

ACCOUNTING 532 (second half): FINANCIAL ACCOUNTING FOR M&A



Spring 2021 Semester
1.5 Units
Meets Monday/Wed, 2:00 pm – 3:20 pm



Professor: George Braunegg
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Office Hours: Monday / Wednesday 9:45 AM – 10:45 AM & by appointment
Office Zoom Access Code:
<https://usc.zoom.us/j/6395184853?pwd=R2k5T2p3ZGhpRjIMbmozUVhxZXpUdz>
Meeting ID 639 518 4853
Passcode 6294

Can't Miss Dates: Please note that the first day of class is **Monday March 15**. Also note that these are the dates of exams that should not be scheduled for interviews, trips out of town, etc.: **Midterm – Monday April 5th, time TBD** and **Final - Tuesday May 4th, 2:00 pm – 3:20 pm**. **Please note these dates as there are no make-up examinations.**

The last day to add or drop a class without a mark of “W” and with a refund is **Wednesday, March 24, 2021**. To drop without a refund and without a mark of “W” on transcript or change pass/no pass to letter grade is **Monday, April 5, 2021**. The last day to drop with a mark of “W” is **Friday, April 20, 2021**.

Prerequisite: Introductory accounting course (GSBA 510 for MBA's)
Corequisite: None

Course Description

We cover financial accounting for investment activities of businesses, including mergers and acquisitions. We also examine how financial accounting reports and their analysis are impacted by the relevant detailed financial accounting rules. The first half of the course covers tax aspect of mergers and acquisitions and has its own syllabus.

Learning Objectives

By the time student's finish 532, they should be able to:

- Explain and apply the rules used to prepare and report the financial statement information related to business combinations by solving problems and analyzing transactions.
- Explain and apply the accounting requirements as they relate to consolidation and equity basis accounting.
- Explain and apply the rules for fair value accounting as they relate to business combinations by solving problems and analyzing transactions.
- Explain disclosure and filing requirements for public companies related to a business combination.

Required Course Materials

Hoyle Advanced Accounting 14th Edition McGraw Hill Education (2020)

Students need to purchase the electronic edition of the above referenced text book and access to the McGraw Hill SmartBooks and Connect technology platform. Marshall/Leventhal has negotiated a package price of \$80 with McGraw Hill for the electronic text book, SmartBooks and Connect. Information on how to purchase directly from the publisher is available via this link <https://connect.mheducation.com/class/g-braunegg-spring-2021> Alternatively you should be able to click on any assignment in the “Assignments” section of Blackboard with one of the symbols below and you will be taken to a page where you can purchase the book or obtain access via a two week free trial.



The e-text book and access to SmartBooks and Connect can also be purchased through the USC Bookstore but the pricing may vary from \$80.

Grading

Student will be based upon 1,000 points determined by their performance on examinations, homework and a semester assignment weighted as follows:

	Maximum Points	Percentage of Points
Semester Assignment 1	50	5%
Reading	130	13%
Homework	120	12%
Assignments 2 & 3	50	5%
Midterm	250	25%
Final	400	40%
	<hr/> 1,000	<hr/> 100%

Homework: Homework must be completed via McGraw Hill “Connect”. Students have 2 attempts to complete each homework problem. The score on the last attempt will be used for grading. Assigned Homework is due by 2:00 pm on the day noted of the syllabus

Semester Assignment #1: Assignment will be made on the first day of class and posted on Blackboard. Students will have until the 11:59 pm on Wednesday April 28, 2020 to complete and submit the assignment on Blackboard via Turnitin.

Semester Assignment #1 Submission Policy: The assignment must be submitted as a PDF on Blackboard via Turnitin on or before the due date and time listed herein. If the assignment is turned in late it will not receive full credit. Late work will be accepted only at the discretion of the professor, depending on the circumstances.

Examinations: Calculators will be acceptable for the midterm and final but no notes or textbooks will be allowed. The final will be cumulative. Questions for the midterm will be multiple choice. The final exam will include a combination of multiple choice and problem solving questions.

No late work will be accepted. There are no make-ups for exams; **students should arrange their interview schedule appropriately. Refer to “Can’t Miss Dates” on page 1 of this syllabus to see the dates involved.**

STUDENT LEARNING OUTCOMES

Graduate Program Student Learning Outcomes

Below are the five Student Learning Outcomes developed by the USC Leventhal faculty and administration and filed with the AACSB, the accrediting body for accounting and business schools: also indicated is the emphasis on each learning objective in the first half of ACCT 532:

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 and auditing. This learning outcome includes the development of critical thinking and problem-solving skills, as well as an understanding of the strategic role of accounting and auditing in business organizations and society.

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 demonstrate the ability to work productively with others to accomplish established goals.

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.

4. *Ethical Principles and Professional Standards*

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

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.

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-. Students must receive a C or better to pass a required class, and 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 on how they will be evaluated.

ACADEMIC CONDUCT

Students enrolled in any class offered by the Leventhal School of Accounting are expected to uphold and adhere to the standards of academic integrity established by the Leventhal School of Accounting Student Honor Code. Students are responsible for obtaining, reading, and understanding the Honor Code System handbook. Students who are found to have violated the Code will be subject to disciplinary action as described in the handbook. For more specific information, please refer to the Student Honor Code System handbook, available in class or from the receptionist in ACC 101.

Plagiarism – presenting someone else’s ideas as a student's own, either verbatim or recast in a student's own words – is a serious academic offense with serious consequences. Students should familiarize themselves with the discussion of plagiarism in SCampus in Section 11 Behavior Violating University Standards <https://scampus.usc.edu/1100-behavior-violating-university-standards-and-appropriate-sanctions/>. 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

Support Systems

Counseling and Mental Health - (213) 740-9355 – 24/7 on call
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

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) 740-4900 – 24/7 on call
engemannshc.usc.edu/rsvp

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

Office of Equity and Diversity (OED) / Title IX - (213) 740-5086
equity.usc.edu, titleix.usc.edu

Information about how to get help or help a survivor of harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants. The university prohibits discrimination or harassment based on the following protected characteristics: race, color, national origin, ancestry, religion, sex, gender, gender identity, gender expression, sexual orientation, age, physical disability, medical condition, mental disability, marital status, pregnancy, veteran status, genetic information, and any other characteristic which may be specified in applicable laws and governmental regulations.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298
usc-advocate.symplicity.com/care_report

To report incidents of bias, hate crimes, and microaggressions for appropriate investigation and response.

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

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.

USC Support and Advocacy - (213) 821-4710

studentaffairs.usc.edu/ssa

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity at USC - (213) 740-2101

diversity.usc.edu

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

dps.usc.edu, emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call

dps.usc.edu

Non-emergency assistance or information.

Students with Disabilities

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If a student has a disability which may impact their performance, attendance, or grades in this course and require accommodations, they 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 the Professor (or to the Student's TA) as early in the semester as possible. DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. Email: ability@usc.edu.

EMERGENCY INFORMATION

USC Emergencies 740-4321

USC Emergency Information Line 740-9233

USC Information Line 740-2311

KUSC Radio 91.5

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."

COURSE CALENDAR

Class	Date	Topic	Advanced Reading & Quiz McGraw Hill SmartBook Due by 2:00 pm on date listed	Homework McGraw Hill Connect Due by 2:00 pm on date listed
1	3/15	<p>Class Overview & M&A Discussion</p> <p>Assignment #1 Due on 4/28/201 by on 11:59 PM</p>	<p>Chapter 2 Intro & LO 2-1 Pages pp 39-43</p> <p>Does Expanding via Mergers & Acquisition Make for Sound Corporate Strategy (See Blackboard)</p> <p>ASU No.2016-01 (p.1-5) “Recognition & Measurement of Financial Assets & Financial Liabilities” (See Blackboard)</p>	
2	3/17	Fair Value & Equity Method and	<p>Chapter 1 The Fair Value Option - (See Blackboard)</p>	
3	3/22	Consolidation Accounting- Dissolution (Acquisition Method)	<p>Chapter 2 LO2-2 thru 2-6 pp. 43-56 LO2-8 pp 60-63 ASU No. 2017-01(pp 1-19) “Clarifying the Definition of a Business” (See Blackboard) & page 64 of book</p>	Chapter 1- Problems 16,17 & 19
4	3/24	Consolidation Accounting - No Dissolution	Chapter 2 LO2-7 pp. 56-60	Chapter 2 Practice Problem 31
5	3/29	Contingent Consideration and Fair Value Concepts	<p>Chapter 3 LO 3-8 pp. 123-126 Tail O’ The Pup Case (See Blackboard)</p>	Chapter 2 - Practice Problems: 30 & 34
6	3/31	<p>Goodwill Impairment, Other Intangibles & Bargain Purchases</p> <p>Assignment #2 will be posted on Blackboard during Class -</p>	<p>Chapter 3 LO 3-5, 6 & 7 p. 117-123</p> <ul style="list-style-type: none"> •ASU No. 2017-04 “Simplifying the Test for Goodwill Impairment” (See Blackboard) •Evaluation of Bargain Purchase GAAP (See Blackboard) •How GE Built Up and Wrote Down \$22 Billion in Assets WSJ 3-13-19 (See Blackboard) 	Chapter 3 - Practice Problems 9 & 16

Class	Date	Topic	Advanced Reading & Quiz McGraw Hill SmartBook Due by 2:00 pm on date listed	Homework McGraw Hill Connect Due by 2:00 pm on date listed
		Due before class on 4/5/21 via Connect	<ul style="list-style-type: none"> • Goodwill Sparks Deep Division at Least on Balance Sheets - WSJ 1-21-20 (See Blackboard) 	
7	4/5	Review Assignment #2 Solutions & Midterm Review		Assignment #2
	4/7	No Class - Wellness		
8	4/12	Midterm		
9	4/14	The M&A marketplace & Due Diligence	Guest Speakers: Sam Halls-Sharmrock Private Equity & John Brumlik – KPMG	
10	4/19	Day 2 Consolidation	Chapter 3 LO 3-1, 2, 3a pp 91-106	
11	4/21	Acquisitions less than 100% Assignment #3 will be posted on Blackboard during Class Due before class on 4/26/21 via Connect	Chapter 4 LO 4-1, 2 pp. 157-161 LO 4-4 pp 163 – 164	Chapter 3 - Practice Problems: 30 and 32
12	4/26	Review Assignment #3 Solution Public - Financial Reporting Requirements & Financial Statement Impact	Variable Interest Entities (VIEs) - Chapter 6 pp 263 – 270 CPA Journal Article: Common Control Entities & Consolidation of VIEs (See Blackboard) 2019 Deloitte Accounting for Business Combinations – Disclosure (See Blackboard)	Chapter 4 Problem 28 Assignment #3
13	4/28	Review for Final and Course Wrap-up		Semester Assignment #1 Due by 11:59 pm on April 28th via “Turnitin”
		Final Exam Tuesday May 4th 2-3:20 pm PST		

