mar 16	(Spring Break)	
Mar 21	Long-Term Assets Part 1: Complications	Ch. 11
Mar 23	Long-Term Assets Part 1 / 2: Flex day	Ch. 11/12
Mar 28	Enrichment Lecture	
Mar 30	Long-Term Assets Part 2: Fair Value (cont.)	Ch. 12
Apr 4	Midterm 2 (20% of overall grade)	(All of the above)
Apr 6	Intro. to Finance	Ch. 13
Apr 11	Bond Amortization, 1	Ch. 14
Apr 13	Bond Amortization, 2	Ch. 14
Apr 18	Shareholders’ Equity	Ch. 15
Apr 20	Shareholders’ Equity / Statement of Cash Flows	Ch. 15 & 16
Apr 25	Statement of Cash Flows	Ch. 16
Apr 27	Statement of Cash Flows / snacks	Ch. 16
May 6, 8am-10am	Final Exam (30% of overall grade)	(All of the above)

The updated final exam schedule can be found at this link: <https://classes.usc.edu/term-20231/finals/>.