ACCT 5370/FINC 5370: Fair Value for Financial Reporting  
SPRING 2020

INSTRUCTORS: Chips Chipalkatti, Ph.D., ACA  
Kay Packard, CFA  
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PHONE: 206-296-5764 (Office)

PROFESSOR: Niranjan “Chips” Chipalkatti, Ph.D., ACA  
OFFICE: ONLINE (Zoom, E-mail, Canvas)

CLASS TIME and OFFICE HOURS: T 7:30 p.m. - 8:30 p.m. on Zoom

CLASS FORMAT:

Lectures: ONLINE pre-recorded lectures that you can digest before class

T 7:15 pm to 8:40 (US PT): ZOOM session for expert insights from Professor Kay Packard about the scheduled topic, followed by case and class discussions, and class work-related questions. I will send you an invitation for classes via Canvas email. You will be able to access my ZOOM session via the link on my Canvas page or the Zoom link in my e-mail. Please mute your microphone when you start your session and keep video on. Also maintain good video etiquette & a sensible dress code will be appreciated!

I reserve the right to adapt this format as we learn what works and what does not.

OFFICE HOURS: On Zoom T 7:15 pm to 8:40 pm and by appointment.
CANVAS WEBSITE: https://seattleu.instructure.com/courses/1590776

The Discussion Forum is a great way to connect with me for course related queries.
EMAIL: chipalka@seattleu.edu

Please use email for questions that are private in nature. For course related queries, I would prefer that you use the discussion forum. That way everyone benefits from our discussion. As a general rule I do not respond to e-mails after 9 pm.

COURSE OBJECTIVES & DESCRIPTION:

This course develops an integrated knowledge of accounting and finance and provides a financial reporting perspective for fair value-related issues. Topics will relate to the accounting for business combinations and asset impairments including the recognition and valuation of intangibles and contingent consideration, stock compensation accounting, derivatives accounting including assessing hedge effectiveness and the accounting for hybrid financial instruments. Competency in Excel is expected. The course will involve multiple group-based case assignments that will involve the valuation of companies, intangible assets, employee stock options, hybrid securities and derivatives.

PREREQUISITES

FINC 5050 and ACCT 5120 or undergraduate equivalent. Instructor permission is needed in case you do not meet the pre-requisites requirement.

REQUIRED VALUATION CASES

Please buy the following valuation cases from Harvard Business Publishing. We will be discussing these readings in our second class. Your third assignment will be to complete a stand-alone valuation for Bluntly Media

The link to buy the 4 cases costing $17 is as follows:
https://hbsp.harvard.edu/import/715714
THE CLASSROOM

Teaching Material
As we proceed through the quarter, we will post pre-recorded lectures, slides, notes and articles for your reference. A pre-recorded online lecture to introduce Topic 820 (Fair Value Measurement) for our first lecture will be posted by the first week of April. Please listen to it before you attend our first class on April 7th at 7:15 pm via ZOOM.

We will post other lectures and you will get an e-mail informing you about the same every time we upload a pre-recorded lecture.

You are highly recommended to refer to your Intermediate Accounting textbook, Advanced Accounting textbook and your Investments/Managerial Finance, Financial Statement Analysis and Valuation, Derivatives Valuation textbook for additional input.

Our library has many e-books on valuation. But here are two that are useful for this course:


**Financial Valuation: Application and Models** by James Hitchner electronic resource

Our Class
We will meet every Tuesday via ZOOM from 7:15 pm to 8:40 pm (US, PT) We will initiate every Zoom session with a case discussion after answering any questions you might have. These cases will be posted/e-mailed before class and I will inform you via Canvas mail as soon as I do so. We can continue the discussion over the Canvas discussion forum. After each class, you will be assigned an Assignment with a due date. These are listed on the syllabus. You need to work on these assignments on your own and submit them via Canvas. You can always book an appointment with me if you have questions about these assignments.

STUDENTS WITH DISABILITIES
Seattle University is committed to providing students with disabilities an equal opportunity to participate in all its classes and activities. This goal is fundamental to our belief in social justice. The university provides supplemental support services through the Disabilities Services office. Please contact the Disabilities Services office to receive accommodation.

ACADEMIC HONESTY
We expect that you will abide by the University’s Academic Honesty Code. “Seattle University is committed to the principle that academic honesty and integrity are important values in the educational process and that violations in this area should be dealt with in the appropriate manner.” For more specifics about the policy, check: https://www.seattleu.edu/registrar/Policies.aspx

If you are not sure about whether a particular action is acceptable according to the Academic Honesty Code, you should check with me before engaging in it. Verified instances of plagiarism, cheating and the usage of unauthorized sources in exams, papers and other academic projects will lead to a severe penalty.
EVALUATION
The relative weights in the final grade are:

<table>
<thead>
<tr>
<th>Case Project</th>
<th>Weight</th>
<th>Brief Description</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>10%</td>
<td>Fair Value Hierarchy Case</td>
</tr>
<tr>
<td>2</td>
<td>10%</td>
<td>Business Combination Accounting</td>
</tr>
<tr>
<td>4</td>
<td>10%</td>
<td>Coffee Company: Purchase of business or an asset?</td>
</tr>
<tr>
<td>3</td>
<td>20%</td>
<td>Valuation of a Private Company &amp; Brief Report</td>
</tr>
<tr>
<td>5</td>
<td>25%</td>
<td>Goodwill &amp; Intangible Assets</td>
</tr>
<tr>
<td>6</td>
<td>25%</td>
<td>Impairment</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
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</tr>
</tbody>
</table>

We reserve the right to change the grade allocation depending on our progress in class. We will do so after a full discussion in class and hearing your opinion. The final grade will be assigned according to the following scale:

<table>
<thead>
<tr>
<th>Letter Grade</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>95-100 %</td>
</tr>
<tr>
<td>A-</td>
<td>90-95</td>
</tr>
<tr>
<td>B+</td>
<td>87-89</td>
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<tr>
<td>B</td>
<td>84-86</td>
</tr>
<tr>
<td>B-</td>
<td>80-83</td>
</tr>
<tr>
<td>C+</td>
<td>77-79</td>
</tr>
<tr>
<td>C</td>
<td>74-76</td>
</tr>
<tr>
<td>C-</td>
<td>70-73</td>
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<tr>
<td>D</td>
<td>65-69</td>
</tr>
<tr>
<td>F</td>
<td>0-64</td>
</tr>
</tbody>
</table>

We will use the scale as a framework while grading each case. We do not give an “I” grade except under very extraordinary circumstances.

COURSE SCHEDULE
(This is a preliminary list of topics. Please note that the in-class case is subject to change)

**Date:** April 7th  
**Zoom Topic:** Introduction, Syllabus, Class Format, Fair Value Discussion, CamelBack Investments  
**In-Class Case:** CamelBack Investments will be discussed in class  
**Details:** Please watch Video lecture on Fair Value Basics before class. In the Zoom session we will discuss the Fair Value Basics and also CamelBack Investments. Please be ready to answer questions.  
**Assignment 1:** Fair Value Hierarchy Case  
**Due Date:** April 21

**Date:** April 14  
**Zoom Topic:** Review of Business Combination Accounting (ASC 805); P & S discussion  
**Details:** We will go through a simple accounting exercise for business combination accounting. Please listen to the pre-recorded lecture on the business combination accounting before the session.  
**In-Class Case:** Pacifica and Seguros  
**Assignment 2:** Accounting for Business Combinations  
**Due Date:** April 28
Date: April 21
Zoom Topic: Review of Valuation (Harvard Cases); Mandatory Performance Framework; Valuation Example Presentation (KP); Bluntly Media
Details: For this class you will need to buy four Harvard Cases
Link: https://hbsp.harvard.edu/import/71571
In-Class Case: Read Harvard cases for discussion, Valuation Example Presentation (KP) and discuss Bluntly Media valuation
Assignment 3: Stand-Alone Valuation of Bluntly Media. Make separate sheets for estimation of FCFF, Discount Rate, DCF estimation
Due Date: May 12

Date: April 28
Zoom Topic: Bluntly Media questions; What is a Business; Fair Value and Business Combinations – Review; ASC 805: Purchase Price Allocation - PFI (time permitting)
Details: Please listen to the pre-recorded lecture on Introduction to Intangibles; Purchase Price Allocation Part 1 before class
In-Class Case: Definition of a Business case; Coffee Co; Food for Thought Case
Assignment 4: Coffee Co.
Due Date: May 12

Date: May 5
Zoom Topic: ASC 805- PFI, Trademark, TAB, Customer Relationship Asset
Details: Please listen to the pre-recorded lecture on Purchase Price Allocation Part 2 before class
In-Class Case: TBA
Assignment 5: Purchase-Price allocation assignment Work on Assignment 4
Due Date: May 26

Date: May 12
Topic: ASC 805: I P R & D; WARA and other topics
Details: Please listen to the pre-recorded lecture on Purchase Price Allocation Part 3 before class
In-Class Case: TBA
Assignment: Work on Assignment 4
Due Date: May 26

Date: May 19
Zoom Topic: Assignment of Goodwill; Asset Groups & Impairment of LT Asset with Definite Lives
Details: Please listen to pre-recorded lecture on Subsequent Accounting
In-Class Case: Healthcare Depot
Assignment: Assignment 6
Due Date: Final Exam Date

Date: May 26
Zoom Topic: LT Asset Impairment, Indefinite Life Intangible Asset Impairment
Details: Please listen to pre-recorded lecture on Impairments Part 1
In-Class Case: Rough Waters Ahead
Assignment: Work on Assignment 6
Due Date: Final Exam Date

Date: June 2
Zoom Topic: Goodwill Impairment
Details: Please listen to pre-recorded lecture on Impairments Part 2
In-Class Case: Ride Along
Assignment: Work on Assignment 6
Due Date: Final Exam Date
UNIVERSITY POLICIES

Academic Resources
- Library and Learning Commons (http://www.seattleu.edu/learningcommons/)
  (This includes: Learning Assistance Programs, Research [Library] Services, Writing Center, Math Lab)
- Academic Integrity Tutorial (found on Canvas and SU Online)

Academic Policies on Registrar website
(https://www.seattleu.edu/redhawk-axis/academic-policies/)
- Academic Integrity Policy
- Academic Grading Grievance Policy
- Professional Conduct Policy (only for those professional programs to which it applies)

Notice for students concerning Disabilities
If you have, or think you may have, a disability (including an ‘invisible disability’ such as a learning disability, a chronic health problem, or a mental health condition) that interferes with your performance as a student in this class, you are encouraged to arrange support services and/or accommodations through Disabilities Services staff located in Loyola 100, (206) 296-5740. Disability-based adjustments to course expectations can be arranged only through this process.

Notice Regarding Religious Accommodations
It is the policy of Seattle University to reasonably accommodate students who, due to the observance of religious holidays, expect to be absent or endure a significant hardship during certain days of their academic course or program. Please see, Policy on Religious Accommodations for Students (https://www.seattleu.edu/media/policies/Policy-on-Religious-Accommodations-for-Students---FINAL.PDF)."

Office of Institutional Equity
Title IX of the Education Amendments of 1972 (Title IX) prohibits discrimination based on sex in educational programs or activities that receive Federal financial assistance. This prohibition includes sexual misconduct, which encompasses sexual harassment and sexual violence. Seattle U remains committed to providing a safe and equitable learning, living, and working environment. Seattle U offers emergency, medical, and other support resources, as well as assistance with safety and support measures, to community members who have experienced or been impacted by sexual misconduct.

Seattle U requires all faculty and staff to notify the University’s Title IX Coordinator if they become aware of any incident of sexual misconduct experienced by a student.

For more information, please visit https://www.seattleu.edu/equity/. If you have any questions or concerns, you may also directly contact the Title IX Coordinator in the Office of Institutional Equity (email: oie@seattleu.edu; phone: 206.296.2824) University Resources and Policies