

**ACCT 377: Valuation for Financial Statement Purposes**  
(2 units)

Section	Time	Days
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14066 ACC 310 Mon/Wed 8 am to 9:50 2nd half

14067 ACC 310 Mon / Wed 10 am to 11:50 2nd half

14065 ACC 310 Mon / Wed Noon to 1:50 2nd half

**Classroom** ACC 310

**Professor:** Tom Ryan

**Office:** ACC 113

**Office Phone:** 818 219 4285

**E-mail:** [Thomasry@marshall.usc.edu](mailto:Thomasry@marshall.usc.edu)

Office Hours: Tom Ryan: Tuesday 2:00 – 4:00 and Thursday 2:00 – 4:00

If these hours conflict with your classes, please contact me by email.

Office hours during study week for final exams and during final exam week are by appointment only.

**Introduction and Course Objective**

This course focuses on basic knowledge of, and ability to apply, procedures associated with fair value issues in financial reporting. The course begins by addressing “declarative technical” accounting knowledge of fair value measurement and reporting, with particular focus on Accounting Standards Codification (ASC) 820 “Fair Value measurements and Disclosures.” This initial portion of the course also includes a review of the historical background, current, and emerging sources of fair value guidance. Next, the coursework focuses on procedural knowledge, including analysis and critical thinking. Case examples are used to explore the methods, theories and approaches associated with application of fair value for: business combinations, general valuation of intangibles, and impairment testing. The course includes review of valuation methodologies, and examples of their application at a basic to intermediate level. Advanced valuation skills are beyond the scope of the course. Ethical decision making in the context of fair value assessment and in auditing of fair value analysis are referenced in limited depth. Additional Accounting Standards Codification (ASC) topics associated with fair value, and more complex issues for business combinations and impairment testing, are reviewed in limited depth. Although communication abilities are not the primary focus, the course requires student’s ability to communicate ideas both orally and in writing in a clear and organized manner.

**Learning Objectives**

By the time students finish this course, they should be able to:

- demonstrate an understanding of the background leading to the legislation creating the Securities and Exchange Commission (SEC); its existence as a public Federal agency; its legal power and responsibility for accounting practices and standards; and the significant reliance of the SEC on partnership with the private sector through the Financial Accounting Standards Board (FASB) to develop accounting standards, by active participation in class discussion and completing quiz or homework materials focusing on these matters.
- demonstrate an understanding of the historical context of fair value reporting, and the importance and relevance of these issues in the context of the Public Company Accounting Oversight Board (PCAOB) inspection reports emphasizing fair value matters and the ongoing emergence of guidance from the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board

(IASB), by active participation in class discussion and completing quiz materials focusing on these matters.

- demonstrate a general understanding of the nature of the guidance available from: existing ASC topic areas and Accounting Standards Updates (ASU) Fair Value guidance by the FASB; the best practices materials in existence and being drafted by the Financial Reporting Executive Committee (FinREC) of the AICPA; the materials from the Working Groups under Task Force on Best Practices for Valuations in Financial Reporting of The Appraisal Foundation; and materials under development by entities involved in International Financial Reporting Standards (IFRS), by completing quiz materials on these matters.
- explain and apply the guidelines for fair value issues as addressed in ASC 820 Fair Value Measurements and Disclosures by analyzing fact patterns and solving problems.
- identify, describe, and demonstrate how the ASC 820 Hierarchy of Inputs to Valuation Techniques (Observable inputs Level 1 and level 2, Unobservable inputs Level 3) are used in combination with the three valuation approaches: market, income and cost, by analyzing fact patterns and solving problems.
- analyze how the principles of Fair Value measurements would be applied in the context of ASC 805 Business Combinations by preparing spreadsheets tied to case study type materials involving allocation of purchase price.
- identify, describe and demonstrate the principles for Identification, Valuation and Impairment Testing of Intangibles under ASC 350 through case study type materials, analyzing fact patterns and solving problems.
- demonstrate a limited depth understanding of the existence and nature of significant fair value issues associated with: Fair Value of financial instruments (measurement based on FV-NI, FV-OCI or amortized cost), Derivative Securities, ASC 718 Stock compensation, ASC 450 Valuation associated with Contingencies, and ASC 360 Property, Plant and Equipment by active participation in class discussions and completing quiz materials on these matters.

### **Required Materials**

- We will use the following text:
  - ***Valuation for Financial Reporting 3<sup>rd</sup> Edition*** ( by Michael J. Mard, James R. Hitchner, and Steven D. Hyden; John Wiley & Sons, Inc., 2011) (4<sup>th</sup> edition not yet published)
  - Students are required to access and perform Excel related learning and quiz assignments on the McGraw Hill Simnet site. Registration for this site is approximately \$30 and is done by each student individually using a credit card when entering the site at <https://usc.simnetonline.com>
- Educational materials used in the course, made available through the University relations sources within Ernst & Young and PricewaterhouseCoopers, will be posted on Blackboard
- Access to the Wall Street Journal or similar sources of contemporaneous business news.

### **Supplementary Materials**

- FASB Accounting Standard Codification Database and Accounting Standards Updates. Basic viewing of database free to all at <https://asc.fasb.org/> . Free access to “Professional View” of the ASC database available to Accounting program faculty and students via FASB Academic Accounting Access tab with special login that will be made available to students on request.
- Dataline 2011-28: Goodwill impairment -- FASB issues guidance that simplifies goodwill impairment test and allows early adoption by PricewaterhouseCoopers and Guide to Accounting for Fair Value Measurements Incorporating ASU 2011-4 by PricewaterhouseCoopers. Access via <http://cfodirect.pwc.com> Search under Dataline 2011-28 and also under Guide to Accounting for Fair Value Measurements

### **Prerequisites and Co requisites:**

Prerequisite: ACCT 370; Co requisite: BUAD 306

**Course Notes:** Copies of lecture slides and other class information will be available through your Blackboard account.

### **Grading Summary:**

<b><u>Assignments</u></b>	<b><u>Points</u></b>	<b><u>% of Grade</u></b>
<b>Quizzes</b>	600	60.0%
<b>Excel</b>	30	3.0%
<b>Class Participation and Professionalism</b>	70	7.0%
<b>Final Exam</b>	<u>300</u>	<u>30.0%</u>
<b>TOTAL</b>	1000	100.0%

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 3.3 (i.e., B+). Three items are considered when assigning final grades:

1. Your average weighted score as a percentage of the available points for all assignments (the points you receive divided by the number of points possible).
2. The overall average percentage score within the class.
3. Your ranking among all students enrolled in this course this semester.

### **ASSIGNMENTS AND GRADING DETAIL**

#### **Quizzes**

The quizzes have a significant impact on the final grade. It is recommended that students identify the dates of the quizzes shown in the later section of this syllabus, mark those dates in their calendars and make sure they arrange their schedules to allow attendance on those dates.

There will be four quizzes given. While the specific dates are shown in the syllabus, in past semesters the dates chosen typically have been in Class sessions 3, 5, 7 and 9. Should a student miss any of the four quizzes, there will be a single date on which a “make up quiz” may be taken. The date of the make-up quiz is shown in a later part of this syllabus. Typically the “make-up date” is on or near the 11<sup>th</sup> Class in the course. Students should assume that no other make-up dates will be made available.

Quiz materials may focus on both the required readings of materials “on the date of the quiz” as well as material covered in “past recent lectures.” Students need to allocate study time associated with both “upcoming materials” and recent lectures to be successful with these assignments and quizzes.

#### **Excel / Simnet**

Students are required to access and perform Excel related learning and quiz assignments on the McGraw Hill Simnet site. Registration for this site is approximately \$30 and is done by each student individually using a credit card when entering the site at <https://usc.simnetonline.com>

We will not be devoting extensive efforts to teaching Excel in this course. However, we want to advance the awareness of students of the importance of Excel, provide examples of Excel features of significance, provide students with a path for knowledge acquisition, and test students acquisition of basic and intermediate Excel knowledge. The specific Excel “functions” which have been identified by employers as included in the “Basic” and “Intermediate” levels will be discussed in one or two class sessions identified as the course progresses. Excel knowledge assessment will occur through an online examination which each student will be required to complete by a date in the last half of the semester.

Early in the semester students will be required to enroll in Simnet and display proficiency in its use via completion of a one question exam. Afterward students will have the opportunity to utilize an online lesson which will guide you through a series of roughly 30 Excel “tasks” tied to important learning areas.” There are "Let me try" and "Show me" menus within the Lesson. It’s important to use the Lesson to understand how Simnet works and is important for success with the required online quiz that students are required to complete.

Students are required to complete the online quiz by the date shown later in the syllabus. Typically, the quizzes include 30 to 60 questions. There is a time limit for each exam. Students may take the exam twice and receive the highest score they achieve for use in grading.

If students who have completed Excel Simnet in either ACCT 415 or ACCT 416 no new cost need be incurred. You simply login to Simnet using your past name and password but choose ACCT 377 as your new course.

### **Critical Thinking, Professionalism, Attendance, Participation, and Fellow Students**

On a personal basis, you should feel free to stop by during office hours to meet and discuss things with me. I want each student to succeed both in the course and in their career. Let me know if I can offer some thoughts that will be helpful.

Email is perhaps the predominant form of communication in business and feel free to reach out to me. **thomasry@marshall.usc.edu** is my email address. Generally, similar to a business setting, I will hope to respond to emails within 1 business day. Again, I have multiple courses and sessions within courses so please include in the subject line the course name and section (Example in Subject line: ACCT 377, Noon section, )

### **Critical Thinking**

The USC Marshall School of Business “Strategic Vision for Marshall” states: “.....The USC Marshall School of Business aims to be a leader in educating tomorrow’s global business leaders, creating knowledge of management and the business environment, and addressing critical problems facing business and society, both locally and across the world.”

Consistent the above, this class seeks to advance “critical thinking.” While the definitions of critical thinking may vary, the underlying premise ties to the concept of the ability of an individual to assess situations and derive appropriate courses of action without specific detailed guidance. Lack of critical thinking is evident when the employee is excessively dependent on instruction, which may include the need for a “recipe” listing which defines exactly the steps required.

Critical thinking begins with the individual taking personal responsibility for addressing issues themselves, researching matters before simply turning to managers for instruction. An example of failure to use critical thinking would be someone who simply turns to others and says “I’ve encountered a problem, what should I do?”

A beginning level of critical thinking is represented by an individual who notes “I’ve encountered a problem, have done some research, and found three alternative solutions that look potentially viable. Can I ask for your thoughts on this third alternative that I’m thinking of using?”

Advanced critical thinking involves use of a thoughtful “process” that could include the following: Uncovering and reassessing the definition of the problem, Selecting the actual and first priority problem worthy of being addressed, Creating multiple solutions, Choice of the solution(s) that has the potential to be the most effective, and Translating the solution(s) into an effective implementation plan “USCCT.”

Critical thinking ability affects your long term career potential. You may hear me observe during lectures that in my experience, jobs that require performance based simply on completing a “recipe” of steps are worth no more than \$20 per hour.

As a member of the USC community, you should be aspiring to progress to perform at a level conceptually 10 times more productive and effective than what is generated through compliance with or following simple “recipe” type activities. Compliance with guidelines and instructions is required. However, compliance alone, doing what is instructed, is insufficient to achieve outstanding levels of performance.

Some career paths tie to significant financial rewards while other career paths drive rewards and contributions of a non-financial nature. The commonality in either is that critical thinking is important to high performance.

Critical thinking is not the primary subject of this course. However, students will be asked and challenged to utilize critical thinking in the day to day classroom activities, in the case studies, and during possible office visits. During class interaction I will hope to provide a friendly, pre career environment, to accentuate comments and questions that are particularly strong and occasionally ask whether “critical thinking” could have been better used.

This syllabus provides significant guidance. However, other questions and concerns will arise during the semester, and students will be expected to think, evaluate, and seek solutions on their own, and through dialogue with fellow students, as a normal part of personal daily performance. Students are encouraged to think about questions before they ask them, just as the same thoughtful process is important in business.

You will be encouraged to challenge yourself to embrace familiarity with contemporary news events in which accounting related considerations are relevant, and for which there may be no clear appropriate answer.

The elements above can be viewed in the context of the concept of “Personal Brand.” The impression an individual leaves of themselves has a tremendously important impact on their business success. The overall collection of impressions represents a “Personal Brand.” In this class students will be encouraged to think about how their personal brand is affected by their choices.

Statements and questions that are thoughtful and insightful increase the respect of those involved and increase personal brand. Knowledge of important current business events tends to engender respect. Statements and questions that are not thoughtful, or are lazy ... are less beneficial to “personal brand.” At the other extreme, students spend time playing video games during class, while not generally seen by the professor, affect their “personal brand” with students who are potential colleagues in business careers.

**Professionalism and Attendance:** Consistent with the themes touched on as part of the Marshall School Strategic plan, we will seek to advance the level of students’ professionalism as part of the class. Similar to business settings of potential careers, professional conduct is expected from all students in class. Professional conduct is expected from all students in interactions with me on class related matters, both in class, and outside of class. Class related interaction occurring outside of class hours may include for example: email, telephone, voicemail, or office hours.

In each circumstance that you need to be absent, you are expected to send an e-mail message to me prior to the start of class. Please include in the subject line the course name and section (Example in Subject line: ACCT 377, Noon section, )

This is the standard that you can expect to encounter in your career. Please note, while you may offer an explanation, you do not need to tell me why you will be absent. Failure to notify by email that you will miss “our meeting / class” does not reflect appropriate professionalism.

Keep in mind that an e-mail in advance of class does not “excuse” your absence – it simply shows me that you are taking an appropriate professional stance and responsibility for choosing to do something else during class time. Students with more than two absences are likely to begin impact on their performance. Multiple absences, even when accompanied by conscientious notification, may be viewed as unprofessional behavior. If you are absent six or more times you may assume that my view will be that you should drop the course.

If you miss a class session, you still need to come to the next class fully prepared. You may have access to PowerPoint slides from the class if I have posted them on either Blackboard. **Please contact a classmate before the next class meeting. Ask them for announcements, lecture notes, readings, assignments, etc.** Review recordings of the class if they are available. If you discussed the missed class session with a classmate, and reviewed the class recording and you still feel you need further clarification or interpretation of the material covered, I will be glad to help. **However, please don't fail to meet your responsibilities by failing to do your research via the recordings and contacting your fellow students and instead sending me an e-mail asking me to tell you what you missed in class.** Of course, if a major illness or emergency arises, I will work with you to accommodate the situation. In many instances the class sessions may be recorded. Generally, I will hope to provide you with an access "link" to recordings of the class early in the semester that you can use for classes which may be recorded through the semester.

Conceptually, a pattern of absence from class, a pattern of lateness, or lack of participation and/or inattention will adversely affect your grade in the same way that such behavior would adversely affect your performance evaluations in a career setting.

Please note the guidance provided in the section of this syllabus focusing on "technology policy" for insights related to activities which may be viewed as non-professional

### **Participation: Format of Class: Capturing and Retaining Attention of Students in Class**

Insights and feedback from students, have left me with strong opinions related to "conditions precedent" for effective learning. Particularly, the ability to learn is dependent on the characteristics of the environment in which that learning is to take place.

Conditions affecting the "attention span" of students are a worthy of key focus. No matter how important the topic, the ability to trigger learning by attendees is dependent upon "winning" attention repeatedly every 15 to 30 minutes.

In this class I may start some sessions with music, or a you tube clip. The format of lecture in the class involves frequent questions posed to students. Typically, I ask questions of all students at random without waiting for "hands to be raised." In many instances my question may tie to a concept that has just been discussed in the prior few minutes or on a subject addressed on a slide then shown on the projector. In these instances, the question may be primarily intended to "connect" student's attention to the lecture as opposed to weighty deliberation on a topic or question.

Failure to provide a cogent response to any particular question will not be viewed as poor performance. However, if a student displays a pattern of not recognizing what question is being asked of them, or exhibits a lack of knowledge or lack of recognition of topical points made a few moments earlier in the lecture, that may be viewed as not actively participating in the class.

I may occasionally very loudly call out a phrase, walk among the desks or use other dramatics. You may hear me call out "Fight On" or "Let's go Accounting."

My objective is to first keep students awake and engaged in the class. I have sat in similar sessions myself and found it difficult to remain awake much less engaged. I have found that many students feel that these approaches help them to maintain attention and that is my purpose in using them.

In your careers, multitasking will be required to be effective. You will need to be able to intermittently stay connected with email and texts while attending meetings. On the other hand, if email and texts undermine your effective participation in meetings, your career will suffer. Similarly, students may occasionally check computers and cell phones during class. Excessive focusing on computer based activities may be viewed as unacceptable.

One of the objectives of the class involves tying the subject of accounting to students' prospective career paths. To facilitate meeting that objective and to advance students deliberation on this connection we will be discussing contemporaneous news events involving accounting as a regular part of the course.

Reading of online or hard copy finance oriented sites, such as the Wall Street Journal, for not less than 10 or 15 minutes prior to the class sessions, is expected of each student for each class. Classes may include an inquiry by the Professor addressed to students chosen at random seeking insights about current events potentially relevant to the class. Outside readings by students provide a foundation of knowledge of current events, and the resulting ability to participate in class dialogue, is an important part of the learning process for this course material. Perhaps as important, developing a habit of this type of reading, and developing an area of personal business interest, is important to each student's career.

**Fellow Students in Course and the USC Family:** The experience as part of the Marshall School of Business is not simply learning about facts, procedures and analysis. You are expected to get to know your fellow students in the class. Many students will have travelled thousands of miles to attend USC and this class with you. From a purely self-centered, hardnosed economic perspective, it is not unlikely that your future careers could be positively impacted by that fact that one or more of the students in this course may be in positions of great authority and responsibility 20 years from now.

**Name "Tents":** "Name tents" and marking pens will be provided on the first day of class. Use these materials to write in large block letters, the first name and last name that you used to enroll in the course. First name should be shown first, last name last. In the upper right hand corner, please list the first name that you wish to be called by if different from your enrolled name.

The "name tents," will be used for all class sessions. These will facilitate ability to call on students by name, assess participation, and should advance the ability of students to get to know one another. Naturally, it is the responsibility of students to keep the name tent in a visible location in front of them, so that I, and other students, can facilitate student participation.

It's not unusual for my classes to include 100 to 200 students in a given semester. Remember that your name is your "personal brand." It makes sense for you to seek to have your name remembered. While I aspire to remember each person's name, ... please help me to remember your name, your personal brand, by stating your name and class session when we happen to meet on campus or when visiting my office. The same approach is often beneficial in the career environment.

The name tents will also be used to facilitate recording attendance, and they must be returned to me at the end of each class. I will bring tents back to the next class for your use again. It is your obligation to pick up the name tent while in attendance to have your attendance recorded. It is your obligation to return the name tent before your departure from class to enable proper recording of your attendance. After the first class or two there will be no "verbal roll call" but attendance records will be gathered via the name tents.

Think about the process here of use of name tents. Common sense indicates that students should not pick up the name tents for others at the beginning of class, nor return others name tents. Student failure to obtain their name tent at the beginning of class, or to return the tent at the end of class, may result in their being marked absent.

If you are absent six or more times prior to the last day to withdraw from a course with a grade of "W", you may assume that my view will be that you should withdraw from the course. Commitment to attendance tends to maintain professionalism and ensure a system that is fair to all students.

### **Undergraduate Program Learning Objectives**

Below are the five Undergraduate Student Learning Objective measures developed for the Undergraduate accounting program by the USC Leventhal faculty and the level each is covered in this course:

Objective 1-Technical Knowledge: Students will demonstrate technical proficiency in the accounting discipline, including the use of technical accounting knowledge to help solve problems and make decisions. Heavy

Objective 2-Research, Analysis and Critical Thinking: Students will demonstrate the ability to research, critically analyze, synthesize, and evaluate information including professional standards for decision making in the local, regional and global business environment. Moderate

Objective 3-Ethical Decision Making: Students will demonstrate an understanding of ethics, ethical behavior and ethical decision making. Light

Objective 4-Communication: Students will demonstrate the ability to communicate ideas both orally and in writing in a clear, organized and persuasive manner. Light

Objective 5-Leadership, Collaboration and Professionalism: Students will demonstrate leadership skills and the ability to work cooperatively and productively to accomplish established goals. Light

### **Final Exam**

The final exam will emphasize material covered in lectures, discussions by guest speakers, homework assignments, and the assigned readings in the text. Generally, the final will be broken into two portions: 1) Multiple choice questions associated with the slide decks from lectures, other materials posted on blackboard, course related text or courser reader materials, topics discussed during lectures for which there may be no slide deck such as current events and guest speakers 2) Questions where students will long form written answers or completion of analysis and calculations.

## **MARSHALL GUIDELINES**

### **Add/Drop Process**

In compliance with USC and Marshall's policies classes are open enrollment (R-clearance) through the first week of class. All classes are closed (switched to D-clearance) at the end of the first week. This policy minimizes the complexity of the registration process for students by standardizing across classes. I can drop you from my class if you don't attend the first two sessions. Please note: If you decide to drop, or if you choose not to attend the first two sessions and are dropped, you risk being not being able to add another section this semester, since they might reach capacity. You can only add a class after the first week of classes if you receive approval from the instructor.

If you are absent five or more times prior to the last day to withdraw from a course with a grade of "W", you may assume that my view will be that you should withdraw from the course. Commitment to attendance tends to maintain professionalism and ensure a system that is fair to all students.

### **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 me (or to your TA) 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](http://www.usc.edu/disability).

### **Technology Policy**

One objective of the technology policy in this course is to aid in your selection of personal technology usage patterns that will be effective in your chosen career after departure from USC. In your career, effective choices involve the application of "timing and level" of technology usage. Similar to the "public" classroom setting, your use of technology in public areas in your career may impact your "personal brand / business reputation." Finally, your technology usage in work and scholastic settings may impact the effectiveness of those around you.

In your future career environment you will likely experience significant demands on your time and attention. In many environments it is not unusual to receive 60 or more business emails per day, 20 or more business voicemails, and large volumes of business associated text type messages. To be effective, an individual must strike a balance between remaining connected to these messages, while concurrently remaining focused on tasks, analysis, meetings, phone calls, worthy of and requiring devoted attention.



To be effective in your future careers you will need to be able to “tactfully” “balance” the challenge of “remaining connected” to technology, while also devoting high quality focus and attention to matters you are handling via meetings, phone calls and analysis through the day.

Consistent with this general background, I will initially permit all students use laptops, and other devices, including Internet access during lectures. No such devices will be allowed during examinations. Each student is expected to utilize this freedom in a manner that is compatible with the concepts above and consistent with a future career environment.

The following insights may be relevant in defining some general boundaries.

Unacceptable actions during class at any time: playing video games; shopping online.

Acceptable actions: Very occasional checking of texts and / or emails in a discrete manner and very brief limited replies i.e. perhaps twice in a two hour class. Loading the PowerPoint or Word documents tied to class presentations and taking notes on your computer during class is an excellent use of technology. Occasional searching of the internet for content relevant to that day’s lecture is acceptable and may add value for all in the course.

## **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/departments/departments-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](mailto:sarc@usc.edu) describes reporting options and other resources.

## **Class Notes Policy**

Per the USC student guidebook [class notes policy](#) : Notes or recordings made by students based on a university class or lecture may only be made for purposes of individual or group study, or for other non-commercial purposes that reasonably arise from the student’s membership in the class or attendance at the university. This restriction also applies to any information distributed, disseminated or in any way displayed for use in relationship to the class, whether obtained in class, via email or otherwise on the Internet, or via any other medium. Actions in violation of this policy constitute a violation of the Student Conduct Code, and may subject an individual or entity to university discipline and/or legal proceedings.

## **Emergency Preparedness/Course Continuity**

In case of a declared emergency if travel to campus is not feasible, USC executive leadership will announce an electronic way for instructors to teach students in their residence halls or homes using a combination of Blackboard, teleconferencing, and other technologies.

Please activate your course in Blackboard with access to the course syllabus. To be successful in the course its important that you access the course materials and assignments through use Blackboard regularly. In addition, these preparations will be crucial in an emergency. USC's Blackboard learning management system and support information is available at

## **Evaluation of Your Work**

You may regard each of your submissions as an “exam” in which you apply what you’ve learned according to the assignment. I will do my best to make my expectations for the various assignments clear and to evaluate them as fairly and objectively as I can. If you feel that an error has occurred in the grading of any assignment, you may, within one week of the date the assignment is returned to you, write me a email memo in which you request that I re-evaluate the assignment. Explain fully and carefully why you think the assignment should be re-graded. Be aware that the re-evaluation process can result in three types of grade adjustments: positive, none, or negative.

Students are encouraged to stay current on gathering insights from the results of their graded materials. Discussion and review of the content of quizzes and exams as well as individual student responses on quizzes and exams will close two weeks after the date of grade posting for graded material. For example, individual student quiz content and grading will not be allowed in the period proximate to the final exam. In addition, grades for assignments and exams will be considered final if no email request for a change has been received by me within the two week time period.

### **LEVENTHAL SCHOOL OF ACCOUNTING GRADING AND ACADEMIC STANDARDS**

*ACCT 370, 371, 372, 373, 374, 377, 416, 430, 462, 463, 470, 472, 473, 474, 476, 478, 479*

The Leventhal School of Accounting adheres strictly to the grading standards of the University and the School of Business Administration. Additionally, the Leventhal School of Accounting has supplemented those standards with certain others. For students' convenience, and to prevent misunderstanding, these additional standards are summarized below.

## **GRADING STANDARDS**

The following grades are used: A - excellent; B - good; C - fair; D - minimum passing; F - failure. The grade of F is awarded for failing work at the end of the semester. The assignment of minuses and pluses when earned is required.

The grade of W (Withdraw) is assigned if the student officially withdraws after the third week but before the end of the twelfth week of the semester. No withdrawals will be permitted after the end of the twelfth week except by student petition to the University's Committee on Academic Policies and Procedures.

Students may elect to audit courses during the first three weeks of the semester. A course taken for audit (V) will be assessed at the current tuition rate. A course taken for audit (V) will not receive credit and will not appear on the USC transcript or grade report. Under no circumstances will the University allow a change in the registration status of a course from letter grade or credit to audit (V) or vice versa after the third week of a given semester.

## **Incomplete Grades Explanation**

In incomplete (IN) grade may be assigned due to an “emergency” that occurs after the 6<sup>th</sup> week of classes for half semester courses or the 12<sup>th</sup> week for full-semester courses.. An “emergency” is defined as a serious documented illness, or an unforeseen situation that is beyond the student’s control, that prevents a student from completing the semester. Prior to the 6<sup>th</sup> or 12<sup>th</sup> week, the student still has the option of dropping the class. Arrangements for completing an IN course should be initiated by the student, and negotiated with the instructor. Class work to complete the course should be completed within one calendar year from the date the IN was assigned. The IN mark will be converted to an F grade should the course not be completed.

**Academic Integrity – Leventhal School of Accounting Honor Code**

Students enrolled in any class offered by the Leventhal School of Accounting are expected to uphold and adhere to the standards of academic integrity established by the Leventhal School of Accounting Student Honor Code. Students are responsible for obtaining, reading, and understanding the Honor Code System handbook. Students who are found to have violated the Code will be subject to disciplinary action as described in the handbook. For more specific information, please refer to the Student Honor Code System handbook, available in class or from the receptionist in ACC 101.

## **G.P.A. PREREQUISITES FOR UNDERGRADUATE ACCOUNTING COURSES**

The grade point average prerequisites for any undergraduate student enrolled in any accounting course is: a minimum 2.5 gpa for all completed accounting courses for students entering USC prior to Fall 2013; a minimum 2.7 gpa for all completed accounting courses for students entering USC in Fall 2013 or later. In computing grade point average prerequisites, BUAD 280, 281, 285ab, 286ab, 305 and 302T are considered accounting courses.

Grades in accounting courses taken at other institutions will not be included in the computation of the cumulative accounting grade point average.

When a student's cumulative accounting grade point average falls below 2.5 or 2.7, the student is placed on probation. If a student on probation does not regain a minimum accounting cumulative GPA of 2.5 or 2.7 after completing the next 12 semester hours in all courses (including accounting courses) attempted within the University, that student will not be permitted to continue as an accounting major in the Leventhal School of Accounting. Exceptions to this policy may be granted only in unusual circumstances by the Academic Standards Committee of the Leventhal School of Accounting. Decisions of the Academic Standards Committee are final.

To be removed from probationary status, a student may elect either to take another accounting course or courses for which prerequisites are met or to repeat an accounting course or courses in an attempt to earn a higher grade. Regardless of the course of action taken, all courses completed will be counted in computing the cumulative accounting grade point average.

The grade of "W" in an accounting course taken while a student is on probation will not extend probation. The probation period ends at the end of that semester during which the student completes a cumulative total of 12 semester hours of courses in any subject(s) at the university. Under no conditions will the student be permitted more than two successive semesters, including the summer semester, to complete the 12 semester hours of courses.

Students must attain a minimum 2.5 or 2.7 cumulative accounting grade point average to graduate with a Bachelor of Science in Accounting degree.

See the USC Catalogue for further restrictions on including grades in repeated classes in the overall grade point average computation.

## **OTHER ACADEMIC STANDARDS**

1. The ability of students to write clearly and concisely is a necessary prerequisite to success in accounting work. Accordingly, students will be required to demonstrate writing capability in all accounting courses. This may be accomplished primarily through the inclusion of essay-type questions on course examinations.

## Important Dates: Fall 2015

Last Day to Register/Add without Late Fee	Friday, August 21
First Day of Class, Regular Session and Session 431	Monday, August 24
All-School Picnic, Alumni Park (scheduled classes must meet)	Friday, August 28, 12:30 - 2:30pm
<b>Last Day to Add or Drop without a "W" (1st Half Session 431)</b>	<b>Tuesday , September 1</b>
Labor Day, University Holiday	Monday, September 7
Last Day to Add or Drop without a "W" (Regular Session)	Friday, September 11
<b>Last Day to change enrollment from P/NP to a Letter grade (1st Half Session 431)</b>	<b>Tuesday, September 15</b>
Meet the Firms, California Science Center (students will attend both)	Wednesday, September 16, 6pm-9pm Thursday, September 17, 6pm-9pm
<b>Last Day to Drop with "W" for ACCT courses (1st Half Sess. 431)</b>	<b>Wednesday, September 30</b>
<b>Evening Football Game (vs Washington)</b>	<b>Thursday, October 8</b>
Last Day to change enrollment from P/NP to Letter grade (Regular Session)	Friday, October 9
Final Exams for ACCT courses (1st Half, Session 431)	Monday-Friday, October 12-16
First Day of Class, 2nd Half, Session 442	Monday, October 19
<b>Last Day to Add/Drop without "W" for ACCT courses (2nd Half Session 442)</b>	<b>Friday, October 23</b>
<b>Last Day to change enrollment from P/NP to a Lettergrade (2nd Half Session 442)</b>	<b>Monday, November 9</b>
Last Day to Drop with a "W", Regular Session Courses	Friday, November 13
<b>Last Day to Drop with "W" for ACCT courses (2nd Half Session 442)</b>	<b>Monday, November 23</b>
Thanksgiving Break	Wednesday-Friday, November 25-27

**Last Class Meeting**

**Friday, December 4**

**Final Examinations**

**December 9 – December 16**

**Winter Recess**

**Thurs., December 17 - Sun., January 10**

## COURSE READINGS/CLASS SESSIONS

ACCT 377	Week and Day: General Topics	Specific Topics	Tasks, Readings,	
Monday, October 19, 2015	<b>Week 1, Class 1: Review of Syllabus, Course Content, Fair Value References from Financial News sources</b>	Review of class syllabus. Discussion of learning objectives; required and supplementary materials; assignment and exam formats; and method for grading in the course. Examination of search results from Wall Street Journal website and other financial websites highlighting recent Fair Value related issues and their financial reporting, economic, social and political implications across the globe. Creation of the Securities and Exchange Commission (SEC); its existence as a public Federal agency; its legal power and responsibility for accounting practices and standards; the varied depth of the role the SEC chooses to take relative to accounting guidance recommended by the private sector; and the significant reliance of the SEC on partnership with the private sector through the Financial Accounting Standards Board (FASB) to develop accounting standards. Passage of Sarbanes-Oxley act of 2002, in response to financial crisis, and establishment of the PCAOB. Overview: Audit challenges in the valuation area.		
Wednesday, October 21, 2015	<b>Week 1, Class 2: Sources influencing accounting and audit standards in the fair value area and general status of developments.</b>	Historical background of accounting, auditing and the use historic cost data vs. fair value. Changes in the nature of business from agriculture, to heavy industry to service and intellectual enterprises driving changes in the types of accounting data that is relevant. Parties influencing accounting and auditing standards and associated guidance: SEC, PCAOB, FASB, IASB, AICPA, TAF. Current and emerging sources of guidance. Students may want to verify whether this may be the last day to drop without a W	Reading due for beginning of Class: "Class 2" PowerPoint posted on Blackboard. Assignments due for Class 2: Student visits to the PCAOB and FASB websites for general familiarity with content. Student online research to identify current fair value topics via Wall Street Journal on line or other financial website.	
Thursday, October 22, 2015				

Monday, October 26, 2015	<b>Week 2, Class 3 ASC 820 Fair Value Measurements Principles</b>	Technical proficiency in the identification of: Definition of fair value for financial accounting; "Exit value" premise; Transaction based value premise for both assets and liabilities, not settlement based; "Market participant" theme; Principal market and most advantageous market and Hierarchy of Inputs to Valuation Techniques: Observable inputs Level 1 and level 2, Unobservable inputs Level 3.	Reading due for beginning of Class 3: Pages 1 to 20 of Chapter 1 Valuation for Financial Reporting by Mard: Fair Value Measurements and Financial Reporting: Current Environment. Students to review "Class 3" Slide deck EY Fair Value Basics series to be posted on Blackboard in preparation for class lecture. <b>In class 15 minute quiz on materials to date and Class 3 readings</b>	Quiz 1
Wednesday, October 28, 2015	<b>Week 2, Class 4 ASC 820 Fair Value Measurements Principles Continued</b>	Valuation theory, methodology and application: Review of the theoretical interconnected foundations of the Income, Market and Cost Approaches to Value. Disclosures, recurring and non recurring. Convergence of ASC 820 with IFRS 13. Brief overview discussion of fair value issues where convergence does not exist.	Due for beginning of Class 4: Students to review "Class 4" Market Comparable approach which will be posted on Blackboard	
Thursday, October 29, 2015				
Monday, November 2, 2015	<b>Week 3, Class 5 Business Combinations</b>	Limited depth technical discussion of fair value issues for Business Combinations: Identification of Intangible assets, methods for valuation, rate of return considerations, tax effect issues, contributory asset charges. <b>Students required to complete enrollment in the Simnet Excel online course by this date and complete the 1 question "Tryan trial /example exam question" quiz online</b>	Reading due for beginning of Class 5: Mard Text, Chapter 2 pages 29 to 46. At the beginning of Class 5, , <b>Students will complete a 15 minute quiz covering both Week 2 materials and readings assigned for Class 5.</b>	Quiz 2



Wednesday, November 4, 2015	<b>Week 3, Class 6 Business Combinations continued:</b>	Technical limited depth study of Fair Value Business Combinations issues (continued): In Process Research & Development, Goodwill, Bargain Purchase and Contingent Consideration. Review of Excel Basic and Intermediate knowledge and application of that knowledge to example simplified valuation models. Possible guest lecturer	Reading due for Class 6: Chapter 2 Mard text: Business Combinations pages 47 to 70. Class 6 homework study: Excel Basic and Intermediate skills development. Excel task proficiency will be tested in the last week of class session	Wayne Wilmeth
Thursday, November 5, 2015				
Monday, November 9, 2015	<b>Week 4, Class 7: Valuation of Intangible assets in Business Combination</b>	Procedural knowledge and technical proficiency associated with ASC 350 Intangibles-Identification and valuation of intangibles and ASC 805 Accounting for Business Combinations: Limited depth study of procedures used for Valuation of the Business Enterprise, Total Intangible and Goodwill value, Balance sheet concepts tying consideration paid to categories of assets and liabilities.	Reading due for Class 7: Students to review "Class 7" slide deck which will be posted on Blackboard. Also, Mard text pages 71 to 78 highlighting overall consideration in a business combination and values by categories or assets and liabilities. At the beginning of Class 7, <b>students will complete a 15 minute quiz covering both Week 3 materials and readings assigned for Class 7.</b>	Quiz 3
Tuesday, November 10, 2015				
Wednesday, November 11, 2015	<b>Week 4, Class 8 Mard Case Study 1 Valuation of Intangible assets in Business Combination</b>	Basic level of procedural knowledge associated with ASC 350 and 805 issues in the context of Mard Case Study 1, "Valuation of Intangible Assets." Remaining useful life analysis, Business Enterprise analysis, the Discount rate, tangible assets and their treatment. Begin discussion of example intangible asset valuation issues and categories: rates of return, valuation based on reproduction cost for acquired software, treatment of amortization benefit.	Reading due for Class 8: Mard text, Chapter 3 pages 79 to 97, Mard Case Study 1 Determining the Value of Goodwill and Other intangible assets in a Business Combination	
Thursday, November 12, 2015				

Monday, November 16, 2015	<b>Week 5, Class 9 Mard Case Study 1 Valuation of Intangible assets in Business Combination continued</b>	Continued discussion of the Mard Case Study 1 on valuation of intangible assets. Assembled workforce valuation and treatment, Valuation of Tradenames, Noncompete agreements, Existing and In Process Technology. Begin discussion of impairment of intangibles.	Reading due for Class 9: Mard text Chapter 3 Pages 98 to 128. At the beginning of Class 9, , <b>Students will complete a 15 minute quiz covering both Week 4 materials and readings assigned for Class 9.</b>	Quiz 4
Tuesday, November 17, 2015				
Wednesday, November 18, 2015	<b>Week 5, Class 10 Impairment testing and measurement</b>	Discussion of the Food for Thought case study materials solutions considered by student teams. Impairment testing and measurement for goodwill and for indefinite lived assets, two step and "step zero" process. Identification of "reporting units" as operating segment or component of operating segment.	Reading due for Class 10: Chapter 4 Valuation for Financial Reporting by Mard, Pages 131 to 140: Impairment testing and calculation. Review of the Food for Thought case study materials posted on Blackboard.	
Thursday, November 19, 2015				
Monday, November 23, 2015	<b>Week 6, Class 11 Case study Impairment testing and measurement: Students may want to verify whether 11/25 is the last day to drop with a W</b>	Application of "step zero" and "step 1" concepts through research, analysis and critical Thinking in the context of the Mard Case study 2 which reviews of impairment analysis: Business enterprise value by reporting unit. Begin review of assessment of tangible and intangible assets. Calculations and assessments required in the context of differing tangible and intangible assets in existence at the impairment test date as compared to the earlier reporting date. <b>This is the due date for completion of the Simnet Excel online exam for ACCT 377</b>	Reading due for Class 11: Mard Chapter 5, Pages 143 to 163, the first of two sections of the Mard Case Study 2 "Impairment Analysis." Quiz 5	Quiz 5
Tuesday, November 24, 2015				
Wednesday, November 25, 2015	Thanksgiving Holiday Break 11/25 to 11/28			
Thursday, November 26, 2015	Thanksgiving Holiday Break 11/25 to 11/28			

Monday, November 30, 2015	<b>Week 7, Class 12 / 13 PCAOB Inspection reports and some common areas of concern</b>	Review and discussion of PCAOB Inspection Reports issued November, 2011 for each of the major accounting firms for matters related to valuation issues. Consideration of Ethical Decision Making issues from the perspective of the perspectives of the provider of valuation studies, Accounting / Finance personnel at the reporting entity, and the auditor.	Reading due for Class 13: Review of PCAOB Inspection Reports issued November, 2011 for each of the Four major accounting firms for matters related to valuation issues. Excel proficiency will be tested via an online exam.	
Tuesday, December 1, 2015				
Wednesday, December 2, 2015	<b>Week 7, Class 13 / 14 Case study Example of auditing of Fair Value for Impairment</b>	Discussion of "non converged" ASC 820 compared to IFRS 13 topics. Limited depth discussion of important Fair Value Issues beyond the scope of this course such as: Fair Value of financial instruments (measurement based on FV-NI, FV-OCI or amortized cost), Derivative Securities, ASC 718 Stock compensation, ASC 450 . Valuation associated with Contingencies. Consideration of Ethical Decision Making issues. Review of topics in course in preparation for final exam	Reading due for Class 14: Page 1-8 to 1-10 Guide to Accounting for Fair Value Measurements Incorporating ASU 2011-4 by PwC. In preparation for Class 14, obtain access the Appraisal Foundation website at <a href="http://www.appraisalfoundation.org/">http://www.appraisalfoundation.org/</a> View content on the site including The Appraisal Foundation "Best Practices for Valuations" monographs.	
Thursday, December 3, 2015				
Friday, December 4, 2015		<b>Classes End</b>		
Dec: 9-16		<b>Final Exams</b>		
Wed, December 9		<b>ACCT 377 Section 14066 which meets at 8 am M/W class 2nd half of semester will be at Wed, December 9 2pm to 4pm.</b>		
Wed, December 9		<b>ACCT 377 Section 14067 which meets at 10 am M/W class 2nd half of semester will be at Wed, December 9 2pm to 4pm.</b>		
Wed, December 9		<b>ACCT 377 Section 14065 which meets at Noon M/W class 2nd half of semester will be at Wed, December 9 2pm to 4pm.</b>		