

**ACCT 416 – Financial Reporting and Analysis**

**Syllabus**

**Spring 2018 – Tuesday/Thursday – 12:00pm to 1:50pm – 2.0 Units**

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**Office Hours:**

**Ryan: By Appointment within the times of Tuesdays and Thursdays 10:00am to 11:45am**  
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**Course Description**

Per the University Catalogue: “Examination of the role of financial statement analysis in the prediction of a firm’s future financial performance.”

In this course, we will discuss the analysis of financial statements, as disclosed by publicly traded companies. Financial statement analysis can lead to a better understanding of prior performance and provide useful information for developing expectations regarding future performance.

**Learning Objectives**

<b>OBJECTIVE 1</b>	Technical Knowledge	Students will demonstrate technical proficiency in the analysis of financial statements-heavy emphasis
<b>OBJECTIVE 2</b>	Research, Analysis and Critical Thinking	Students will demonstrate the ability to critically analyze, synthesize, and evaluate information as it relates to financial statement analysis-heavy emphasis
<b>OBJECTIVE 3</b>	Ethical Decision Making	Students will demonstrate an understanding of ethics, ethical behavior and ethical decision making-light emphasis
<b>OBJECTIVE 4</b>	Communication	Students will demonstrate the ability to communicate ideas both orally and in writing in a clear, organized and persuasive manner-moderate emphasis
<b>OBJECTIVE 5</b>	Leadership, Collaboration and Professionalism	Students will demonstrate leadership skills and the ability to work cooperatively and productively to accomplish established goals-moderate emphasis

Also refer to Appendix I at the end of the Syllabus, entitled “Undergraduate Program Learning Goals” for a generalized statement of the learning goals of our program here at the USC Leventhal School.

## **Required Materials**

We will not use a text for this course. Instead, a number of readings will be posted to Blackboard throughout the session, in advance of class. Also, financial disclosures by public registrants will be accessed by students from various Company Investor Relations sites, and/or through the SEC using EDGAR.

## **Prerequisites and/or Recommended Preparation:**

Per the University Catalogue:

Prerequisite: BUAD 215 or BUAD 306; ACCT 370 or ACCT 415.

## **Course Notes:**

Class slide decks, readings and other materials and announcements will be available on Blackboard.

## **Grading Policies:**

**Participation.** In-class participation is 10% of the total grade and evaluated based on your level of involvement in class discussions and in-class exercises.

One of the primary goals of this course is to help you develop the ability both to clarify your own position on an issue and to be able to articulate and defend it clearly. Sharing your perceptions and ideas with others is crucial for learning and for understanding how the diverse opinions that you are likely to encounter in an organization are debated. You will find yourself presenting and testing new ideas that are not wholly formulated and assisting others in shaping their ideas as well. You should be prepared to take some risks and be supportive of the efforts of others.

Effective class participation consists of analyzing, commenting, questioning, discussing, and building on others' contributions; it is not repeating facts or monopolizing class time. The ability to present one's ideas concisely and persuasively and to respond effectively to the ideas of others is a key business skill. One of the goals of this course is to help you sharpen that ability.

**Outstanding Contribution:** Your contributions reflect considerable preparation; they are substantive and supported by evidence from the case, readings, and logic. Your comments or questions create a springboard for discussion by making a critical insight. You synthesize and build upon what has already been said in the discussion. The class learns from you when you speak; in your absence, the discussions would suffer.

**Good Contribution.** You come prepared with substantiated comments. You demonstrate good insight and clear thinking. You are able to make some connection to what has been said in prior discussion. The class notices when you're not part of the discussion.

**Minimal Contribution.** You participate but are unprepared. You rarely offer interesting insights into the discussion. It appears that you are not listening to what others are saying during discussion.

**No Contribution.** You say little or nothing in class. If you were not in the class, the discussion would not suffer.

## GRADING DETAIL

<u>ASSIGNMENTS</u>	<u>Points</u>	<u>% of Grade</u>
TESTS Quizzes and Possible homework	600	60.0%
Final Exam	300	30.0%
PARTICIPATION	100	10.0%
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 the class has been 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 in the class.

### Assignment Submission Policy:

If homework is assigned, it must be turned in on the due date/time electronically via Blackboard. Any assignment turned in late, even if by only a few minutes, will receive a grade deduction (for example, if your work is a B+ grade, you will be given a C+ grade).

### Quizzes and Possible Homework

There will be an in-class quiz in three of the class meetings. These quizzes have a significant impact on the final grade. Generally, quizzes will cover **all course materials covered prior the date of the quiz** but will tend to particularly focus on materials since the prior quiz.

Typically, the quizzes will last approximately 20 minutes. While the format of each quiz may vary, the majority of the questions will be multiple choice or computation in nature. There may be some long form questions requiring a written explanation or response.

The dates of the quizzes are shown later in this syllabus. Similar to the career environment where commitments and deadlines are set and must be met, students need to accept responsibility to attend the quizzes on the date indicated.

If a student identifies a schedule conflict with one of these dates, they may seek an accommodation by contacting the professor by email at least one week “in advance” of the due date and consideration “may be” given to an alternative arrangement based on facts and circumstances. It is highly unlikely that multiple accommodations will be provided for the same student and unlikely that the professor will agree to accommodation requests made after the due date of the assignment or quiz.

There is a possibility of homework assignments. If assigned, the grade results from each homework assignment will be one half the weight of the grade results from quizzes. If no homework assignments are graded, then, following the schedule above, 60% of the grade will be provided by the quiz results weighted equally.

## **Final Exam**

The final exam will be given on the date shown later in this syllabus and will follow a format, and include content, generally consistent with that employed in the quizzes. The final exam may include questions from any material from the first class to the last class.

## **ADDITIONAL INFORMATION**

### **Add/Drop Process**

Most Marshall classes are open enrollment (R-clearance) through the Add deadline. If there is an open seat, students can add the class using Web Registration. If the class is full, students will need to continue checking the *Schedule of Classes* (classes.usc.edu) to see if a space becomes available. Students who do not attend the first two class sessions (for classes that meet twice per week) or the first class meeting (for classes that meet once per week) may be dropped from the course if they do not notify the instructor prior to their absence.

The last day to add the class or withdraw without receiving a “W” (and receive a refund) is January 24, 2018. The last day to drop with a mark of a “W” (no refund) is February 20, 2018.

If you are absent six or more times prior to February 20, 2018 (the last day to withdraw from a course with a grade of “W”), we would expect you to withdraw from the class by that date.

### **Name “Tents”**

“Name tents” and marking pens will be provided on the first day of class. Students should 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 an 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 as many as 40 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 and 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. There will be no “verbal roll call” but attendance records will be gathered via the name tents.

Think about the process here for using name tents. Common sense (and ethical behavior) 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.

### **Retention of Graded Coursework**

Final exams and all other graded work which affected the course grade will be retained for one year after the end of the course *if* the graded work has not been returned to the student. If we return a graded paper to you, it is your responsibility to file it.

### **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, we 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. Discrete occasional course related communication with fellow team members for planning of assignments is acceptable.

## **USC Statements on Academic Conduct and Support Systems**

### **Academic Conduct:**

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.

### **Support Systems**

*Student Counseling Services (SCS) - (213) 740-7711 – 24/7 on call*

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention. <https://engemannshc.usc.edu/counseling/>

*National Suicide Prevention Lifeline - 1-800-273-8255*

Provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week. <http://www.suicidepreventionlifeline.org>

*Relationship & Sexual Violence Prevention Services (RSVP) - (213) 740-4900 - 24/7 on call*

Free and confidential therapy services, workshops, and training for situations related to gender-based harm. <https://engemannshc.usc.edu/rsvp/>

*Sexual Assault Resource Center*

For more information about how to get help or help a survivor, rights, reporting options, and additional resources, visit the website: <http://sarc.usc.edu/>

*Office of Equity and Diversity (OED)/Title IX compliance – (213) 740-5086*

Works with faculty, staff, visitors, applicants, and students around issues of protected class. <https://equity.usc.edu/>

*Bias Assessment Response and Support*

Incidents of bias, hate crimes and microaggressions need to be reported allowing for appropriate investigation and response. <https://studentaffairs.usc.edu/bias-assessment-response-support/>

*The Office of Disability Services and Programs*

Provides certification for students with disabilities and helps arrange relevant accommodations. [dsp.usc.edu](http://dsp.usc.edu)

*Student Support & Advocacy – (213) 821-4710*

Assists students and families in resolving complex issues adversely affecting their success as a student EX: personal, financial, and academic. <https://studentaffairs.usc.edu/ssa/>

*Diversity at USC – <https://diversity.usc.edu/>*

Tab for Events, Programs and Training, Task Force (including representatives for each school), Chronology, Participate, Resources for Students

*USC Emergency Information*

Provides safety and other updates, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible. [emergency.usc.edu](http://emergency.usc.edu)

USC Department of Public Safety – UPC: (213) 740-4321 – HSC: (323) 442-1000 – 24-hour emergency or to report a crime.

Provides overall safety to USC community. [dps.usc.edu](http://dps.usc.edu)

### **Students with Disabilities**

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If you have a disability which may impact your performance, attendance, or grades in this course and require accommodations, you must first register with the Office of Disability Services and Programs ([www.usc.edu/disability](http://www.usc.edu/disability)). DSP provides certification for students with disabilities and helps arrange the relevant accommodations. Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to your TA) as early in the semester as possible. DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. Email: [ability@usc.edu](mailto:ability@usc.edu).

### **Emergency Preparedness/Course Continuity**

In case of a declared emergency if travel to campus is not feasible, the *USC Emergency Information* web site (<http://emergency.usc.edu/>) will provide safety and other information, including electronic means by which instructors will conduct class using a combination of USC’s Blackboard learning management system ([blackboard.usc.edu](http://blackboard.usc.edu)), teleconferencing, and other technologies.

### **Spring Semester 2018 Academic Calendar**

<b>Spring Semester 2018</b>	<b>73 instructional days</b>	
Open Registration	Thu-Fri	January 4-5
Classes Begin	Mon	January 8
Martin Luther King’s Birthday	Mon	January 15
President’s Day	Mon	February 19
Spring Recess	Sun-Sun	March 11-18
Classes End	Fri	April 27
Study Days	Sat-Tue	April 28-May 1
Exams	Wed-Wed	May 2-9
Commencement	Fri	May 11

## Course Calendar

	ACCT 416: Tues Thurs 1st Half of Semester	Daily activities, Tasks, Readings, Due Dates:	Comments
Week 1	Tuesday, January 9, 2018	Introduction and Course organization. Detail of Course Grading. Tie to career environment, critical thinking and personal strategy. Background context to the course: What students can expect from use of the tools developed in this course. Varying contexts into which financial analysis is used. Review of the conceptual foundation provided by the three approaches to value	
	Thursday, January 11, 2018	What factors impact the value of a company? Readings: "Internal Revenue Service Revenue Ruling 59-60" (6 pages). Particular focus on Sec 3 "Approach to Valuation" and Sec 4 "Factors to Consider"	
Week 2	Monday, January 15, 2018	Martin Luther King University Holiday	
	Tuesday, January 16, 2018	Sources of Financial Information: Summary of Regulation S-K (financial reporting for public registrants). Basic filings and disclosures, including Forms 10-K, 10-Q, S-1 and others, Summary of data sources including EDGAR, Company Websites, Data Aggregators, etc.	
	Thursday, January 18, 2018	Discussion of basic financial statement analysis: Ratio analysis. Application of financial analysis to specific accounts associated with: Financing Activities, Investing Activities and Operating Activities, Other less relevant Financial Analysis Tools and Techniques: Pay-back period, Return on Book Value, Economic Value Added	
Week 3	Tuesday, January 23, 2018	Team exercise part one: Teams assigned to review the SEC filings for <b>selected public companies</b> – A list of analytical question will be provided for the teams to address	Quiz 1
	Wednesday, January 24, 2018	Last day to drop without a W or change pass/ no pass to letter grade Spring 2018	
	Thursday, January 25, 2018	Team exercise part two: Teams report back on solutions to analytical questions, debrief	
Week 4	Tuesday, January 30, 2018	Reading (to be posted to Blackboard): Example, Professional Society Standards: Review of American Society of Appraisers Standards BVS-II Financial Statement Adjustments Selection of Benchmark Comparable Companies and Ratio Analysis: Selection of benchmark comparable companies, development and comparison of financial ratios, accounting factors necessary to consider in assessing the conclusions to be drawn from these ratios analysis. Further discussion of basic financial statement analysis.	



	Thursday, February 1, 2018	Implementing Financial Statement Analysis. Use of Capital IQ to obtain data on benchmark comparable companies. Methodologies and tools used in efforts to assess, and potentially make changes to categorization of costs, between the benchmark companies and the subject company being analyzed to assure consistency. Use of company websites and EDGAR to gather financial data.	Quiz 2
Week 5	Tuesday, February 6, 2018	Team Exercise part one: gather data and enhanced analytics from Capital IQ on selected public companies.	
	Thursday, February 8, 2018	Team Exercise part two: Student Teams to present results of their use of Capital IQ on selected public companies, debrief	
Week 6	Tuesday, February 13, 2018	Internal Uses of Financial Statement Analysis	
	Thursday, February 15, 2018	External Uses of Financial Statement Analysis	Quiz 3
	Monday, February 19, 2018	Presidents' Day, university holiday Spring 2018	
Week 7	Tuesday, February 20, 2018	Understanding Analysts' reports and their relevance to investors. Last Day to drop with a W for Spring, 2018	
	Thursday, February 22, 2018	Fundamental Value vs. Stock Market Price behavior. Market Bubbles, Example: New technology companies (e.g. Dot Com boom/bust, cryptocurrencies, etc.)	
Week 8	Tuesday, February 27, 2018	Comprehensive review and final examination preparation	
	Thursday, March 1, 2018	The final exam schedule for ACCT 416 is: <b>Thursday March 1, In Class</b>	

## Appendix I



### Undergraduate Program Learning Goals

1. **Our graduates will have an understanding of the key business areas and their interplay** to effectively manage different types of modern enterprise.
2. **Our graduates will have a global mindset** demonstrating an understanding of the interplay of local, regional, and international markets, and economic, social and cultural issues.
3. **Our graduates will demonstrate critical thinking skills, decision-making, and problem-solving abilities** to strategically navigate complex demands of business environments.
4. **Our graduates will demonstrate leadership skills** aspiring to be sensible, future-oriented leaders and innovators.
5. **Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities** and aspire to add value to society.
6. **Our graduates will be effective communicators in speaking and writing** to facilitate information flow in organizational, social, and intercultural contexts.

**Learning objectives associated with each learning goal:**

1. Learning goal: **Our graduates will have an understanding of the key business areas and their**

*reciprocity to effectively manage different types of modern enterprise.*

- Students will gain factual, conceptual, procedural, and metacognitive knowledge of the following areas: Accounting, finance, marketing, management & organizational behavior, operations and information management, and entrepreneurship.
- Students will integrate disciplinary knowledge to develop a general management perspective and know how to tailor it to different types of modern enterprise.
- Students will understand and utilize current technology in all disciplines.

2. Learning goal: **Our graduates will have a global mindset** demonstrating an understanding of the

*interplay of local, regional, and international markets, and economic, social and cultural issues.*

- Students will understand the complexities of business in the global economy and society, including its local, regional and global impact.
- Students will understand the different markets such as product, capital, commodity and factor, labor and global markets.
- Students will apply theories, models, and frameworks to analyze those markets.
- Students will have knowledge of the role of the legal, regulatory, competitor, financial, and consumer environments on business.
- Students will have knowledge of other cultures and their implications for business practice.
- Students will be able to adapt behavior and business practices to diverse business environments and cultures.

3. Learning goal: **Our graduates will demonstrate critical thinking skills, decision-making, and problem-solving abilities** to strategically navigate complex demands of business environments.

- Students will gather, categorize, analyze, interpret, and evaluate relevant qualitative and quantitative information.
- Students will critically question problems, competing priorities and points of view in situations characterized by ambiguity and/or uncertainty.

- Students will apply analytic tools and frameworks of business disciplines to create and defend well-reasoned conclusions and solutions based on relevant criteria and standards.
  - Student will develop abstract ideas and design novel conceptual frameworks based on facts and theories.
4. Learning Goal: **Our graduates will demonstrate leadership skills** *aspiring to be informed, sensible, future-oriented leaders and innovators.*
- Students will recognize the intricacies of individual and organizational group behaviors and demonstrate leadership skills at all levels in organizations, such as team leadership, departmental leadership, executive leadership, and entrepreneurial leadership.
  - Students will demonstrate the ability to be creative and innovative thought-leaders.
5. Learning goal: **Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities** *and aspire to add value to society.*
- Students will understand and abide by professional codes of conduct.
  - Students will understand the importance of ethics across cultures.
  - Students will know how to apply ethical frameworks to assess appropriate courses of conduct.
  - Students will recognize situations and issues that present ethical challenges and will be able to develop solution approaches.
  - Students will understand businesses' responsibilities to stakeholders and moral obligations to society at large.
6. Learning goal: **Our graduates will be effective communicators in speaking and writing** *to facilitate information flow in organizational, social, and intercultural contexts.*
- Students will assess and characterize diverse communication goals and audience needs across cultures and utilize the appropriate oral or written form of communication as well as applicable media and technology.
  - Students will understand interpersonal and organizational communication dynamics and implement effective internal and external organizational communication strategies.
  - Students will conduct research using a broad range of sources, synthesizing and judging the quality of collected information and support their written or oral claims logically and persuasively.
  - Students will write effectively in professional contexts and in all common business formats.
  - Students will create and deliver context specific presentations and/or lead meetings individually or collaboratively.