Fundamental Business Principles

USC Gould School of Law
LAW-530
Fall 2023 * 1 unit

Syllabus

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1. Office Hours and Appointments: Office hours will be by appointment, either in-person or via Zoom.

2. Course schedule: The course will meet on Mondays from 4:00 pm to 6:00 pm in Room 1 of the Law School.

The class will meet on an accelerated basis in seven two-hour sessions, starting the fourth week of the semester – September 11, 2023. Attendance is mandatory. If you are ill or otherwise unable to attend class, please email me in advance of class, if possible. An unexcused absence from more than one class session will result in a grade of D or F. *Under appropriate circumstance*, attending a class via Zoom will not be considered to be an absence. Class sessions will be recorded and available on Blackboard. If you need to watch asynchronously, please email me so that you can receive credit for attending asynchronously.

3. Grading: This course may only be taken CR/D/F. Credit will be determined primarily on the basis of an online, final exam. Students will be permitted to use note and computers on the exam.

4. Wall Street Journal: It is highly recommended that all students in the course subscribe to the *Wall Street Journal*. It is free for USC students, so you can get a digital subscription at no cost, using the following link: https://libraries.usc.edu/databases/wall-street-journal

5. Assignments: Students are expected to attend and to be prepared for all class sessions, including all pre-class assignments listed below, and to complete the minimal post-class review assignments.

6. Course Objectives:
   A. To introduce first-year law students to fundamental business and financial concepts.
   B. To familiarize students with the business and financial concepts that many of their clients (and some of their professors) will probably treat as second nature, and that—to be an effective law student and lawyer—they need to know as well: concepts that are important not just to someone engaged in a transactional or commercial legal practice in a law firm but to all lawyers, whatever their specialty or the type of organization in which they work.
   C. To introduce students to concepts and principles that will ultimately enable them to intelligently analyze and discuss such topics as accounting basics; finance concepts; business entities; stocks, bonds and securities markets.
   D. To help students understand the transactions that arise in cases covered in other 1L classes.
   E. To provide a basic foundation for students in their subsequent legal studies, especially in courses on business organizations, taxation, mergers and acquisitions, and so forth, rather than to provide a comprehensive understanding of business of the sort obtained in a business school course.

Fundamental Business Principles

F. To demystify some of the terms and ideas that students will encounter in law school, when seeking a job with a law firm, and in practice.

Fundamental Business Principles

COURSE SCHEDULE:

CLASS 1:
CLASS INTRODUCTION and BUSINESS ENTITIES

Pre-Class Reading:
- Class 1 Handout with optional readings will be distributed electronically before the first class session.

Topics:
- Introduction to the course
- Sole Proprietorships
- Partnerships and Limited Liability Companies
- Corporations – The principal form of public business enterprise
- Why are these entities used, and by whom?
  - Preview of liability, tax and other reasons for preferring one form to the other

CLASS 2:
FINANCIAL STATEMENTS: Balance Sheet

Pre-Class Reading:
- SEC: Beginning Guide to Financial Statements: https://www.sec.gov/reportspubs/investor-publications/investorpubsbegfinstmtguidehtm.html

Post Class Review:
- Balance Sheet Worksheet

Topics:
- Intro to Accounting
  - GAAP, Auditing
- Balance Sheet
  - Historic cost, Intangibles, Liquidity, and Long/Short Term Debt

CLASS 3:
FINANCIAL STATEMENTS: Income Statement

**** This class session is scheduled on Yom Kippur and will not be meeting at the scheduled Monday time. It will meet on an alternate date determined during our first class session.****

Pre-Class Reading:
- SEC: Beginning Guide to Financial Statements: https://www.sec.gov/reportspubs/investor-publications/investorpubsbegfinstmtguidehtm.html

Fundamental Business Principles

CLASS 3 (cont.):

Post Class Review:
- ♦ Income Statement Worksheet

Topics:
- Income Statement
  - Depreciation, Amortization, Cost of Goods Sold, EBIT, EBITDA, and Net Income

CLASS 4:
FINANCIAL STATEMENTS CONTINUED: Cash Flow Statement

Pre-Class Reading:

Post Class Review:
- ♦ Cash Flow Statement Worksheet

Topics:
- Cash Flow Statement
  - Operating, Investing, and Financing Activities
- Introduction to Financial Ratios and Analysis
  - Margin Analysis
  - Tools of Financial Assessment

CLASS 5:
FINANCIAL STATEMENT ANALYSIS: Financial Ratio Analysis

Pre-Class Reading:
- ▪ https://www.myaccountingcourse.com/financial-ratios

Post Class Review: Financial Ratio Worksheet

Topics:
- Margin Analysis
- Liquidity Ratios
- Solvency Ratios
- Leverage Ratios
- Profitability analyses

Fundamental Business Principles

CLASS 6:
TIME VALUE OF MONEY and VALUATION

Pre-Class Videos:

- Risk and Return:
https://www.khanacademy.org/economics-finance-domain/core-finance/investment-vehicles-tutorial/investment-consumption/v/risk-and-reward-introduction
- Time Value of Money:
https://www.khanacademy.org/economics-finance-domain/core-finance/interest-tutorial/present-value/v/time-value-of-money

Post Class Review:

- Time Value of Money and Valuation Worksheet

Topics:

- Risk and Reward
- Time Value of Money
  - Net Present Value, Future Value, and Annuities
- Valuation
  - Cash Flow Creation and Discounted Free Cash Flows

CLASS 7:
FINANCIAL MARKETS, INVESTMENTS AND ACQUISITIONS

Topics:

- Stocks and Bonds and Public Markets
- Public vs. Private Ownership
  - Private Equity and Venture Capital
- Mergers and Acquisitions

Final Exam:
The final exam is 2 hours and will be taken online during the week following our last session. There will also be a 1-hour recorded review session that will be available on Blackboard before you take the exam.

Fundamental Business Principles

Statement on Academic Conduct and Support Systems

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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" policy.usc.edu/scampus-part-b. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on Research and Scholarship Misconduct.

Students and Disability Accommodations:

USC welcomes students with disabilities into all of the University's educational programs. The Office of Student Accessibility Services (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at osas.usc.edu. You may contact OSAS at (213) 740-0776 or via email at osasfrontdesk@usc.edu.

Support Systems:

Counseling and Mental Health - (213) 740-9355 – 24/7 on call
studenthealth.usc.edu/counseling
Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call
suicidepreventionlifeline.org
Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL), press "0" after hours – 24/7 on call
studenthealth.usc.edu/sexual-assault
Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Office for Equity, Equal Opportunity, and Title IX (EEO-TIX) - (213) 740-5086
eeotix.usc.edu
Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298
usc-advocate.symplicity.com/care_report
Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

The Office of Student Accessibility Services (OSAS) - (213) 740-0776
osas.usc.edu
OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.
USC Campus Support and Intervention - (213) 821-4710
campussupport.usc.edu
Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Fundamental Business Principles

Diversity, Equity and Inclusion - (213) 740-2101
diversity.usc.edu
Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call
dps.usc.edu, emergency.usc.edu
Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call
dps.usc.edu
Non-emergency assistance or information.

Office of the Ombuds - (213) 821-9556 (UPC) / (323-442-0382 (HSC)
ombuds.usc.edu
A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

*Occupational Therapy Faculty Practice - (323) 442-33*40 or otfp@med.usc.edu
chan.usc.edu/otfp
Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.

Help with Basic Needs

https://studentbasicneeds.usc.edu/
https://studentbasicneeds.usc.edu/resources/covid-19/
If you are experiencing food insecurity
https://studentbasicneeds.usc.edu/resources/food-insecurity/
If you are experiencing housing insecurity
https://studentbasicneeds.usc.edu/resources/housing-insecurity/
If you are experiencing financial insecurity
https://studentbasicneeds.usc.edu/resources/financial-insecurity/