

ACCT 574 Accounting in the Global Business Environment

Spring 2012

Section 14260R – MW 9:30-10:50 JKP 202

Section 14261R – MW 11:00-12:20 JKP 202

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Office hours: W 1-3 (walk-in).
M 1-3 (reserved for appointment)
Course web site: <https://blackboard.usc.edu/>
Emergencies: USC Emergencies 740-4321
USC Emergency Information Line 740-9233
USC Information Line 740-2311
KUSC Radio 91.5

IMPORTANT RULES: NO COMPUTERS, CELL PHONES, ETC. CAN BE RUNNING DURING CLASS. NO CHATTING WITH YOUR NEIGHBORS. STRICTLY ENFORCED RULES.

COURSE AND OBJECTIVES

This is a graduate-level course designed to provide a broad perspective on the use of accounting in our current global business environment. A key focus of the course is to address the information and monitoring roles of accounting in international capital markets and investigate the interaction between country-specific institutional factors and accounting information. In addition, the course will address issues with respect to accounting used:

- On a national basis,
- For cross-border financing in the global capital markets, and
- By multinational and global business enterprises.

REQUIRED COURSE MATERIALS

Cases and additional reading: Posted on course web site or distributed in class

EVALUATION:

	<u>Points (1000)</u>
Class participation	100
Individual assignment	200
Group assignment/Peer evaluation	150
Midterm	250
<u>Final exam</u>	<u>300</u>
Total	1000

CLASS ATTENDANCE

Students are required to attend classes regularly in accordance with the Marshall and Leventhal policies.

CLASS PREPARATION

I encourage you to participate actively in the course. Active learners learn more. They also contribute to others' learning because other class participants benefit from hearing different approaches and perspectives. To encourage participation from everyone, I will call on people on both a random (involuntary) and a rotating basis.

Class participation will be determined based on (but not limited to): class attendance, preparation for class discussions, quality of your comments, and leadership in the discussion of the course material and readings. In addition, I reserve the right to lower your final (letter) grade for unprofessional conduct. Unprofessional conduct includes (but not limited to): interrupting class with talking, a mobile phone, pager, etc.; using a laptop for activities unrelated to class; and so forth.

INDIVIDUAL CASE ASSIGNMENT

You are required to turn in a written analysis of the assigned case at the beginning of the class. Please submit one copy and keep another copy for classroom discussion. You can either type or handwrite your answers. The lowest grade of your individual case assignments will be automatically dropped when calculating your final grade.

PARTICIPATION IN GROUP WORK

You are encouraged to form your own group (typically three to four students) with the understanding that great effort should be made to assemble a team with a diverse background. If you don't have a group, I will assign you to one.

Each student needs to participate fairly in the group work. If a student is not doing so, the group must discuss the situation with the student and, after discussing the situation with me, can divorce the student from the group. If a student is divorced from a group, the group must discuss the divorce with the student and with me at least three full days before the assignment is due.

Any student so divorced from the group, must perform all work individually and will automatically lose one full grade from the grade assigned to the group assignments. Any divorced student will not be able to participate in the presentations for the cases.

In addition, there will be an assessment made by each individual, through the completion of peer evaluations, on the performance and participation of the other members of the group in the group activities. This assessment will be counted as part of the group project grade.

MIDTERM AND FINAL EXAM

NO MAKE-UP QUIZZES/EXAMS are possible.

STATEMENT FROM DISABILITY OFFICE

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me or the TA as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m. – 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.”

STATEMENT ON RETENTION OF PAPERS FROM THE CURRICULUM OFFICE

According to the *Guidelines on Documents Retention*, University policy requires that "Final exams and all other grade work which affected the course grade" be kept for one year. Other papers or work that instructors hand back but that students fail to pick up can be held for one month, as long as this policy is specified in the syllabus.

STUDENT LEARNING OUTCOMES

Below are the five Student Learning Outcomes developed for this program by the USC Leventhal faculty and administration and filed with the AACSB, the accrediting body for accounting and business schools.

1. Technical, Conceptual, Problem-Solving Requirement

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.

2. Professional Development Requirement

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.

3. Research/Life-Long Learning Requirement

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

4. Ethical Principles and Professional Standards Requirement

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

5. Globalization Requirement

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

While this course will attempt to cover all the learning outcomes, it will weigh more heavily toward Outcomes #5 and #3.

COURSE SCHEDULE, TOPICS AND ASSIGNMENTS

Session – Date -- Topic

- | | | |
|---|--------------------|--|
| 1 | 1/9, M | Introduction
<u>Readings</u>
None. The syllabus and case will be distributed in class |
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<i>Module 1: Global financial reporting environment</i> | | |
| 2 | 1/11, W | Institutional difference worldwide
<u>Readings</u> ¹
Shleifer and Vishny (QJE 1993), introduction
Mauro (QJE 1995), introduction
<u>Individual case assignment</u>
Submit 'Guess who' case |
| 3 | 1/16, M
1/18, W | Martin Luther King, no class
Corporate governance worldwide
<u>Readings</u>
DeFond and Hung (JAR 2004), introduction
The Economist (Oct 28 2010), Schumpeter "Corporate Constitutions" |
| 4 | 1/23, M | International capital markets
<u>Readings</u>
Morck, Yeung, and Yu (JFE 2000), introduction
DeFond, Hu, Hung, Li, (JAE 2011), introduction |
| 5 | 1/25, W | International transparency and disclosure
<u>Readings</u>
Hung (JAE 2001), introduction
DeFond, Hung and Trezevant (JAE 2007), introduction
<u>Group case assignment</u>
Submit 'The way forward' case (first group work!) |
| | 1/27, F | Last day to add a class, drop a class without a mark of 'W' |
| 6 | 1/30, M | Cross listing
<u>Readings</u>
JP Morgan Depositary Receipts Reference Guide, pages 1-16
Doidge, Karolyi, and Sutlz (JF 2010), introduction
<u>Individual case assignment</u>
Submit 'It is a small world' case |

¹ Reading assignments are posted on the course website. Please print your own copies. For each reading assignment, be ready to be cold called in class to answer questions on the assigned reading (including but not limited to: give a one-minute summary of the article, explain key terminologies, etc.).

- 7 2/1, W **Financial reporting frauds worldwide**
 Readings
 Coffee (Oxford Law Review, 2005)
 Economist (August 20, 2011) ‘Chinese financial scandals’
- Module 2: International Accounting Standards and Global Convergence***
- 8 2/6, M **Global accounting systems and IFRS overview**
 Readings
 Overview of IFRS
 IASB ‘The Conceptual Framework’ (2010), pages A21-A38
- 9 2/8, W **IFRS versus US GAAP**
 Readings
 PWC ‘IFRS and US GAAP: Similarities and Differences’ (2011) pages 5-9.
- 10 2/13, M **IFRS adoption case study: BP**
 Readings
 E&Y ‘BoardMatters Quarterly’ (April 2008), pages 1-7
 Individual case assignment
 Submit ‘IFRS transition challenge’ case
- 11 2/15, W **IFRS versus US GAAP, financial statements**
 Individual assignment
 Submit “Polluter” case
- 2/20, M **President’s Day, no class**
- 12 2/22, W **IFRS versus US GAAP, inventory accounting**
 Readings
 E&Y ‘BoardMatters Quarterly’ (April 2008), pages 8-11
 PWC ‘IFRS and US GAAP: Similarities and Differences’ (2011), page 74
 Individual case assignment
 Submit “Stealing inventory profit” case
- 13 2/27, M **IFRS versus US GAAP, PP&E**
- 14 2/29, W **Mid-term exam**
- 15 3/5, M **IFRS versus US GAAP, contingent liabilities and leases**
 Individual case assignment
 Submit “A capital idea” case
- 16 3/7, W **IFRS versus US GAAP, contingent liabilities and leases continued**

- 3/12-3/14 **Spring recess, no class**
- 17 3/19, M **Case discussion:** Pharma Co. I (group work)
 Readings
 None
 Group case assignment
 Submit a written analysis of the Part I of the “Pharma Co.” case
 Team presentation
 Two teams will be selected to present the assignment
- 18 3/21, W **Case discussion:** Pharma Co. II (group work)
 Readings
 Course website: “Pharma Co.” case
 Group case assignment
 Submit a written analysis of the Part II of the case
 Team presentation
 Two teams will be selected to present the assignment
- 19 3/26, M **In-class case discussion:** Asia Telecom I (group work)
 Readings
 None. The case will be distributed in class
 Team presentation
 Two teams will be selected to present the assignment
- 20 3/28, W **In-class case discussion:** Asia Telecom II (group work)
 Readings
 None. The case will be distributed in class
 Team presentation
 To be decided
- Module 3: International Financial Statement Analysis*
- 21 4/2, W **Traditional ratio analysis**
 Individual case assignment
 Submit “Analyze this” case
- 22 4/4, M **In-class ratio analysis exercises**
 Individual case assignment
 Submit “Analyze that” case (Part I)
- 4/6 **Last day to drop a class with a mark of ‘W’**

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|----|---------|---|
| 23 | 4/9, W | Ratio analysis – IFRS versus US GAAP
<u>Individual case assignment</u>
Submit “Analyze that” case (Part II) |
| 24 | 4/11, M | American Airline and Lufthansa

<u>Readings</u>
Recent annual reports of the companies |
| 25 | 4/16, M | Global Telecom Industry/AT&T, China Mobile, Vodafone (I)
<u>Readings</u>
Recent annual reports of the companies |
| 26 | 4/18, W | Global Telecom Industry (II)
<u>Readings</u>
Same as above |
| 27 | 4/23, M | Course review |
| 28 | 4/25, W | Final exam review |

Friday May 4, 8-10am (EXAM TIME)	Final exam, Section 14260R MW 9:30-10:50 class
Wednesday May 2, 11-1 (EXAM TIME)	Final exam, Section 14261R MW11:00-12:20 class