

ACCT 528 Fair Value under GAAP, IFRS and Emerging Issues

14238D: T 2-3:20 PM, JKP 104
14239R: T 2-3:20 PM, JKP 104
14240R: TH 2-3:20 PM, JKP 104
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Office Meetings and Other Contacts Outside of Class: I encourage you to feel free to confer with me outside of class. Contact may occur through in person meetings, email or it may make sense to discuss by phone. In person meetings can be helpful. Similar to the career setting, meeting times are best coordinated “by appointment.” Hopefully meetings will be a helpful and enjoyable part of the course. Please send an email to request a time to meet. I typically teach a number of courses and multiple sections of courses, so please include in the email **which course you are taking. The targeted “by appointment” in office meeting times: Tuesday 12:30 pm to 1:30 pm & Thursday 12:30 pm to 1:30 pm**

If the times shown above conflict with your classes, please identify in your email two or three other possible times to meet and I’ll check my availability at those times. If an “in person meeting” faces schedule difficulties, email is easy way to reach out and connect. As an alternative, an internet meeting or phone call may advance the discussion. Anticipate that consultations will be by email during study and finals weeks.

Introduction and Course Objective

This course focuses on knowledge that is relevant to considering case studies exploring fair value issues for financial statement purposes. More specifically, the course focuses on the treatment, and variances in treatment, of Fair Value issues under US Generally Accepted Accounting Principles (GAAP) and awareness of contemporaneous business news and investment topics providing context for both these technical areas and more generally success in the future career environment. The course provides limited insights into treatment of Fair Value issues under International Financial Reporting Standards (IFRS)

Key areas of focus will include:

- ASC 820: Fair Value (FV) Measurement overview guidelines
- ASC 805: Fair Value for Business Combinations
- ASC 350 and ASC 360: Fair Value in the Impairment area.
- Basic level of knowledge of the income, market and cost approaches used in valuation / appraisal
- Contemporaneous business news and investment topics

Important emerging issues in may include: Recent changes to Fair Value guidance for “Impairments” for Public companies; and the “Mandatory performance framework / Fair Value Quality Initiative” relevant to both valuation service providers and auditors in this area.

The “Fair Value Quality Initiative” undertaken by representatives of a broad cross section of stakeholders involved in financial statement valuation will be discussed. The results of this initiative has the potential to significantly impact both the performance of projects in the Fair Value area, and the financial statement audit of the workproduct from these projects. This initiative may have the potential to reduce PCAOB findings of deficiencies in audit of valuation matters. While this topic is discussed in limited depth in ACCT 528, it is explored in greater depth in the elective course ACCT 558 Advanced Accounting Valuation offered in the 2nd half of Spring semester.

The historical context of “convergence” of International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP) are addressed along with examples of fair value areas where convergence has not occurred and differences exist. Examples of differences, such as the varying treatment of impairment under IFRS and GAAP are discussed.

In order to understand Fair Value for Financial Statement purposes, a basic level of valuation knowledge need be established together with a familiarity of how value issues impact businesses on a day to day basis. This course seeks to establish a limited depth exposure to basic knowledge in these areas.

For example, while in depth knowledge of valuation theory and application are beyond the scope of this course, the material covered will address basics of the income, market and cost approaches to value which serve as the foundation for valuation theory as applied to particularly to business valuation and valuation of intangible assets.

Regular daily reading of the Wall Street Journal, for not less than 10 minutes, is expected of each student for each class. Guidance will be provided during the class on which sections of the WSJ should be of ongoing interest to students with a career path in business. In addition to the general reading, particular articles that should be studied by students will be highlighted in materials posted on Blackboard.

Classes may include inquiry of 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 participation dialogue, is an important part of the learning process for this course material as well as preparation for career interviews. One of the objectives here is to gain a general knowledge of business events and conditions which also serve as a background for valuation and investment issues, and in some instances the fair value accounting treatment that may be relevant.

For example, as the course proceeds students should have a general awareness of the then current levels of various stock markets, and an awareness of the current levels compared with the past. Students should be aware of the relevance of “earnings multiples” as a foundation indication of the relative level of prices being either “expensive” or “cheap” relative to the past, or in comparing one company’s stock price to others in the same industry.

Students will be expected to develop a basic understanding of valuation in the context of investment strategies and motivations driving the purchase or sale of equity, debt, index funds and derivatives as part of course discussions. The actions and strategies of short sellers and hedge funds, and the use of fair value accounting data, and general valuation perspectives, may be the subject of class discussion as relevant events emerge in the news. News related to motivation by companies to hedge their costs or revenue streams with derivatives may be noted and the fair value implications may be discussed.

Learning Objectives

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

- identify the trends of the findings in the PCAOB inspection report related to the performance of auditing firms in the fair value area through participation in class discussion and completing quiz and exam materials focusing on these matters.
- identify and apply the basics of: valuation theory, business and intangibles appraisal by active participation in class discussion, and also completing quiz and exam materials focusing on these matters.
- demonstrate knowledge of use of the Income, Comaparable and Cost Approaches to Value Businesses and Intangible assets through quizzes, exams and team case study.

- demonstrate knowledge of how the current rules for fair value accounting have been developed and continue to be in a state of change through participation in class discussion and also completing quiz and exam materials focusing on these matters.
- describe and assess the differing roles of the Securities and Exchange Commission (SEC) and the Financial Accounting Standards Board (FASB) in developing IFRS and US GAAP Fair Value accounting standards by participation in class discussion, and also completing quiz and exam materials focusing on these matters.
- demonstrate the ability to research fair value issues using the professional literature (e.g., the FASB Codification database, as well as sources such as the best practices Fair Value materials in existence and being drafted by the AICPA and the materials from the Working Groups under Task Force on Best Practices for Valuations in Financial Reporting of The Appraisal Foundation, by participating in team case study materials on fair value issues as well as completing quiz and exam materials focusing on these matters.
- demonstrate knowledge of those fair value guidance areas which are converged under GAAP and IFRS, and describe important “non-converged” fair value guidance areas. Demonstrate knowledge of International Accounting Standard (IAS) 36 through participation in team case study.
- assess and explain how the current rules for fair value accounting may lead to different valuations than those typically arrived at by Wall Street financial analysts, by participation in class discussion, and also completing quiz and exam materials focusing on these matters.

Required Materials

- **Insights on text requirements:**
 - *The 3rd Edition of Fair Value Measurement has been submitted to the publisher but is not available for purchase. As a result, we will be using excerpts of material from the 2nd Edition Practical Guidance and Implementation recommend purchase “used”* (by Mark Zyla; John Wiley & Sons, Inc., 2013)
- Generally, students should prepare for each class by: “reviewing” the readings identified by class session which are identified later in this syllabus. “Reviewing” means that students should have the objective of having a “general limited depth familiarity” with the material prior to the lecture. “Limited depth” review is intended to provide a foundation for an expanded and solidified acquisition of knowledge through the lectures. In addition to “reviewing” the readings that are the subject of the current lecture, students should “study” the lecture deck from the prior class session.
- Blackboard is an important portal providing information related to the course. Students very likely are familiar with Blackboard from prior study at USC. Self instruction related to Blackboard is available at <https://studentblackboardhelp.usc.edu/>
- Typically there will be two to four files placed on Blackboard associated with each class:
 - In some cases where the readings are not from the text, a file with the work “Reading” in the file name may be posted on Blackboard
 - Generally, the Powerpoint decks used in the class will be posted and will include “Lecture deck” in the file name. Generally, the class decks will be posted after the lecture.
 - In addition there will be one or more decks that include the word “supplemental” in the file name. Materials for many classes will include a file with the work “news supplement” in its title which includes excerpts from news articles.
 - Additional supplement files may include materials associated with a guest speaker, or materials related to a course topic.
- Students will be required to read Wall Street Journal content as a part of the course and Wall Street Journal subscription access is required.

Supplemental Materials

Throughout the course students are encouraged to access the following websites and the sections focusing on fair value issues. Familiarity with these sites and the up to date materials available on them may benefit students in their careers long after graduating from USC.

- 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>
- 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 provided during class lecture.
- IASB / IFRS Website <http://www.ifrs.org/Home.htm> . Free access to portions of the site is available through registration at the home page.
- Awareness of the highly respected fair value guidance materials available through the AICPA and The Appraisal Foundation.

Prerequisites and Co requisites:

There are no prerequisites or co requisites for this course. Recommended preparation: Students in this class would benefit from a foundation that includes knowledge of accounting and sources of accounting guidance.

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

Grading Summary:

	<u>% of Grade</u>
Quizzes and Possible Homework	50%
Team Project Assignment	10%
Class Participation and Professionalism	10%
Final Exam	<u>30%</u>
TOTAL	100%

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. The average grade for this class is anticipated to be 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.

Reasoning Behind Class Presentation Format and Retaining Attention in Class

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

Whether in a classroom environment or in the career setting, joint efforts by the speaker and attendees to retain attention 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 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 a question I pose 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.

In conversations with recruiters from various accounting firms I have heard of actions and strategies that have advanced the candidacy of students from USC. I have also heard stories of actions or strategies that have undermined the case for hire. One of the skills of significant importance in the interview process is the ability to “think on your feet” and to “effectively verbally respond to questions” demonstrating a general knowledge of business as well as technical topics.

Consistent with this important area of competency, in the class I typically call upon students frequently throughout class sessions. I realize that students may be uncomfortable while facing questions. I ask that each student understand that this approach is not adopted due to my personal preference. Rather, it is dictated by the need to draw students into developing active participation and verbal communication skills that are critical to success in the career environment. It is my hope that modest discomfort in class will advance a greater chance for success in the career environment.

I may occasionally very loudly call out a phrase, walk among the desks or use other dramatics. You may hear me call out “Fight On” or “Let’s go Accounting.” My objective is to first keep you awake and engaged in the class. Many students feel that these approaches help them to maintain attention and that is my purpose in using them.

I am also aware that some students may be uncomfortable with these approaches. Some students may not feel comfortable with being asked questions without raising their hands, may be uncomfortable with dramatic or loud commentary on my part, could dislike the music, or may have strong personal or political views that make class discussion uncomfortable. I ask that each student understand that these approaches are not based on my personal preference. They are instead dictated by the objective of keeping students actively engaged. It may be that you are awake and actively engaged. However, understand that other students may need the more active encouragement.

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 connected and engaged.

ASSIGNMENTS AND GRADING DETAIL

Readings

Reading assignments generally are intended to prepare students for the subsequent lecture covering the material. Just to be clear, it is worthy of emphasis that the assigned readings are intended to occur in advance of lecture on the same material. For most reading assignments 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 endeavors and your future business career is very important. To aid in your planning, the syllabus on some occasions may seek to assist in your allocation of resources by recommending that only certain pages of a chapter be read, or suggesting that some portions of assignments be considered “In Depth” readings and others as “Limited Depth” readings.

Generally, the slide decks used in the class lectures will be posted on Blackboard shortly before the lecture.

Quizzes

There will be an in-class quiz in four 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.

Please note that the news events discussed in class and those included in the “news supplement articles to research” decks include material that may be the subject of questions in the quizzes. Similarly, we will seek to have guest lecturers participate in the course and the material they cover, which often is summarized in postings on blackboard, may be the subject of questions on quizzes. Generally, students have told me that when they attend all classes and carefully study the materials posted on blackboard they have done well on the quizzes.

While there may be some exceptions noted in the syllabus, the assigned readings from the text are identified as “limited depth” reviews. Students preparing for quizzes and exams should employ a strategy of first focusing on the class decks and materials posted on Blackboard.

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 me by email at least one week “in advance” of the due date and I may consider an alternative arrangement based on facts and circumstances. It is highly unlikely that I will provide multiple accommodations for the same student and unlikely that I will agree to accommodation requests made after the due date of the assignment or quiz.

Team Project Assignment

No later than Class 10, students will be assigned to teams and the details of the major class case study project will be released. There will be a single case study assigned to all teams. While the specific case study to be used is being deliberated, consideration is being given to alternatives focusing on topics such as: “audit of fair value for impairment,” “audit of fair value allocation of purchase price for business combination” and “audit of mark to market” alternatives.

Team presentations will occur during class 13. It is possible that if there we run out of time to have all of the presentations made during class 13, that some may be postponed to class 14. However, all materials from the case study for all teams are due prior to the beginning of class 13 and the presentations made should be consistent with the materials submitted.

Based on materials covered in the course and assigned readings, teams will complete a template audit review document, and will prepare commentary on relevant matters. Prior to the beginning of class 13 each team will submit and present their completed audit review document. During class 13, teams will be prepared to make a presentation, not less than three minutes, not more than five minutes, providing their team insights.

It is important that all students participate in the team efforts. To facilitate that participation it is recommended that the team meetings occur via by Zoom internet meeting, Skype, GoogleDocs, or conference calls at times when there is a low likelihood of possible conflicts with other classes, jobs or other matters.

Teams will provide two electronic files respectively in Word and PowerPoint format, sent to me by email not later than the beginning of Class 13. No pdf files, Google shared doc files or files in formats other than Word or PowerPoint are to be submitted.

In the career environment the naming of electronic documents is important to both your keeping track of materials, and helping recipients keep track of what they have been provided with. In this course, please "name" the files provided to me in a way that includes the class number "528" your number "Team x" and descriptive verbiage "Case study" and either "write up" or "slides."

Consider the presentation in the context of what would be appropriate for a team presentation that would be made in a career setting. Think about whether it makes sense for you to provide hard copies of the Word and PowerPoint presentations to the "client" / professor at time of the presentation. Think about the possible relevance of appearance and dress of team members. Think about what team members are doing when one is the primary speaker. Think!

Suggestion: very early in the presentation indicate the "conclusions" or "take aways" you would like the audience to remember. Toward the beginning include a statement of how the presentation is organized.

Some ideas on what will not be effective in presentations occurring in a career environment: Assume that each member is "on stage" with their behavior and manner being viewed for the entire presentation. Teams whose members are looking off into space or into their iPhone during fellow team members portions of the presentations, talking in a monotonous tone, employing a confusing format, slides that are unreadable by the audience, with some team members incorrectly stating facts, looking like they have just rolled out of bed, will not prosper.

As noted earlier, team members will rate each of the other fellow team members. It's hoped that students will be motivated to actively participate in the team project assignment by including these team ratings of individual participation as part of the grade. Either a link to a Google form or a Blackboard assignment will be posted including an evaluation form to be completed and submitted by each individual following the date of the team presentation. Submissions will only be accepted via the specific Google form (or Blackboard assignment if that format is used.) Students should not evaluate their own performance but their name will be included on the form.

The essence of accounting involves gathering data in a meaningful format to allow effective and appropriate decisions. In a similar sense, in team settings, it's important that those not performing be provided with appropriate feedback so that they understand that the performance needs to change. If you have a team member who fails to join in for conference call meetings, or who has not read the assignment, or is not prepared to contribute actively in the call,it would be unlikely that rating that person a 5 is providing them with appropriate feedback. If you are rating all of your team members 5, and some team members are habitually absent from class, similar to a business setting, you may be called upon to comment on how that rating is truly reflective of what has gone on with the team efforts.

The format of the questions and submissions may be something along the following lines:

	Rating: 1 to 5: 5 reflects outstanding performance and 1 reflecting very poor performance					
	Team Members name	Your name:	John Peters	Mary Socal	Jung Cheng	Evan Ivan
	Overall evaluation of the contribution of this individual to the team efforts					

The team presentation counts for 10% of the final grade. Individual student grades will depend upon the results for their team plus the possible professors follow up and assessment of the team member feedback on individual performance and contributions. While actual grading may vary, based on past semesters, roughly 25% to 35% of the team may receive the full, or near full credit translating to 90% to 100% range; similar percentages of the teams may receive 85% credit, and about the same percentage of the teams may receive 80% or less credit. Students who do not actively and effectively participate in the team efforts may receive a low grade in the project even if their team is rated highly.

Internet Based Meeting Capabilities

In the business world the ability to effectively use internet based meeting technology is an important skill set. Some classes this semester may occur via internet meetings. Students can choose to attend either in the normal classroom with their team members, or teams can choose to attend in an alternative location via one shared computer. If this approach is used, the professor and possibly guest speakers may be in remote locations.

Final Exam

The final exam will be given on the date shown later in this syllabus. emphasize material covered in lectures, discussions by guest speakers, homework assignments, case material and the assigned readings in the text. The final exam may include questions from any material from the first class to the last class. Generally, the final will be broken into three portions: 1) Questions and / or problems associated with the topics discussed in the lecture decks and to a minor extent the text readings in a multiple choice and / or problem format; 2) Questions associated with current events, cases and guest speakers in a multiple choice and / or problem format and 3) Questions where students will complete analysis and calculations of potentially ambiguous fact patterns.

Participation and Professionalism

Participation is key to success in one's career. That concept and premise is reflected in the approach to participation used in this course. Thoughts on "Participation" begin with the subject of attendance. Conceptually, in your career, a pattern of absence, a pattern of lateness, or lack of participation and/or inattention will adversely affect your performance evaluation. The same is true for this class. The primary thrust of this course is that I want to advance the ability of students to succeed in thier careers.

Name "Tents," that is, folded sheets showing individual student names, will be used for all class sessions. These will facilitate my ability to call on students by name and assess participation, and should advance the ability of students to get to know one another. Students should keep the name tent in a visible location in front of them, so that I, and other students, can facilitate participation.

The name tents are also used to record 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 each student's responsibility to take their name tent at the beginning of class and to return it at the end of class.

Think about the process here of use of name tents. Naturally, students should not pick up the name tents for others at the beginning of class, nor return others name tents since the tents are being used to keep class roll. Based on the procedure described here, it is important that students understand that 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.

There are approximately 13 lecture sessions in this course. If you are absent six or more times 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.

In each circumstance that you need to be absent, you are expected to send an e-mail message to the professor prior to the start of class. No reason is needed in the email, just notification. This is the minimum standard of "notification" that you can expect to encounter in your business career. Failure to notify me by email may be viewed as unprofessional behavior. Failure to notify by email that your will miss "our meeting / class" will result in 2 "absence points" to be recorded. Proper notification will result in one absence point.

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.

More than two absences may begin to impact your performance. Multiple absences, even when accompanied by conscientious notification, may be unacceptable in your business careers and may be viewed similarly in this class.

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 the nature of what has been covered has caused me to post them on Blackboard. Please contact a classmate before the next class meeting. Ask them for announcements, lecture notes, readings, assignments, etc. If you discussed the missed class session, and you still feel you need further clarification or interpretation of the material covered, I will be glad to help. Please do not send an e-mail asking me to tell you what you missed in class. Instead, check with your teammates, check for class recordings, and use “critical thinking.” Of course, if a major illness or emergency arises, I will work with you to consider the possibility of an accommodation related to the situation.

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. It’s worthy of note that I have found that some classes end up not recorded even though I have sought to have that occur.

Those enrolling in the class late and missing either one or two classes need to be aware that they are starting the class with a significant portion of the course “missed.”

On a personal basis, you should feel free to send me an email and arrange a time meet and discuss matters of interest to you 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 feels free to reach out to me. **thomasry@marshall.usc.edu** is my email address. Generally, similar to a business setting, I will hope to respond to emails within 1 business day. Again, I have multiple courses and sessions within courses so please include in the subject line the course name and section (Example in Subject line: ACCT 528, Tuesday 2:00 pm section,)

Consistent with the Marshall School Strategic plan, we will seek to advance the level of students’ professionalism as part of the class. Professional conduct is expected from all students in class. In addition, professional conduct is expected from all students in interactions with me on class related matters, both in class, and outside of class. The class related interaction occurring outside of class hours may include for example: email, telephone, voicemail, or part of my office hours.

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

Additional Thoughts Participation and Professionalism. In-class participation and professionalism 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.

- *Relevance* – Does the comment or question meaningfully bear on the subject at hand? Irrelevant or inappropriate comments can detract from the learning experience.
- *Responsiveness* – Does the comment or question connect to what someone else has said?
- *Analysis* – Is the reasoning employed consistent and logical? Has data from course materials, personal experience, or general knowledge been employed to support the assertions/findings?
- *Value* – Does the contribution further the understanding of the issues at hand?
- *Clarity* – Is the comment concise and understandable?

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.

Critical Thinking and Personal Brand

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

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

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

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

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

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

than \$20 per hour. It is my hope to play a small role in moving each student toward performance that is worthy of compensation of \$200 to \$400 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 as 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. 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.

On a personal level, I look forward to discussions with each student. On a professional level, I think it makes sense to cheerfully encourage students to work at asking good questions and to avoid “lazy” questions. If I respond to a question asked by asking about the steps you have taken to research the issue, please understand that my hope is to advance your focus on personal adoption of critical thinking.

GRADUATE PROGRAM STUDENT LEARNING OUTCOMES

Five Student Learning Outcomes for the Master of Accounting and Master of Business Taxation programs were developed by the USC Leventhal faculty and administration and filed with the AACSB, the accrediting body for accounting and business schools. In brief, these Student Learning Outcomes are as follows:

- 1. Technical, Conceptual, Problem-Solving**
- 2. Professional Development**
- 3. Research/Life-Long Learning**
- 4. Ethical Principles and Professional Standards**
- 5. Globalization and Diversity**

The five Student Learning Objective measures developed for this class are as follows:

1. Technical, Conceptual, Problem-Solving

Students will be competent in and be able to apply discipline-specific knowledge and skills in the fields of accounting or taxation. This learning outcome includes the development of critical thinking and problem solving skills, as well as an understanding of the strategic role of accounting in business organizations and society. Heavy

2. Professional Development

Students will be able to communicate clearly, and strategically, after considering the relevant audience, situation, and purpose of the communication. Students will develop the ability to work productively with others to accomplish established goals. Moderate

3. Research/Life-Long Learning

Students will be able to use relevant research databases and academic/professional literature to gain new knowledge and analyze business situations. Moderate

4. Ethical Principles and Professional Standards

Students will be able to apply ethical principles and professional standards in analyzing situations and making informed decisions. Light

5. Globalization and Diversity

Students will be able to demonstrate an international perspective and appreciation for diversity and cultural differences, along with their significance in global business. Light

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.

Technology Policy

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

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

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

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

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

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

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

STUDENT EVALUATION OF THIS CLASS

Your feedback to me during the course is important. In addition, toward the end of the course students will be asked to provide a confidential assessment of the course and their assessment of the professor’s efforts during the semester. These assessments are an important source of feedback and they impact the preparations for the teaching efforts in future semesters! A mid-semester course evaluation is planned.

GRADING POLICY

We adhere to the USC Leventhal School of Accounting and Marshall School of Business grading standards for graduate programs. In general, final course grades at the graduate level in a core course average approximately B+ (3.3), but may vary based on class performance. For elective courses, the class average is usually higher-- approximating 3.5, which is between a B+ and an A-. You must receive a C or better to pass a required class, and you must have an overall B average (3.0 minimum) in order to graduate from USC. The graded elements of this course are listed in this syllabus along with information about how they will be evaluated.

Statement on Academic Conduct and Support Systems

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.

Academic Conduct:

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in *SCampus* in Part B, Section 11, “Behavior Violating University Standards” <https://policy.usc.edu/scampus-part-b/>. 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>.

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/>

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

Tab for Events, Programs and Training, Task Force (including representatives for each school), Chronology, Participate, Resources for Students. <https://diversity.usc.edu/>

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

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

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). 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 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.

Class Notes Policy Per the USC student guidebook [class notes policy](#) : Notes or recordings made by students based on a university class or lecture may only be made for purposes of individual or group study, or for other non-

commercial purposes that reasonably arise from the student's membership in the class or attendance at the university. This restriction also applies to any information distributed, disseminated or in any way displayed for use in relationship to the class, whether obtained in class, via email or otherwise on the Internet, or via any other medium. Actions in violation of this policy constitute a violation of the Student Conduct Code, and may subject an individual or entity to university discipline and/or legal proceedings.

Emergency Preparedness/Course Continuity

In case of a declared emergency if travel to campus is not feasible, 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), teleconferencing, and other technologies.

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 assignment is returned to you, write me an email memo in which you request that I re-evaluate the assignment. Explain fully and carefully why you think the assignment should be re-graded. Be aware that the re-evaluation process can result in three types of grade adjustments: positive, none, or negative.

Planning and timeliness is important in the career environment and those attributes should be adopted by students in this course. Students are encouraged to stay current on gathering insights from the results of their graded materials. Discussion and review of the content of quizzes and exams as well as individual student responses on quizzes and exams will close two weeks after the date of grade posting for graded material. For example, individual student quiz content and grading will not be allowed in the period proximate to the final exam for quizzes much earlier in the course. In addition, grades for assignments and exams will be considered final if no email request for a change has been received by me within the two week time period. 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; i.e., if I returned a graded paper to you, it is your responsibility to retain it.

Important Dates

First Day of Class	Monday, August 26
Labor Day, University Holiday	Monday, September 2
Last day to add	Friday, September 13
Last day to drop without a mark of "W" and receive a refund	Friday, September 13
USC Career Day	Thursday, September 26, 10 am-2 pm
Meet the Firms, Alumni Park	Friday, September 27, 11am-2pm
Last day to withdraw without a "W" on transcript or change pass/no pass to letter grade	Friday, October 11
Fall Recess	Thursday-Friday, October 17-18
Last day to drop with a mark of "W"	Friday, November 15
Thanksgiving Break	Wednesday-Friday, November 27-29
Classes End	Friday, December 6
Study Days	Saturday-Tuesday, December 7-10
Final Examinations	December 11 - December 18
Winter Recess	December 19 - January 12

Note that sections of this class are being taught on differing days of the week. Accordingly, the dates shown below refer to “the week of” and the Monday of that week is identified.

<u>ACCT 528</u> <u>Week of:</u>	<u>Week and Day:</u> <u>General Topics</u>	<u>Specific Topics</u>	<u>Assignments, Readings</u>
Week of Monday, August 26, 2019	Class 1: Review of Syllabus, Course Content, and Learning Objectives. Varying purposes / reasons for a valuation analysis, Intrinsic vs. Relative value	Overview Lecture objective: Inspire an understanding of: how this course will be conducted, the importance of students understanding of the syllabus, overview of the content to be addressed in the course, and the extended objectives of the course beyond the accounting topics to advance student likelihood of career success by focus on current business events, critical thinking and attention to "personal brand." Review of class syllabus. Discussion of learning objectives; required and supplementary materials; assignment, quiz and exam formats; and method for grading in the course. Lecture: Caution required for application of general valuation knowledge to Fair Value issues for financial statement purposes. Discussion of key foundation challenges in valuation: Varying purposes / reasons for a valuation analysis: US Gaap Financial usage, IFRS usage, Acquisition pricing, US Federal Tax related, Litigation damages. Differences between “Fundamental value”: present value of future cash flows; and “Relative” value: sale price of similar assets.	
Week of Monday, September 2, 2019	Class 2: Example review of migration in accounting and valuation treatment of example assets, and the process of deliberations by the FASB.	Possible guest lecture by John White, Partner, Cravath, Swaine & Moore LLP: Topic: Practical look at how the three U.S. regulators/standard setters (SEC, FASB, PCAOB) in the accounting and auditing arena operate in carrying out their roles" Additional lecture topics: Building on the assigned reading, advancing the understanding of: evidence that shows that there are significant Fair Value related financial statement and audit related failures; the parties holding significant influence in this area. Example fair value issue areas: migration of the accounting treatment of the In Process Research & Development, Stock options and Financial instruments asset categories. Students may be asked to lead the class on visits to the IASB, PCAOB, FASB and IVSC websites.	Reading due for beginning of Class 2: Possible materials that may be posted on blackboard tied to possible guest speaker. Additional readings due for beginning of Class 2: Students to read in limited depth the Class 2 deck posted on blackboard. Also, review the Zyla Survey of PCAOB Audit Deficiencies Assignments due for Class 2: Per "Supplementary Materials" section of the syllabus; student should visit the IASB, PCAOB, and FASB websites for general familiarity with content. Read and study the articles posed in the “news supplement” file posted on Blackboard.

<p>Week of Monday, September 9, 2019</p>	<p>Class 3 Key framework concepts creating the framework for valuation in the US GAAP and IFRS contexts</p>	<p>Overview of considerations influencing the lecture materials: Before financial reporting of Fair Value issues can occur, there needs to be agreement on the foundation principles guiding how fair value estimates are to be analyzed and determined. The principles and guidance are provided by the material included in ASC 820 for GAAP and IFRS 13 under IAS establishing the "Fair Value Framework" Examples topics include the premise of value, market participants perspective, highest & best use, assessment of the "Principle Market", The "Most Advantageous Market" concept. Considerations associated with "inactive" vs. "active" markets for asset types. Distinction between an orderly transaction and distressed transactions. Possible Guest Lecturer Paige Kuroyama, Partner, Western Regional Professional Practice McGladrey: Insights on background and career path; Insights on what the Professional Practice group is and does, the relevance of fair value issues from the perspective of Professional Practice roles, some example fair value issues, perhaps tied to derivatives and embedded derivatives</p>	<p>Due for beginning of Class 3: Limited depth reading of Zyla Chapter 2, pages 37 to 78 Fair Value Measurement Standards and Concepts. This includes the guidance provided by the FASB under ASC 820 . Review also the three page summary of IFRS 13 posted on Blackboard and named: "Class 3 IFRS13 technical summary" IFRS 13 is virtually identical to ASC 820 under GAAP.</p> <p>Read and study the articles posed in the "news supplement" file posted on Blackboard.</p>
<p>Week of Monday, September 16, 2019</p>	<p>Class 4 Key FV areas: Business Combinations, Impairment, Financial Instruments; Fair value of Liabilities. Proposed Private Company treatment under US GAAP</p>	<p>Overview lecture objective: Finalization of the Fair Value overview topic, insights on new developments in Fair Value under GAAP. Lecture: Further discussion of specific elements included in the Fair Value Framework. Review of materials and consider examples (with ambiguous fact patterns) associated with the topics: Market Participant Assumptions, Scenario sensitivity analysis, Use of Multiple valuation techniques. Introduction of Key FV areas: Business Combinations, Impairment, Financial Instruments; Fair value of Liabilities. Possible topic: class discussion of "gains" reported by banks encountering financial distress. Proposed Private Company treatment under US GAAP. Quiz 1 will be given during this class</p>	<p>Powerpoint deck placed on Blackboard named EY Fair_value_basics_slides 45 to 82.ppt.</p> <p>Read and study the articles posed in the "news supplement" file posted on Blackboard.</p>

<p>Week of Monday, September 23, 2019</p>	<p>Class 5 Ernst & Young materials and examples re Valuation methodologies for the Business Enterprise, valuation techniques used for intangible assets.</p>	<p>Lecture objective: Introduction and review of the "Three Principle Approaches to Value: Market Comparison, Income and Cost Approaches." This course does not seek to establish an in depth knowledge of these valuation approaches, and nor is it intended to address a profession level understanding of the methodologies within these approaches and the underlying assumptions. However, a broad general understanding of the approaches and methodologies is key to understanding how appraisal experts develop their assessments of Fair Value to be used for financial statement purposes, and to position students from this class to play effective roles in the audit or use of that fair value information. Discussion of Guideline company method, Multi-period excess earnings method, Relief from royalty method, Incremental or differential method, Lattice method and Income Tax assumptions used in valuation for financial statement context. Possible Guest Lecture: Chris Dickson KPMG Past Valuation Practice Fellow at the Financial Accounting Standards Board (FASB)</p>	<p>A Powerpoint file named "Classes 5 6 and 7 READINGS EY Fair_value_ADVANCED_section_5_slides Performing ValAnalysis Slides 1 to 70" has been placed on Blackboard . It is suggested that the first 36 slides be reviewed by students prior to Class 5. While the half semester nature of this course does not allow establishment of a profession level understanding of the valuation methodologies covered in the slides, it is important that students establish a general familiarity and have exposure to more advanced readings. While the 3rd edition of the Zyla Fair Value text has not yet been published, students seeking a more detailed understanding of the the topics in the Classes 5 6 and 7 READINGS EY Fair_value_ADVANCED_section_5_slides Performing ValAnalysis Slides 1 to 70 slide deck above, may spend perhaps 1 to 2 hours performing "limited depth reading" of the 2nd edition of the Zyla text Chapter 7, "The Market Approach" pages 199 to 233 and the first portion of Chapter 8, "The Income Approach" pages 253 to 262 only.</p> <p>Read and study the articles posed in the "news supplement" file posted on Blackboard.</p>
<p>Week of Monday, September 30, 2019</p>	<p>Class 6 Additional valuation methodologies and the steps involved in appropriate valuation process</p>	<p>Lecture objective: This lecture will dig more deeply into examples of use of methodologies within the three Principle Approaches to Value: Market Comparison, Income and Cost Approaches." As noted in the prior class, this course does not seek to establish a profession level understanding of the methodologies within these approaches and the underlying assumptions. However, a broad general understanding of the matters is key to understanding how appraisal experts develop their assessments of Fair Value to be used for financial statement purposes, and to position students from this class to play effective roles in the audit or use of that fair value information. Examples of topics covered: More specific discussion of various income approaches to value and the key underlying factors impacting the viability of results. Use of the various alternative models depends on consideration of the following factors: Identify key assumptions, Validate the key inputs, Review the reasonableness of prospective financial information, Consider bias, Initial discussion of "reconciliation of value" At the beginning of Class 6, students will complete a 15 minute quiz, covering material covered in all classes to date and reading materials assigned for Class 6.</p>	<p>A Powerpoint file named "Classes 5 6 and 7 READINGS EY Fair_value_ADVANCED_section_5_slides Performing ValAnalysis Slides 1 to 70" has been placed on Blackboard . It is suggested that slides 37 to 70 be reviewed by students prior to Class 6. While the 3rd edition of the Zyla Fair Value text has not yet been published, students seeking a more detailed understanding of the the topics are requested to spend an additional hour reviewing the readings from the 2nd edition of the Zyla Fair Value text that were first assigned in Class 5: "Limited depth" reading of Zyla text Chapter 8 pages 253 to 303, "The Income Approach." Highest relevance: Pages 253 to 261: Use of Discounted Cash Flow (DCF) to value "equity" as compared to use of DCF to value Total Invested Capital; and pages 280 to 293 Relief from Royalty method used for trademark and technology valuation, Incrementa cost / "with and without" methods used for valuation of non compete agreements. Secondary relevance for this course: Pages 294 to 303, estimating the required rates of return and via the weighted cost of capital; and finally Pages 262 to 279 addressing use of the Multi Period Excess Earnings Model (MPEEM)</p> <p>Read and study the articles posed in the "news supplement" file posted on Blackboard.</p>

<p>Week of Monday, October 7, 2019</p>	<p>Class 7: Ernst & Young Case study discussion of Southeast Beach Company related to the overall Business enterprise value</p>	<p>The class will focus on a case study considering use of the approaches to value a company, or divisions of a company. A series of teams will be established at the beginning of class. This is intended to be similar to a business setting where individuals have been working on an agreed set of problems and questions in advance, and then are meeting to come to a consensus on what results / positions they will take as a group. Critical thinking, as well as basic levels of valuation knowledge, play a role in the exercise. The possible relevance of the market, income and cost approaches to value will need to be considered. At the end of class, depending on time availability, it is possible that teams selected at random may each give 5 minute presentations summarizing their analysis and conclusions</p>	<p>It is suggested that students review the readings previously assigned in Classes 5 and 6 one file time which are included in the Powerpoint file named "Classes 5 6 and 7 READINGS EY Fair_value_ADVANCED_section_5_slides Performing ValAnalysis Slides 1 to 70" has been placed on Blackboard. Teams for the class project have been listed on Blackboard. Students should begin working as a team for the assignment in preparation for Class 7, and about 30 minutes of the class itself will be set aside for the teams to respond verbally to thier conclusions from work on the assignment. The assignment named "Class 7 Fair value advanced case Southeast Beach questions Parts I II and III only v4.docx" has been posted on Blackboard. Teams are not required to submit files or materials for this assignment but teams will be asked to identify the conclusions of thier analysis toward the end of class.</p> <p>Read and study the articles posed in the "news supplement" file posted on Blackboard.</p>
<p>Week of Monday, October 14, 2019: USC Fall Recess: October 17- 18</p>		<p>No Class: USC Fall Recess similar for the Tuesday and Thursday class sessions.</p>	<p>No Class: USC Fall Recess similar for the Tuesday and Thursday class sessions.</p>

<p>Week of Monday, October 21, 2019</p>	<p>Class 8 Guidance under ASC 805 related to allocation of the purchase price following a Business Combination,</p>	<p>Lecture Objective: This class will focus on exploration of the guidance under ASC 805 related to allocation of the purchase price following a Business Combination and also the topic of the Nature of Goodwill and Intangible Assets in a financial reporting context. Lecture topics to include discussion of: Defining the elements to be included in the purchase price paid for financial reporting purposes. Treatment of contingent compensation. Buyer specific synergy considerations. The need for valuation of intangible assets to occur in the context of, and consistent with a valuation of the Business Enterprise value. Issues impacting intangible asset value: Remaining useful life, choice of the discount rate for intangible assets. Tangible asset valuation insights. Procedures used for valuation of various categories of Intangible assets. Quiz 3 on this date. 15 minute quiz on all materials covered in course to date and including the readings for the current class. Possible participation as a co-lecturer by Mark Zyla, CPA / ABV, CFA, ASA, and author of the text "Fair Value Measurement" being used in this class.</p>	<p>Reading due for beginning of Class : Read Class 8 dek posted on Blackboard. Students seeking a deeper level of knowledge may utilize "Limited depth" reading of the 2nd edition of the Zyla text Chapters 3 and 4. Chapter 3 "Business Combinations" page 79 to 99 and Chapter 4 "The Nature of Goodwill and Intangible Assets" pages 103 to 121</p> <p>Read and study the articles posed in the "news supplement" file posted on Blackboard.</p>
<p>Week of Monday, October 28, 2019</p>	<p>Class 9 guidance associated with "Impairment testing" under ASC 350 for the valuation of indefinite lived intangible assets and goodwill, and ASC 360 for the valuation of limited lived intangibles as well as tangible assets</p>	<p>This topics for this class lecture will depend on the possible availability as a guest lecture by John White, Partner, Cravath, Swaine & Moore LLP, specific fair value topics to be later defined. Alternatively we will review a case study provided by Deloitte.. Key lecture topics "Impairment testing" under ASC 350 for the valuation of indefinite lived intangible assets and goodwill, and ASC 360 for the valuation of limited lived intangibles as well as tangible assets. If the case study alternative is used, at the beginning of class, a 2 page case study will be distributed. Students will spend 20 minutes jointly discussing the fact pattern and making a determination of thier conclusions. We will then poll each team for the answers they would like to provide.</p>	<p>Possible guest lecture by John White, Partner, Cravath, Swaine & Moore LLP</p> <p>Reading due for beginning of Class:</p> <p>Read Class 9 deck and possible other materials that may be posted on blackboard tied to possible guest speaker.</p> <p>Students seeking a deeper level of knowledge may utilize "Limited depth" reading of the 2nd edition of the Zyla text Limited depth reading of Zyla Chapter 5 "Impairment" pages 123 to 149 and limited depth review of prior class slides which include impairment related insights.</p> <p>Read and study the articles posed in the "news supplement" file posted on Blackboard.</p>

<p>Week of Monday, November 4, 2019</p>	<p>Class 10 discussion of "Private Company Council Fair Value Treatment Options for Private Companies;" the "Qualitative Impairment Analysis option under Accounting Standards 2011-08;" and "Impairment under GAAP vs. IFRS</p>	<p>Objectives for this class are multifaceted. In the career setting, students will need to develop a familiarity with reading such as that from the FASB site on an "in depth" basis and other segments in less depth. The class lecture will include discussion of variances to the GAAP Fair Value guidance previously discussed and falling into the three topic areas of "Private Company Council Fair Value Treatment Options for Private Companies;" the "Qualitative Impairment Analysis option under Accounting Standards 2011-08;" and "Comparison of Impairment under GAAP vs. IFRS" Prior to class 10, students will be divided into teams for class team project. Students will sit in class and work with these team members for the rest of the semester. Coincident with class 10 the details of the case study worth 10% of the course grade will be distributed. Teams will focus on during the subsequent three weeks on the case, and presentations are due in class 13. During class 10, this class, Quiz 4 will be given, a 15 minute quiz on all course materials covered to date and including the readings for the current class.</p>	<p>Reading due for beginning of Class:</p> <p>Homework, simulation of career setting meeting preparation: Students should assume that two hours before a meeting in the career environment that focused on three topics to develop a general, rather than a detailed, level of familiarity with the topics below Similar to a career setting, and utilizing "critical thinking" to allocate available time, students will need to evaluate and decide on the portions of these readings which merit indepth review, and which portions can be given a limited scan: 1) Research and reading from the FASB website to find Update No. 2014-02—Intangibles—Goodwill and Other (Topic 350): Accounting for Goodwill (a consensus of the Private Company Council). 2) Research and readings from sources to be chosen by the student, providing insights on Accounting Standards Update (ASU) No. 2011–08 which introduced an optional of "qualitative impairment"t assessment for goodwill, possible review of Zyla "chapter 5A" and 3) Research and readings from sources to be chosen by the student, on the topic "Impairment difference between GAAP and IFRS"</p> <p>Read and study the articles posed in the "news supplement" file posted on Blackboard.</p>
<p>Week of Monday, November 11, 2019</p>	<p>Class 11 IFRS Insights and AICPA Fair Value Resources</p>	<p>Class Topics will depend upon the availability of the guest speaker listed below. If the guest speaker is not available, this class lecture will include a brief, hopefully fun, IFRS related case study related to the level under at which goodwill should be tested in a large multinational company. Similar to class 9, at the beginning of class, a 1 page case study will be distributed. In this instance it will be a KPMG case study. Unlike the Delotte case study from Class 9, no advance preparation for the case study is required of students. Definition of operating segments as defined in IFRS 8; consult IAS 36, definition of CGU under IAS 36.6, (IAS 36. EI 1 impairment example?), the requirements of allocation of goodwill, as each unit or group of units to which goodwill is allocated should (IAS 36.80) As before, students will spend 20 minutes jointly discussing the fact pattern and making a determination of thier conclusions. We will then poll each team for the answers they would like to provide.The second half of the class may focus on "in class" work by teams on the major course team project. Possible Guest lecturer: Brent Woodford, Executive Vice President The Walt Disney Company: Controllership, Financial Planning and Tax</p>	<p>Anticipating the guest lecture, students should perform research on news accounts and filings by The Walt Disney Company: What Fair Value for financial statement purposes issues are relevant for this company? Do these issues have the potential to significantly impact earnings and if so, what specifically are the key factors.</p> <p>Students should meet with their teams on the class project</p> <p>Read and study the articles posed in the "news supplement" file posted on Blackboard.</p>

Week of Monday, November 18, 2019	Class 12 Fair Value for financial statement treatment of Investments	Lecture topic: Audit team perspective addressing Fair Value issues. Emergence of the self imposed Mandatory Performance framework (MPF) established by the "Fair Value Quality Initiative" (FVQI). Possible review of the Fair Value treatment extended to various categories of Debt and categories of Equity investments. Tentative Guest participation by internet meeting: Tony Aaron: Retired Americas Leader of Quality and Risk Management ("QRM") for the Ernst & Young LLP Valuation and Business Modeling, now a USC professor! Director USC Leventhal SEC & Financial Reporting Institute	Readings for Class: Limited depth reading of Class 12 deck posted on Blackboard. Students should continue to meet with their teams on the class project with presentations to occur on the horizon Read and study the articles posed in the "news supplement" file posted on Blackboard.
Week of Monday, November 25, 2019		No Class: Thanksgiving break similar for the Tuesday and Thursday class sessions.	
Week of Monday, December 2, 2019	Class 13: Presentations of Team Projects		Team Project Presentations
12/7-12/10		Study Days	
Final Exam December 12		ACCT 528 Final Exam (Students must double check this time and date with the USC schedule of classes)	Thursday, December 12, 2-4 PM