

Class Time & Location: 14105R Tuesday & Thursday 10:00 a.m. – 11:50 a.m. BRI 5

Instructor: Nancy W. Goble, MAS, CPA, CGMA  
Office: ACC 232  
Office Hours: Tuesday 1:00 – 2:00 p.m.  
Thursday 9:00 – 9:50 a.m.  
Other hours by appointment  
Email: ngoble@marshall.usc.edu  
Phone: TBD

### Welcome:

I look forward to meeting each of you during our first class and getting to know you during this eight week course. My goals for this course are to have every student gain an understanding of basic valuation techniques as well as enhance his/her knowledge of financial statement analysis and content. I want everyone to succeed in this class.

### Course Objective:

This course examines the role of financial statement analysis in the prediction of a firm's future financial performance. This course is designed to provide:

1. Skills to analyze and forecast financial statements;
2. Exposure to public sources of financial information used in the capital markets; and
3. An appreciation for the usefulness and limitations of financial statement analysis and firm valuation in specific decision contexts.

To achieve these objectives, the course will focus on the fundamentals of:

1. Financial statement analysis;
2. Forecasting; and
3. Valuation techniques.

Each student should be able to achieve these objectives with careful reading of the textbook, attention to the lecture content, completion of assignments and in-class exercises, and active participation in discussions.

### Prerequisite Skill Sets:

To perform well in this class, you need to possess an understanding of the financial reporting process and the content of financial statements that includes the materials covered in ACCT 370, ACCT 370B or ACCT 415. In particular, this course places an emphasis on knowing how items flow, or articulate, through financial statements. For example, capital expenditures increase the net balance in long-lived assets and depreciation decreases this same net balance. Retained earnings is increased by net income and reduced by dividends declared.

Much of the forecasting and valuation work in this class is completed using Excel. While we will spend some class time in a computer lab, prior to that date you should be comfortable using the following Excel functions:

1. Absolute and relative cell references;
2. Cell references to the content of specific cells in other worksheets within a spreadsheet file;
3. Present value formulas;
4. "If" statement formulas; and
5. Setting a print range for a spreadsheet so that it can be printed for review.

### Suggested Approach to Maximize Learning:

There is a lot of material covered in this course. While each student has their own style of learning, reading the materials listed in the syllabus *before* each class meeting is expected and will maximize the benefit of the time spent in class. Topics will initially be presented in a lecture format and a significant portion of each class will be devoted to discussion. Participation by all students in these discussions is expected and will enhance your knowledge of these topics. Please come to class with questions, especially if any of the material is unclear to you. Participation is not just responding to questions posed, it includes asking questions as well.

The topic of valuation is frequently discussed in financial publications, such as the Wall Street Journal. As indicated in the Course Schedule included in this syllabus, we will frequently be using information from the financial press to illustrate some of the topics covered in this course. To augment the in-class experience, students should read the assigned articles prior to class and come prepared to discuss the questions posted on Blackboard to guide your reading.

### Required Course Materials:

1. **Textbook:** *Financial Reporting, Financial Statement Analysis, and Valuation, 8th Edition.* Wahlen, Baginski, Bradshaw. ISBN 978-1-285-19090-7. Since we will only be using seven chapters from this textbook, it has not been ordered through the bookstore. I strongly encourage students to go to the publisher's Web site to purchase online access to the electronic version of the chapters we will be using. However, students do have choices. Students can obtain the textbook in the following ways by going to [www.cengagebrain.com](http://www.cengagebrain.com) and entering the ISBN for this textbook:
  - a. **Buy the online version of the chapters we will be using (Chapters 1, 4, 5, 10, 11, 12 and 13).** Each chapter costs \$17.99, with no charge for Chapter 1. This brings the total cost to \$107.94 for all seven chapters.
  - b. **Rent the textbook.** The cost to rent the book for 16 weeks is \$100.49. Be aware, however, that additional charges will be incurred for any damage to the book or if the book is not returned on time at the end of the rental period.
  - c. **Buy the textbook.** The cost to buy the book from the publisher's Web site is \$358.95.

### Course Materials to be Provided during the Semester:

1. **Lecture Notes:** These will be available in Blackboard in a separate folder. Lecture notes will be posted 2 – 3 days before the material is covered in class.
2. **2014 Form 10-K for Campbell Soup Company:** We will use this SEC filing to demonstrate many of the topics discussed in class. A PDF version will also be posted in Blackboard.
3. **Readings:** These will also be available in a separate folder in Blackboard. This folder will contain the assigned readings currently listed on the Course Schedule, along with questions

to guide your reading. New articles, or links to articles, may also be added that are not currently included on the Course Schedule. In these instances, an announcement will be posted on Blackboard indicating that an article has been added to the folder.

## Assignments and Grading:

Your grade for the class will be earned based on the following:

Assignments (Six total, 4% to 7% each)	35 %
Exam	20
Team Project	35
Class participation, attendance and professionalism	<u>10</u>
Total	<u>100 %</u>

Consistent with the Marshall course grading policy, the target mean grade for elective courses is 3.3. As a result, your final grade will be based on your percentage of total available points earned on each assignment/aspect of the class, the overall average percentage score within the class, and your ranking among all students in the class.

There will not be opportunities for extra credit in this course.

### Assignments:

The due date for each of the six assignments is indicated in the Course Schedule included at the end of this syllabus. These assignments will each focus on a topic covered in a chapter (or a portion of a chapter) in the textbook and will give you practice towards completing the final project for the class. Each assignment will be posted in Blackboard one week before the due date and will generally be completed using the financial statements and other information included in the 2014 Form 10-K for Campbell Soup Company. Each assignment will indicate whether it is to be submitted using Blackboard (which will be due prior to the beginning of the class on the due date indicated) or if the assignment is to be submitted in hard copy (to be handed in at the beginning of class on the due date indicated). Since we will be discussing each of these assignments in class, you should bring a copy of the assignment to class or have one available to you on a laptop.

All assignments are to include the student's name and, if submitted on Blackboard, be "print ready." I will print off all assignments submitted on Blackboard and grade the printed copy, which will be returned to you. Therefore, it is imperative that you set print ranges, etc. to facilitate the printing of your assignment for grading. The assignment should print in a fashion that can be easily reviewed – no print so small it requires a magnifying glass to read, page breaks in appropriate places, etc. If the assignment is completed using Word, the font cannot be smaller than 12 pt and the document must be double-spaced.

Very occasionally, there are issues with Blackboard. If you find that you cannot submit an assignment on Blackboard, send the assignment to me via email in a file attachment. The email must be sent before the beginning of class on the due date.

Late assignments will not be accepted.

**Exam:**

This exam will be a one-hour exam at the beginning of class on Monday, September 29, 2015. The exam will primarily focus on ratio calculations as well as the interpretation of these ratios and the results from analysis techniques discussed through Chapter 5 of the textbook.

Calculator apps on Smartphones may not be used during the exam. Only “freestanding” calculators may be used during the exam.

**Team Project:**

This project will bring together the various elements of financial statement analysis, forecasting and valuation covered in the course. There will be 4 – 6 students per team and it is currently anticipated that there will be five to six companies to choose from to complete the project. No more than two teams may choose the same company. Each team is expected to work independently, even if two different teams have selected the same company. The grade for the project will consist of three elements:

Written analysis	70% of project grade
Team presentation	15%
Individual contribution, as rated by other team members	<u>15%</u>
	100%

The requirements for this project and the grading rubrics will be posted in Blackboard prior to the class meeting on September 24, 2015.

**Class Attendance, Participation and Professionalism:**

Class attendance and participation are crucial to your learning. If you will be absent from class, please send me an email prior to the start of class, indicating your absence -- just like you would notify your boss if you were going to miss work. You do not need to provide a reason. Lack of notification will negatively impact the portion of your grade determined by professionalism. Generally, more than two absences will impact your score as it relates to attendance.

Participation by all students in class discussions and in-class group exercises is expected and will enhance your knowledge of the course content. Come to class with questions, especially if any of the material is unclear to you. Participation is not just responding to questions posed, it includes asking questions as well.

As a courtesy to everyone, during class please turn off mobile phones and use computers only to access materials relevant to class. Use of technology for other reasons during class, including texting, shopping, checking sports scores, playing games, etc., will negatively impact your points for professionalism.

**Re-Grading:**

Any requests for re-grading must be submitted in writing or through email. Requests will be accepted up to one week after the exam/assignment was returned and should clearly state why you think more points should have been earned on that portion of the exam/assignment.

### Prerequisites:

1 from BUAD 215 or BUAD 306 and 1 from ACCT 370 or ACCT 370B or ACCT 415

### Withdrawal Policy:

As noted in the following Course Schedule, the last date to withdraw from class without a “W” is September 1, 2015 and the last date to withdraw and receive a “W” is September 30, 2015. **Please note the above dates. Lack of awareness of these dates is not sufficient reason to grant an exception to this policy.**

### Academic Integrity:

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. All work you submit and the results of any exam must reflect your own work. Plagiarism in any form will not be tolerated. 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.

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/>.

Any student found to be in violation of the Accounting Student Honor Code will receive a score of zero for the applicable assignment/exam. There will not be an opportunity to submit other work to replace these lost points.

### Conduct:

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 of the 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.

### Support Systems:

A number of USC’s schools provide support for students who need help with scholarly writing. Check with your advisor or program staff to find out more. Students whose primary language is not English

should check with the *American Language Institute* <http://dornsife.usc.edu/ali>, which sponsors courses and workshops specifically for international graduate students.

*The Office of Disability Services and Programs*

[http://sait.usc.edu/academicsupport/centerprograms/dsp/home\\_index.html](http://sait.usc.edu/academicsupport/centerprograms/dsp/home_index.html) provides certification for students with disabilities and helps arrange the relevant accommodations.

### Emergency Preparedness/Course Continuity in a Crisis:

If an officially declared emergency makes travel to campus infeasible, *USC Emergency Information* <http://emergency.usc.edu/> will provide safety and other updates, including ways in which instruction will be continued by means of Blackboard, teleconferencing, and other technology.

### Course Schedule:

Date	Chapter/Topic	Reading (See Note below)	Student Deliverables & Exam Date
August 25	<ul style="list-style-type: none"> <li>Introduction to Course</li> <li>Review of Syllabus</li> <li>Chapter 1 – Overview of Financial Reporting, Financial Statement Analysis and Valuation</li> <li>Overview of Available Public Company Data</li> </ul>	<p><b>Text:</b> Pg. 1-17, 30-41 and 55-57 (Students should also review pages 18 -29 as a refresher on financial reporting.)</p> <p><b>Reading:</b> Valuation, Like Beauty, Is in the Eye of the Beholder (WSJ, 9/9/2014)</p>	
August 27	<ul style="list-style-type: none"> <li>Introduction to Campbell Soup Company</li> </ul> <p>Financial Reporting Review:</p> <ul style="list-style-type: none"> <li>Noncontrolling Interests</li> <li>Fair Value</li> <li>Pro Forma Earnings</li> </ul>	<p><b>Form 10-K:</b> Pg. 3-9, 29-31, <i>Notes to Consolidated Financial Statements:</i> Note 1</p> <p><b>Form 10-K:</b> Note 15 <b>Earnings Release Dated May 19, 2014</b></p>	

September 1	<ul style="list-style-type: none"> <li>Accounting Analysis</li> <li>Chapter 4 – Profitability Analysis (begin)</li> </ul>	<b>Form 10-K:</b> Pg. 13 - Selected Financial Data – focus on notes at bottom <b>Text:</b> Ch. 1, pg. 42 – 54; Ch. 4, pg. 241 – 243, 247 – 260	Assignment 1
September 1	<b>Last Day to Drop Without A “W”</b>		
September 3	<ul style="list-style-type: none"> <li>Chapter 4 – Profitability Analysis (conclude)</li> <li>Chapter 5 – Risk Analysis</li> </ul>	<b>Text:</b> Pg. 261 – 268, 284 - 289 <b>Reading:</b> Some Analysts Question Numbers in H.P.’s Write-Down (NY Times.com, 11/21/2012), Buyers Beware: The Goodwill Games (8/14/2012) <b>Text:</b> Pg. 353 - 365	
September 8	<ul style="list-style-type: none"> <li>Chapter 10 – Forecasting Financial Statements (<i>Overview and Income Statement</i>)</li> <li>Financial Reporting Review: Stock-Based Compensation</li> </ul>	<b>Text:</b> Pg. 761 – 771, 778 - 787  <b>Form 10-K:</b> Note 17	Assignment 2
September 10	<ul style="list-style-type: none"> <li>Chapter 10 – Forecasting Financial Statements (<i>Balance Sheet and Cash Flows</i>)</li> <li>Financial Reporting Review: Share Repurchases</li> </ul>	<b>Text:</b> Pg. 794-797, 802 – 806, 809, 811-822 and 824 - 827	
September 15	<ul style="list-style-type: none"> <li>Chapter 11 – Risk Adjusted Expected Rates of Return and the Dividends Valuation Approach</li> </ul>	<b>Text:</b> Pg. 859 – 881 (stop at Quick Check), 882 – 885, 891 – 895 (Stop at Exhibit 11.7)	Assignment 3
September 15	<b>Last Day to Change Enrollment from P/NP to a Letter Grade</b>		

September 17	<b>Meet in HOH 415</b> - Computer Lab – Forecasting Financial Statements	<b>Form 10-K:</b> Notes 13, 16, 17	Assignment 4
September 22	Chapter 12 – Valuation: Cash-Flow-Based Approaches ( <i>We will only be studying Free Cash Flows for Common Equity Shareholders</i> )	<b>Text:</b> Pg. 905-908, 914 – 915, 920, 922-924, 927-928, Exhibits 12.7 and 12.8	Assignment 5
September 24	<ul style="list-style-type: none"> <li>Chapter 13 – Valuation: Earnings- Based Approach</li> <li>Project Groups Meet to Discuss Company Selection for Final Project</li> </ul>	<b>Text:</b> Pg. 967-976, 983 – 987 <b>Reading:</b> Fitbit’s Stock Isn’t Too Stretched (WSJ, 6/19/2015)	
September 29	<ul style="list-style-type: none"> <li>Discuss Conclusions from Assignment 6</li> <li>Discuss Final Project and Address Student Questions</li> <li>In-Class Valuation Exercise (Earnings- Based Approach)</li> </ul>		Assignment 6 Exam (First Hour of Class)
September 30	<b>Last Day to Drop With a “W”</b>		
October 1	<ul style="list-style-type: none"> <li>In-Class Valuation Exercise (Cash Flow Approach)</li> <li>Discuss Final Project and Address Student Questions</li> <li>Potential Guest Speaker</li> </ul>	<b>Reading:</b> Cooler Heads on FireEye Valuation (WSJ 11/21/2014), Tech Startup Values Reach the Sky (WSJ 12/30/2014)	

October 6	<ul style="list-style-type: none"> <li>• In-Class Valuation Exercise (Impact of Discount Rate Selection)</li> <li>• Discuss Final Project and Address Student Questions</li> <li>• Potential that Teams Will be Provided Time to Work on Group Project</li> </ul>		
October 8	<ul style="list-style-type: none"> <li>• Governance and Other Non-Financial Factors Affecting Valuation</li> <li>• In-Class Valuation Exercise (Impairment)</li> </ul>		
October 13			<ul style="list-style-type: none"> <li>• Written Portion of Group Projects Due</li> <li>• Group Presentations (4 - 5 groups)</li> </ul>
October 15	Course Wrap-Up		Group Presentations (2 - 3 groups)

**Note:** All page number references for Form 10-K are for the printed page numbers at the bottom of each page of the Form 10-K. These are not the same as the electronic page numbers assigned in the PDF file.