

**ACCT 377: Valuation for Financial Statement Purposes**  
**Fall 2021**  
**2.0 Units**  
**Section 14067R: 12:00pm to 1:50pm Mondays and Wednesdays**  
**ACC 303**

**Instructor:** Professor Anthony V. Aaron (Tony)  
**Office:** ACC 213  
**Office Hours:** By appointment only, using Zoom Meetings or Teleconference. E-mail to schedule, Mondays and Wednesdays (class days) are preferable.  
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Email is the preferable means by which to communicate with me outside of class.

**COURSE DESCRIPTION AND INTRODUCTION**

Per the Fall 2021 USC Schedule of Classes, ACCT 377 seeks to:

*“Explores Accounting Standards Codification (ASC) 820 Fair Value Measurements and Disclosures and reviews the historical background of US GAAP fair value guidance”*

This course focuses on basic knowledge of, and ability to apply, procedures associated with fair value issues in financial reporting. The course begins with a review of the historical background, current, and emerging sources of fair value guidance, followed by focus on declarative accounting knowledge associated with Accounting Standards Codification (ASC) 820 “Fair Value measurements and Disclosures.”

The coursework next focuses on procedural knowledge, including analysis and critical thinking. Case examples are used to explore the methods, theories and approaches associated with “application” of fair value for: business combinations, general valuation of intangibles, and impairment testing with particular focus on ASCs:

- 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.

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 particularly to business valuation and valuation of intangible assets.

## COURSE OBJECTIVES

### Learning Objectives

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

- Identify the background and authority of the Securities and Exchange Commission (SEC) related to accounting standards; the significant reliance of the SEC on efforts by the Financial Accounting Standards Board (FASB) and the Private Company Council (PCC) to develop accounting standards, by active participation in class discussion and by completing exams focusing on these matters.
- Identify the historical context of fair value reporting; the general provision of the Sarbanes Oxley Act which resulted in the creation of the Public Company Accounting Oversight Board (PCAOB); the system of inspection reports issued by the PCAOB and recent identification of significant deficiencies related to fair value matters; and the ongoing emergence of guidance from the Financial Accounting Standards Board (FASB) by active participation in class discussion and by completing exam materials focusing on these matters.
- Identify and apply the guidelines for fair value issues as addressed in ASC 820 Fair Value Measurements and Disclosures by active participation in class discussion and by completing classroom exercises and exam materials focusing on these matters.
- Identify and apply the Income, Market and Cost approaches to value businesses and intangible assets by active participation in class discussion and by completing classroom exercises and exam materials focusing on these matters.
- Identify which Accounting Standards in the Accounting Standards Codification database provide guidance on fair value issues. Identify the provisions guiding the application of fair value standards under ASC 820, 805, 350 and 360 (including potential updates by the FASB) by active participation in class discussion and by completing exam materials focusing on these matters.
- Identify Auditing Standards developed and maintained by the PCAOB which provide guidance on auditing fair value measurements and on using specialists in the audit process by active participation in class discussion and by completing exam materials focusing on these matters.

### **Undergraduate Program Learning Objectives**

<b>OBJECTIVE 1</b>	Technical Knowledge	Students will demonstrate technical proficiency in the accounting discipline, including the use of technical accounting knowledge to help solve problems and make decisions. Emphasis: Heavy
<b>OBJECTIVE 2</b>	Research, Analysis and Critical Thinking	Students will demonstrate the ability to research, critically analyze, synthesize, and evaluate information including professional standards for decision making in the local, regional and global business environment. Emphasis: Moderate
<b>OBJECTIVE 3</b>	Ethical Decision Making	Students will demonstrate an understanding of ethics, ethical behavior and ethical decision making. Emphasis: Light

<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. Emphasis: Light
<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. Emphasis: Light
<b>OBJECTIVE 6</b>	Technology Understanding and Usage	Students will demonstrate an understanding of technology issues and utilize relevant technology tools and applications to gather and evaluate information, analyze and solve problems, work interactively with other people, and develop and present conclusions. Emphasis: Light

### COURSE MATERIALS

**Textbook:** *Valuation for Financial Reporting 3<sup>rd</sup> Edition*, Michael J. Mard, James R. Hitchner, and Steven D. Hyden; John Wiley & Sons, Inc., 2011

**Wall Street Journal:** Students are required to have access to the Wall Street Journal. In past semesters, USC students have been provided with free online access to the Wall Street Journal through use of the following link to register and sign in <http://wsj.com/USC>

**Other online Resources and sites:**

- [www.FASB.org](http://www.FASB.org)
- [www.SEC.gov](http://www.SEC.gov)
- [www.PCAOB.org](http://www.PCAOB.org)
- Other sites may be identified through Blackboard as the semester progresses

**Blackboard:** Any additional materials, including class slide decks, additional case studies and/or classroom exercise materials, exams, announcements, etc. will be posted to Blackboard.

### GRADING AND ASSIGNMENTS

**Grading:**

We adhere to the USC Leventhal School of Accounting and Marshall School of Business grading standards for undergraduate programs. In general, final course grades at the undergraduate 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 3.4 to 3.5, which is between a B+ and an A-. ACCT 377 will be graded as a core course. You must receive a C or better to pass a required class, and you must have an *overall* B average (3.0 minimum) from all your courses in order to graduate from USC. **The graded elements of this course are listed below along with information about how they will be evaluated.**

<u>Assignments</u>	<u>Points</u>	<u>Percentage of Grade</u>
Mid-Term Examination	400	40%
Final Exam	500	50%
Class Participation and Professionalism	100	10%
Totals	1000	100%

## **Mid-Term Examination**

The Mid-Term Examination to be completed by each student on an individual basis, with no collaboration with your fellow students. The Mid-Term Examination will be open-book. We will use Blackboard to administer the Mid-Term Examination, even if we are participating in the classroom.

## **Classroom Exercises (case studies)**

There will be four assigned Classroom Exercises which will be posted on Blackboard. The Classroom Exercises are to be prepared in groups which will be assigned after classes begin and the class roster stabilizes. Teams will be asked questions in class when the Classroom Exercises are debriefed. The Classroom Exercises will not be graded but each group's participation in the debrief will count toward your participation and professionalism grade.

## **Final Examination**

The Final Examination will be a comprehensive assessment of topics covered during course of the semester. As with the Mid-Term Examination, this Final Exam is to be completed by each student on an individual basis, with no collaboration with your fellow students. The Final Examination will be open-book. We will use Blackboard to administer the Final Exam, even if we are participating in the classroom.

## **Class Participation and Professionalism**

Subsequent to each class session and while it is very fresh in my mind, I will record my view of each student's participation and professionalism on a numeric scale, with assistance, when available, from our class TA. I will total these numeric scores at the end of the semester as one input into assigning a final class participation and professionalism grade.

For each in-class session three (3) points will be awarded to a student for significant relevant and meaningful participation, two (2) points for modest contributions to the class, one (1) point for minimal contributions to the class, but for being in attendance and zero (0) points if absent.

I encourage you to take advantage of office hours. I view student participation in office hours as a form of class participation. I am always willing to arrange a Zoom Meeting session or telephone call for office hours. As a safety precaution during the Covid-19 Pandemic, I will not be scheduling "in-person" office hours.

Email is perhaps the predominant form of communication in business so feel free to reach out to me at [aarona@marshall.usc.edu](mailto:aarona@marshall.usc.edu). Generally, similar to a business setting, I hope to respond to emails within one business day. I encourage you to ask technical questions via email. I view email interactions related to clarifying technical content covered in class to be a form of class participation. Be aware that I might choose to copy technical Q&A from email interactions with particular students into Blackboard announcements for the benefit of the entire class.

Consistent with the themes touched on as part of the Marshall School Strategic plan, we will seek to advance the level of students' professionalism as part of the class. Similar to a career setting, professional conduct is expected from all students in class. Professional conduct is expected from all students in interactions with the Professor on class related matters, both in class, and outside of class. Class related interactions occurring outside of class hours may include for example: email, telephone, voicemail, or Zoom meeting office hours.

**In each circumstance that you need to be physically absent from class, or if you otherwise cannot participate live via Zoom, you are expected to send an email message to me and to our class TA prior to the start of class.** Please include in the subject line the course name and section (Example in Subject line: ACCT 377, 12:00 pm section). Also, if you plan to participate in class asynchronously, you are also expected

to send an email message to me and to our class TA, for each class session where you plan to participate asynchronously prior to the start of that particular class session. Be aware that asynchronous participation may not provide the same experience as that of being in the classroom. See further discussion under the section entitled “Name Tents”, below. Keep in mind that an email 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.

If you miss a class session, you still need to come to the next class fully prepared. You can access PowerPoint slides for each class and any written announcements that I have made via Blackboard. **If you miss a class, I recommend that you contact a classmate before the next class meeting. Ask them for any announcements, lecture notes, readings, assignments, etc. that have not been otherwise posted to Blackboard.**

Generally, all Zoom meeting class sessions will be recorded. Thus, barring technology “glitches”, audio/video recordings of the class lectures will be available for asynchronous viewing. Links to Zoom recordings can be accessed via Blackboard. Students in class or participating via Zoom should be aware that the recordings are occurring and that all comments will end up being included in the recordings. We may also be recording classes using Panopto. If we are able to utilize the Panopto system, links to those recordings will also be made available.

Of course, if a major illness or emergency arises, I will work with you to accommodate the situation. It may also be appropriate to contact the Dean’s office at the Leventhal School or Marshall School when such circumstances arise. As noted above, recordings of the class sessions also may be helpful in such circumstances.

<b>ADDITIONAL COURSE INFORMATION</b>
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**CLASSROOM POLICIES - FALL 2021**

1. Active class participation is important in achieving the learning objectives for this course. Unless students provide an accommodation letter from USC OSAS or from Marshall detailing visa or travel restrictions, attendance and active participation is expected in the classroom.
2. Any student with such accommodations should submit their accommodation document to their instructor as soon as possible. Your instructor will then provide regular access to a recording of the class and an opportunity to regularly make up missed in-class participation.
3. Students who are experiencing illness should not attend class in person. Please inform the instructor in advance of the class session to discuss what accommodations will be made to allow for the make-up of missed class work and missed in-class participation. Students will not be penalized for not attending class in person under these circumstances.

**TEXTBOOK READINGS**

Readings are assigned from the textbook for each class session.

**NAME TENTS**

“Name tents” and marking pens will be provided on the first day of class, if not otherwise provided by your program. 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. It is possible that we will be able to generate pre-printed name tents, bearing your enrolled name, prior to the commencement of the class session. If this is the case, I would still appreciate it if you would list the first

name that you wish to be called by, if different from your enrolled name, in the upper right hand corner of your name tent.

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.

We are expecting many students per class section for ACCT 377 this semester. Remember that your name is part of 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 using name tents.

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 the 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. We will separately track those in attendance through Zoom or through asynchronous participation. 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 the name tents of others. 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. While attendance per se, is not a specific part of your grade, it is the initial measure of participation. Also, as mentioned above in the section entitled “Class Participation and Professionalism”, I expect an email communication informing me of an expected absence as a demonstration of professional behavior.

### **THE IMPORTANCE OF COURSE EVALUATIONS**

The student course evaluations are valuable. This course is continuously improved, based on feedback from students and instructor observations.

### **EMERGENCY PREPAREDNESS**

In case of a declared emergency if travel to campus is not feasible, the USC Emergency Information web site (<https://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), Zoom, teleconferencing, and other technologies.

<b>COURSE OUTLINE AND ASSIGNMENTS</b>
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<b>Class #</b>	<b>Date</b>	<b>Topic</b>	<b>Chapter</b>	<b>Classroom Exercises and Supplemental Readings</b>	<b>Deliverables with Due Dates</b>
1	October 18	Class Introduction, Course syllabus and protocols, Regulators and Standard Setters (Part One)	NA	Access FASB, SEC and PCAOB websites (refer to links in Course Materials, above)	NA
2	October 20	Regulators and Standard Setters (Part Two)	NA	See also separate file posted to Blackboard: "LSOA – Using AAA FASB Accounting Standards Codification – AY 2021-22.pdf" to access Professional View of FASB ASC	NA
3	October 25	ASC 820 Fair Value Measurements	Chapter One, Mard, Hitchner & Hyden	Groups Assignments posted to Blackboard	
4	October 27	ASC 805 Business Combinations,	Chapter Two, Mard, Hitchner & Hyden	Classroom Exercise #1 posted to Blackboard	
5	November 1	The Market Approach			
6	November 3	Classroom Exercise #1 "The Market Approach" debrief, Miscellaneous Topics: Pension Plans, Fair Value of Debt, Derivatives, The Cost Approach			<b>Classroom Exercise #1 (Group exercise)</b>
7	November 8	The Income Approach		Classroom Exercise #2 posted to Blackboard	

8	November 10	Mid-Term Examination			<b>Open book Mid-Term Examination</b>
9	November 15	Classroom Exercise #2 “The Income Approach”, ASC 350/360 Impairment	Chapter Three, Mard, Hitchner & Hyden	Classroom Exercise #3 posted to Blackboard,	<b>Classroom Exercise #2 (Group exercise)</b>
10	November 17	ASC 350/360 Impairment (continued)	Chapter Five, Mard, Hitchner & Hyden	ASU 2017-04	
11	November 22	Classroom Exercise #3 “The Cost Approach” debrief, ASC 350/360 Impairment (Concluded)		Classroom Exercise #4 posted to Blackboard	<b>Classroom Exercise #3 (Group Exercise)</b>
Thanks-giving Break	November 24	No class – Holiday			
12	November 29	Additional Topics: Auditing Standards, Professional Skepticism Defensive Assets GAAP vs. IFRS			
13	December 1	Classroom Exercise #4 Debrief, Class Review, Final Exam Review	All Assigned Chapters		<b>Classroom Exercise #4 (Group Exercise)</b>
Final	Wednesday December 8 2:00pm to 4:00pm	ACC 303 (Assumed unless otherwise amended)			<b>Open Book Comprehensive Final Examination</b>

#### ACADEMIC INTEGRITY

USC seeks to maintain an optimal learning environment. General principles of academic honesty include the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one’s own academic work from misuse by others as well as to avoid using another’s work as one’s own. All students are expected to understand and abide by these principles. SCampus, the Student Guidebook, ([www.usc.edu/scampus](http://www.usc.edu/scampus) or <http://scampus.usc.edu>) contains the University Student Conduct Code (see University Governance, Section 11.00), while the recommended sanctions are located in Appendix A therein.



Students will be referred to the Office of Student Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at: <http://www.usc.edu/student-affairs/SJACS/>. Failure to adhere to the academic conduct standards set forth by these guidelines and our programs will not be tolerated by the USC Marshall community and can lead to dismissal.

### **Student Recordings of University Classes**

Pursuant to the USC Student Handbook ([www.usc.edu/scampus](http://www.usc.edu/scampus), Part B, 11.12), students may not record a university class without the express permission of the instructor and announcement to the class. In addition, students may not distribute or use notes or recordings based on University classes or lectures without the express permission of the instructor for purposes other than personal or class-related group study by individuals registered for the class. This restriction on unauthorized use applies to all information that is distributed or displayed for use in relationship to the class.

## **STATEMENT ON ACADEMIC CONDUCT AND SUPPORT SYSTEMS**

### **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” [policy.usc.edu/scampus-part-b](http://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, [policy.usc.edu/scientific-misconduct](http://policy.usc.edu/scientific-misconduct).

### **Support Systems:**

*Counseling and Mental Health - (213) 740-9355 – 24/7 on call*  
[studenthealth.usc.edu/counseling](http://studenthealth.usc.edu/counseling)

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

*National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call*  
[suicidepreventionlifeline.org](http://suicidepreventionlifeline.org)

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

*Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL), press “0” after hours – 24/7 on call*  
[studenthealth.usc.edu/sexual-assault](http://studenthealth.usc.edu/sexual-assault)

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

*Office of Equity and Diversity (OED) - (213) 740-5086 | Title IX – (213) 821-8298*  
[equity.usc.edu](http://equity.usc.edu), [titleix.usc.edu](http://titleix.usc.edu)

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

*Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298*  
[usc-advocate.symplicity.com/care\\_report](http://usc-advocate.symplicity.com/care_report)

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office of Equity and Diversity | Title IX for appropriate investigation, supportive measures, and response.

*The Office of Disability Services and Programs - (213) 740-0776*

[dsp.usc.edu](http://dsp.usc.edu)

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

## Appendix I



### **Undergraduate Program Learning Goals and Objectives** (last update 12/21/17)

**Learning goal 1: Our graduates will demonstrate critical thinking skills so as to become future-oriented problem solvers, innovators and decision makers in diverse and rapidly changing business environments.**

- Students will demonstrate the ability to anticipate, identify and solve business problems. They will be able to identify and assess central problems, identify and evaluate potential solutions, and translate a chosen solution to an implementation plan that considers future contingencies
- Students will demonstrate the ability to be accurate, clear, expansive (thorough, detailed) and fair-minded in their thinking
- Students will critically analyze concepts, theories and processes by stating them in their own words, understanding key components, identifying assumptions, indicating how they are similar to and different from others and translating them to the real world
- Students will be effective at gathering, storing, and using qualitative and quantitative data and at using analytical tools and frameworks to understand and solve business problems
- Students will understand the concepts of critical thinking, entrepreneurial thinking and creative thinking as drivers of innovative ideas

**Learning Goal 2: Our graduates will develop people and leadership skills to promote their effectiveness as business managers and leaders in the 21<sup>st</sup> century's evolving work and organizational structures.**

- Students will recognize, understand and analyze the roles, responsibilities and behaviors of effective managers and leaders in diverse business contexts e.g., functionally diverse, culturally diverse, geographically diverse, etc.
- Students will understand factors that contribute to effective teamwork including how to elicit, manage and leverage diverse perspectives and competencies.
- Students will recognize, understand, and analyze the motivations and behaviors of stakeholders inside and outside organizations (e.g., teams, departments, consumers, investors, auditors)

**Learning Goal 3: Our graduates will be effective communicators to facilitate information flow in organizational, social, and intercultural contexts.**

- Students will identify and assess diverse personal and organizational communication goals and audience information needs
- Students will demonstrate an ability to gather and disseminate information and communicate it clearly, logically, and persuasively in professional contexts
- Students will understand individual and group communications patterns and dynamics in organizations and other professional contexts

**Learning goal 4: Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities and aspire to add value to society.**

- Students will recognize ethical challenges in business situations and assess appropriate courses of action
- Students will understand professional codes of conduct

**Learning goal 5: Our graduates will develop a global business perspective. They will understand how local, regional, and international markets, and economic, social and cultural issues impact business decisions so as to anticipate new opportunities in any marketplace.**

- Students will understand that stakeholders, stakeholder interests, business environments (legal, regulatory, competitor) and business practices vary across regions of the world
- Students will understand how local, regional and global markets interact and are impacted by economic, social and cultural factors.

**Learning goal 6: Our graduates will understand types of markets and key business areas and their interaction to effectively manage different types of enterprises.**

- Students will demonstrate foundational knowledge of core business disciplines, including business analytics and business economics
  - Students will understand the interrelationships between functional areas of business so as to develop a general perspective on business management
  - Students will apply theories, models, and frameworks to analyze relevant markets (e.g. product, capital, commodity, factor and labor markets)
  - Students will be able to use technologies (e.g., spreadsheets, databases, software) relevant to contemporary business practices
-