

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

Professor: Anthony V. Aaron (Tony)
377 14068 4 pm to 5:50 pm 2nd half semester

Classroom: JFF LL102 JILL & FRANK FERTITTA HALL

Professor Aaron contact information

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Office Hours Tony Aaron:

By appointment -- Monday 1:00 pm – 3:30 pm & Wednesday 1:00 pm – 3:30 pm. If these hours conflict with your classes, please contact me by email and we can arrange an internet meeting, phone call or possibly an alternative time. Anticipate that consultations will be by email during study week. No office hours during finals week.

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.

The coursework next 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 with particular focus on ASC 805 and ASC 350.

The course includes review of valuation methodologies, and examples of their application at a basic to intermediate level. Professionals gathering advanced valuation skills and credentialing usually complete a series of four competency tests over multiple years (offered through the American Society of Appraisers), in a pattern somewhat conceptually similar to challenges offered by the CPA exam. Naturally, that level of competency is beyond the scope of this course but we will seek to significantly advance student’s knowledge of valuation theory and practice in the context of financial statement reporting and auditing.

Ethical decision making in the context of fair value assessment and in auditing of fair value analysis are referenced in limited depth. Accounting Standards Codification (ASC) topics associated with fair value, and more complex issues for business combinations and impairment testing, are reviewed in light to moderate 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 efforts with the

Financial Accounting Standards Board (FASB) and the Private Company Council (PCC) 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 Fair Value materials in existence and being drafted by the AICPA; the materials from the Working Groups under Steering Committee on Best Practices for Valuations in Financial Reporting of The Appraisal Foundation (under the auspices of the Appraisal Practices Board); 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 measurement 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

- Generally, students should prepare for each class by completing the readings listed by class session later in this syllabus. In addition, students should visit Blackboard to identify whether there are files there identified as “supplemental class readings” for the particular class identified.
- We will use the following text:
 - ***Valuation for Financial Reporting 3rd Edition*** (by Michael J. Mard, James R. Hitchner, and Steven D. Hyden; John Wiley & Sons, Inc., 2011) (4th edition not yet published)
- Educational materials used in the course, made available through the University relations sources of various accounting firms, will be posted on Blackboard
- Access to the Wall Street Journal or similar sources of contemporaneous business news.
- Blackboard is another important portal providing information related to the course. Most lecture slides will be available through your Blackboard account after the class is completed. Students very likely are familiar with

Blackboard from prior study at USC. Self instruction related to Blackboard is available at <https://studentblackboardhelp.usc.edu/>

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.
- The PCAOB is a nonprofit corporation established by Congress to oversee the audits of public companies in order to protect investors and the public interest by promoting informative, accurate, and independent audit reports. The PCAOB website: <http://pcaobus.org/About/Pages/default.aspx>

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. The following is a link for blackboard training for students who may not be familiar with how to use blackboard: <https://studentblackboardhelp.usc.edu/>

Grading Summary:

<u>Assignments</u>	<u>Points</u>	<u>% of Grade</u>
Quizzes	600	60.0%
Class Participation and Professionalism	100	10.0%
Final Exam	<u>300</u>	<u>30.0%</u>
TOTAL	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

Readings

Reading assignments generally are intended to prepare students for the subsequent lecture covering the material. Assigned readings are intended to occur in advance of lecture on the same material that will be the subject of the lecture. Conceptually students should have the objective of having a general familiarity with the material prior to the lecture to provide a foundation for an expanded and solidified acquisition of knowledge through the lectures.

Planning and allocation of time in your current class endeavors and your future business career is very important.

Generally, the slide decks used in the class lectures will be available after the lecture. The decks may be updated to include the possibility of current news matters even in the hour before lecture and accordingly, in most instances, the decks will not be posted in advance of the lecture.

Quizzes

The quizzes have a significant impact on the final grade. Students should identify the dates of the quizzes shown later in this syllabus, mark those dates in their calendars and arrange their schedules to allow attendance on those dates.

There will be five 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, 9 and 11. There will be no make-up quizzes. Instead, your quiz grade will be based on the highest four quiz grades. For example, if you are absent from class when a quiz is given, and you thus miss a quiz, that quiz score will be recorded as “zero”. Since that quiz will likely represent your lowest score, it will not be counted. If you miss more than one quiz, however, it will adversely affect your overall quiz grade as additional “zero” quiz scores will begin to be part of your highest four quiz grades.

Quiz materials may focus on both the required readings of materials “on the date of the quiz” as well as all material covered in the lectures and readings earlier in the course. Quizzes primarily include multiple choice questions but also may possibly include some written answers, computations or matching questions.

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. **aarona@marshall.usc.edu** is my email address. Generally, similar to a business setting, I will hope to respond to emails within 1 business day.

I may 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, 4:00 pm 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 with 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, 4:00 pm 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 Blackboard. **Please contact a classmate before the next class meeting. Ask them for announcements, lecture notes, readings, assignments, etc.**

Generally, I request that the technology group record all class lectures and many of the class lectures actually are available and may be helpful for those who miss a class. Students should be aware that the recordings are occurring and that all comments made may end up being included.

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. **It makes sense to research what was covered in class via review of the recordings and through discussions with your fellow students.**

Of course, if a major illness or emergency arises, I will work with you to accommodate the situation. As noted above, 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

Feedback from students, as well as my own experience, indicate that it is difficult to learn if the lecture style is monotonous.

I perceive that efforts to focus on retaining the attention of students is important. Viewed in a different way, no matter how important the topic, the ability to trigger learning is dependent upon "winning" the attention of class attendees repeatedly.

In this class I may start some sessions with music, or a YouTube 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.

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 when 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.

Some students may not feel comfortable with being asked questions without raising their hands or may be uncomfortable with any other presentation methods I might use to keep them connected and engaged. My apologies are extended in advance to students who may have these sensitivities. I hope that providing this explanation of why the class approaches are being used may ease the burden of discomfort that might otherwise be felt. While I'm sympathetic to the areas of

sensitivity, the class presentation methods are chosen based on what is perceived to be most effective overall and that begins with students being connected and engaged.

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 material 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 fair value measurements and financial 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 an economic perspective, it is not unlikely that your future careers could be positively impacted by your fellow classmates, as 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 40 or more 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. Note: You are expected to attend the particular time and day class section for the course that you are enrolled in. Upon receipt of email in advance of class, I may agree to occasional student attending an alternative class section.

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 provide 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 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.

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 IA) 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 .

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 to 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/department/departement-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 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.

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 provides certification for students with disabilities and helps arrange the relevant accommodations. 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.

EMERGENCY INFORMATION

USC Emergencies: 213-740-4321

USC Public Safety—Non Emergencies: 213-740-6000

USC Emergency Information Line 740-9233

USC Information Line 740-2311

KUSC Radio 91.5

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 seek to make my expectations for the various assignments clear and to have the evaluations occur on a fair and objective basis. If you feel that an error has occurred in the grading of any assignment, you may, within one week of the date the grade is assigned, write me an email memo in which you request that I re-evaluate the grade. 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 are encouraged! Please feel free to either contact me for a scheduled office visit or phone call, or to stop by during the "drop in" office hours. Review of quizzes, and review of the grading on quizzes will close one week after the date of grade posting for graded material unless I have received an email message seeking within the week following posting on Blackboard of the grade for that quiz. For example, student review of the quiz content and grades given for quizzes in class 4, 6, 8, 10 and 12 will not be allowed in the period proximate class 13 and the final exam.

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 6th week of classes for half semester courses or the 12th 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 6th or 12th 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, 2016 DATES FOR SESSIONS 001, 378, 033

Aug. 22	Fall semester classes begin in Session 001
Sept. 5	Labor Day, university holiday
Sept. 9	Last day to register and add classes for Session 001
Sept. 9	Last day to drop a class without a mark of "W" except for Monday-only classes, and receive a 100% refund for Session 001
Sept. 13	Last day to drop a Monday-only class without a mark of "W"
Oct. 7	Last day to withdraw without a mark of "W" (no refund)
Nov. 11	Last day to drop a class with a mark of W for Session 001
Nov. 23-27	Thanksgiving recess
Dec. 2	Fall semester classes end
Dec. 3-6	Study days
Dec. 7-14	Final examinations
Dec. 15-Jan. 8	Winter recess

COURSE READINGS/CLASS SESSIONS

ACCT 377	Week and Day: General Topics	Specific Topics	Assignments, Readings	
Monday, October 17, 2016	Week 1, Class 1: Review of Syllabus, Course Content, Fair Value References from Financial News sources	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.		
Tuesday, October 18, 2016				
Wednesday, October 19, 2016	Week 1, Class 2: Sources influencing accounting and audit standards in the fair value area and general status of developments.	Historical background of accounting, auditing and the use of historical 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 online or other financial website.	
Thursday, October 20, 2016				

Monday, October 24, 2016	Week 2, Class 3 ASC 820 Fair Value Measurements Principles	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. In class 15 minute quiz on materials to date and Class 3 readings	Quiz 1
Tuesday, October 25, 2016				
Wednesday, October 26, 2016	Week 2, Class 4 ASC 820 Fair Value Measurements Principles Continued	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 27, 2016				
Monday, October 31, 2016	Week 3, Class 5 Business Combinations	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.	Reading due for beginning of Class 5: Mard Text, Chapter 2 pages 29 to 46. At the beginning of Class 5, , Students will complete a 15 minute quiz covering materials to date, particularly Week 2 materials and readings assigned for Class 5.	Quiz 2
Tuesday, November 1, 2016				

Wednesday, November 2, 2016	Week 3, Class 6 Business Combinations continued:	Technical limited depth study of Fair Value Business Combinations issues (continued): In Process Research & Development, Goodwill, Bargain Purchase and Contingent Consideration. Possible guest speaker.	Reading due for Class 6: Chapter 2 Mard text: Business Combinations pages 47 to 70.	Possible guest speaker.
Thursday, November 3, 2016				
Monday, November 7, 2016	Week 4, Class 7: Valuation of Intangible assets in Business Combinations	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, students will complete a 15 minute quiz covering materials to date, particularly Week 3 materials and readings assigned for Class 7.	Quiz 3
Tuesday, November 8, 2016				
Wednesday, November 9, 2016	Week 4, Class 8 Mard Case Study 1 Valuation of Intangible assets in Business Combination	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 a 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 10, 2016				

Monday, November 14, 2016	Week 5, Class 9 Mard Case Study 1 Valuation of Intangible assets in Business Combinations continued	Continued discussion of the Mard Case Study 1 on valuation of intangible assets. Assembled workforce valuation and treatment, Valuation of Tradenames, Non-compete agreements, Existing and In-Process Technology. Begin discussion of impairment of intangibles. Possible Guest speaker.	Reading due for Class 9: Mard text Chapter 3 Pages 98 to 128. At the beginning of Class 9, Students will complete a 15 minute quiz covering materials to date, particularly Week 4 materials and readings assigned for Class 9.	Quiz 4, Possible Guest speaker.
Tuesday, November 15, 2016				
Wednesday, November 16, 2016	Week 5, Class 10 Impairment testing and measurement	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 17, 2016				
Monday, November 21, 2016	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	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.	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." Students will complete a 15 minute quiz covering materials to date, particularly Week 5 materials and readings assigned for Class 11.	Quiz 5
Tuesday, November 22, 2016				
Wednesday, November 23, 2016	Thanksgiving Holiday Break 11/23 to 11/27			
Thursday, November 24, 2016	Thanksgiving Holiday Break 11/23 to 11/27			

Monday, November 28, 2016	Week 7, Class 12 / 13 PCAOB Inspection reports and some common areas of concern	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. Possible Guest speaker.	Reading due for Class 13: Review of the most recently issued PCAOB Inspection Reports for each of the Four major accounting firms for matters related to valuation issues. .	Possible guest speaker
Tuesday, November 29, 2016				
Wednesday, November 30, 2016	Week 7, Class 13 / 14 Case study Example of auditing of Fair Value for Impairment	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 a mortized cost), Derivative Securities, ASC 718 Stock compensation, ASC 450, Investment Companies, ASC 946 (inclusive of ASU 2013-08). 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 http://www.appraisalfoundation.org/ View content on the site including The Appraisal Foundation "Best Practices for Valuations" monographs.	
Thursday, December 1, 2016				
Friday, December 2, 2016		Classes End		
Final Exam Wed, December 7		All Accounting 377 sections, Wednesday, Dec. 7, 2-4pm		
		All Accounting 377 sections, Wednesday, Dec. 7, 2-4pm		