

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



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



Professor: George Braunegg  
Phone: (213) 465-3020  
E-mail: Braunegg@marshall.usc.edu  
Office: ACCT 229  
Office Hours: Monday / Wednesday 3:45 PM – 4:45 PM & by appointment

**Can't Miss Dates:** Please note that the first day of class is **Monday October 18th**. Also note that these are the dates of exams that should not be scheduled for interviews, trips out of town, etc.: **Midterm – Wednesday November 10<sup>th</sup>** and **Final – Friday December 10<sup>th</sup>, 2:00 pm – 4:00 pm.** Please note these dates as there are no make-up examinations.

	<b>First day of classes:</b>	Monday, October 18, 2021
	<b>Last day to add:</b>	Wednesday, October 27, 2021
<b>Last day to drop without a mark of "W" and receive a refund:</b>		Wednesday, October 27, 2021
<b>Last day to withdraw without a "W" on transcript:</b>		Monday, November 8, 2021
<b>Last day to change pass/no pass to letter grade:</b>		Monday, November 8, 2021
	<b>Last day to drop with a mark of "W":</b>	Thursday, November 25, 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

### Text Book

Hoyle Advanced Accounting 14<sup>th</sup> 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.

### Poll Everywhere

During classes I may post problems as an “inclass activity” or ask for student input on a topic/issue. To facilitate the process we will be using **Poll Everywhere**. Accordingly please load the application on your phone or have it available for use on your computer. You may find the app in the Apple Store, Google Play or via the Poll Everywhere website. For your convenience I’ve provided the links below.

Laptop - <https://www.polleverywhere.com/>

Apple - <https://apps.apple.com/us/app/poll-everywhere/id893375312>

Android - <https://play.google.com/store/apps/details?id=com.polleverywhere.mobile>

### 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%
Homework	130	13%
Assignments 2 & 3	50	5%
Midterm	250	25%
Final	400	40%
Professionalism & Class Participation	120	12%
	<hr/> 1,000	<hr/> 100%

**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 December to complete and submit the assignment on Blackboard via Turnitin.

The assignment must be submitted as a PDF on Blackboard via Turnitin on or before the due date and time listed on the Course Calendar below. 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.

**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

**Assignments 2 & 3:** Assignments will be made via Blackboard and due via McGraw Hill “Connect” on the dates listed in the Course Calendar below.

**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

### **Professionalism & Class Participation**

Each of you will begin the course with 120 professionalism points. They are yours to keep or lose, based on behaviors demonstrated through all interactions with me, your peers, guest speakers, TAs—you get the idea. Missed classes without notice, habit of late arrivals or early departures, lack of communication or inappropriate behaviors or communication will reduce your points.

My expectation is that students are prepared for *all* classes and will actively participate in and meaningfully contribute to class discussions. An essential part of being prepared is doing the “Required Reading” in advance of class. Accordingly attendance, active participation, and a positive attitude are required for successful completion of this course. “Must be present to win” is true for most things in life, and particularly with skill building. Some classes will include small group activities assuming that all students will be present. Think of this class (and your others) as similar to being at work. If you become ill or an emergency comes up, you would have to let your supervisor know. In graduate school, the same holds true. My expectation is that you will let me know as soon as possible if something has come up that keeps you from attending class or doing your work. I will do the same for you.

Missed classes without timely notification, a habit of late arrivals or early departures, late or missing assignments, lack of communication or inappropriate behaviors or communication will reduce your performance on individual assignments and your professionalism grade. Remember, a core value of this program and this course is professionalism and demonstrated respect for others.

The goal is for everyone to begin and end the course with all 120 Professionalism & Class Participation points.

## **STUDENT LEARNING OUTCOMES / OBJECTIVES**

### ***Graduate Program Student Learning Outcomes/Objectives***

*Below are the five Student Learning Outcomes/Objectives 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**

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).

### **Use of Recordings and Course Materials**

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.

### **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.

*USC Campus Support and Intervention* - (213) 821-4710 [campussupport.usc.edu](http://campussupport.usc.edu)

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](http://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](http://dps.usc.edu),  
[emergency.usc.edu](http://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](http://dps.usc.edu)

### **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](http://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](mailto: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](http://blackboard.usc.edu)), teleconferencing, and other technologies.”

## COURSE CALENDAR

Class	Date	Topic	Required Reading Due by 2:00 pm on date listed	Homework McGraw Hill Connect Due by 2:00 pm on date listed
1	10/18	<b>Class Overview &amp; M&amp;A Discussion</b>  <b>Assignment #1</b> <b>Due on 12/1//21 by on 11:59 PM</b>	<b>McGraw Hill SmartBook</b> Chapter 2 Intro & LO 2-1 Pages pp 39-43  Does Expanding via Mergers & Acquisition Make for Sound Corporate Strategy (See Blackboard)  ASU No.2016-01 (p.1-5) “Recognition & Measurement of Financial Assets & Financial Liabilities” (See Blackboard)	
2	10/20	<b>Fair Value &amp; Equity Method and</b>	Chapter 1	
3	10/25	<b>Consolidation Accounting- Dissolution (Acquisition Method)</b>	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	Chapter 1- Problems 16,17 & 19
4	10/27	<b>Consolidation Accounting - No Dissolution</b>	Chapter 2 LO2-7 pp. 56-60	Chapter 2 Practice Problem 2-31
5	11/1	<b>Contingent Consideration and Fair Value Concepts</b>	Chapter 3 LO 3-8 pp. 123-126 Tail O’ The Pup Case (See Blackboard)	Chapter 2 - Practice Problems: 2-30 & 2-34
6	11/3	<b>Goodwill Impairment, Other Intangibles &amp; Bargain Purchases</b>  <b>Assignment #2 will be posted on Blackboard during Class -</b>  <b>Due before class on 11/8/21 via Connect</b>	Chapter 3 LO 3-5, 6 & 7 p. 117-123 <ul style="list-style-type: none"> <li>•ASU No. 2017-04 “Simplifying the Test for Goodwill Impairment” (See Blackboard)</li> <li>•Evaluation of Bargain Purchase GAAP (See Blackboard)</li> <li>•How GE Built Up and Wrote Down \$22 Billion in Assets WSJ 3-13-19 (See Blackboard)</li> <li>•Goodwill Sparks Deep Division at Least on Balance Sheets - WSJ 1-21-20 (See Blackboard)</li> </ul>	Chapter 3 - Practice Problems 3-9 & 3-13

Class	Date	Topic	Required Reading Due by 2:00 pm on date listed	Homework McGraw Hill Connect Due by 2:00 pm on date listed
7	11/8	Review Assignment #2 Solutions & <b>Midterm Review</b>		Chapter 3 Practice Problem 3-16  <b>Assignment #2</b>
8	11/10	<b>Midterm</b>		
9	11/15	<b>Day 2 Consolidation</b>	Chapter 3 LO 3-1, 2, 3a pp 91-106	
10	11/17	<b>The M&amp;A marketplace &amp; Due Diligence</b>	Guest Speakers: Sam Halls- Shamrock Private Equity & John Brumlik – KPMG	
11	11/22	<b>Acquisitions less than 100%</b>  <b>Assignment #3 will be posted on Blackboard during Class</b>  <b>Due before class on 11/29/21 via Connect</b>	Chapter 4 LO 4-1, 2 pp. 157-161  LO 4-4 pp 163 – 164	Chapter 3 - Practice Problems:30 and 32
12	11/29	<b>Review Assignment #3 Solution</b>  <b>Public - Financial Reporting Requirements &amp; Financial Statement Impact</b>	Variable Interest Entities (VIEs) - Chapter 6 pp 263 – 270  CPA Journal Article: Common Conroy Entities & Consolidation of VIEs (See Blackboard)  2019 Deloitte Accounting for Business Combinations – Disclosure (See Blackboard)	Chapter 4 Problem 28  <b>Assignment #3</b>
13	12/1	Review for Final and Course Wrap-up		<b>Semester Assignment #1</b> <b>Due by 11:59 pm on December 1st via “Turnitin”</b>
	12/10	<b>Final Exam</b> <b>Friday, December 10th</b> <b>2-4:00 pm PST</b>		