

# USC Marshall

School of Business

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**ACC 572**  
**Corporate Accounting & Reporting**  
**T 6-30 pm JKP 202**

**USC Emergency Info Line: (213)-740-9233**  
**USC Emergencies: (213)-740-4321**

**Instructor: K. R. Subramanyam**  
**Email: krs@marshall.usc.edu**  
**Office Hours: By appointment on Zoom**  
**TA: Nina Lin <ninalin@usc.edu>**  
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**KUSC Radio (Emergency Info): 91.5 FM**

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## COURSE DESCRIPTION

Corporate Accounting and Reporting is an in-depth study of corporate financial statements for the purpose of financial analysis. The purpose of this course is to obtain a deeper understanding of how different items are reported on the financial statements with view to evaluating their underlying economic content, and making adjustments when necessary. A wide variety of accounting topics such as revenue recognition, deferred taxes, leases, pensions, fair value accounting, and consolidation will be covered. The course will emphasize examining actual financial statements of companies from a wide variety of industries, as well as interesting situations, through the analysis of a number of cases. This course will be valuable for various finance professionals such as investment bankers, financial analysts and corporate finance managers.

## LEARNING OBJECTIVES

The objectives and expected learning outcomes of the course include the following:

- Demonstrate an understanding of the usefulness and limitations of external financial accounting information reported in corporate financial reports (10Ks & 10Qs) for various forms of business analysis and decisions, and for different stakeholders such as investors, lenders, and auditors.
- Explain and apply the rules used to prepare and report the financial accounting information observed in corporate annual reports
- Understand how various items are presented in corporate financial reports (10Ks & 10Qs), both on the face of the financial statements (recognition) and through footnote information (disclosure)
- Learn to analyze the quality of the reported financial information in terms of their economic content, including identifying the effects of earnings management, if any, and making adjustments to financial statement information in order to better depict economic reality
- Analyze how a given transaction (from simple to complex) affects each financial statement through transaction analysis
- Extract relevant information from Form 10-Ks by solving problems and preparing written reports based on information presented in cases and Form 10-Ks.

## ORGANIZATIONAL DETAILS

### Course Materials

Recommended Text Book: Financial Reporting & Analysis. Revsine, Collins, Johnson, Mittelstaedt, Soffer 8th edition ISBN 978-1-260-24784-8.

Required Reader: Available at the book store. This has all cases and articles. Required to be purchased.

Blackboard: Study Notes, Class Slides, Company Reports, Articles and Research Papers will be put on Blackboard (<https://blackboard.usc.edu/>) as required. Class slides and recordings will be put up prior to, or after, the relevant session.

### Prerequisites

GSBA 510 or equivalent.

### Grading Policy

Homework	15%
Case Submissions	15%
WSJ Article	10%
Mid-Term Exam	20%
Final Exam	30%
Class participation	10%
	<u>100%</u>

Mid-Term Exam will be open book and multiple choice. To be individually attempted. The exam will be held through Zoom on a weekend (March 26/27). Details will be provided later.

Final exam will be open book with comprehensive coverage. It will be administered physically in class on the assigned date/time as per university exam schedule. To be individually attempted. Details will be provided later.

Four homework will be assigned of which three need to be submitted. Homework is designed to get you to “get your hands dirty” by digging into the financial statements of actual companies. To be individually attempted.

Case Submissions/WSJ Article are group assignments. Recommended group size is five. Details will be presented on first day of class.

Class participation is dependent on the quality and regularity of presence and participation in class.

### Retention of Graded Work

All graded materials will be retained for one year following the student’s receipt of their grade.

## **Nature of Instruction and Classroom Etiquette**

- Instruction will be entirely through physical classroom sessions in the assigned venue (JKP 202) and during the assigned times (6.30-9.30 pm Tue). Student will not be allowed to attend through Zoom.
- Students who are sick should not attend class. I shall make alternative arrangement for these students to cover class material. Please email me if you have missed class due to sickness.
- Office hours and remedial sessions (if needed) will be through Zoom. Frequency/timings will depend on student need and my availability. For office hours please email me to fix a time.
- Please attend all classes (unless unavoidable). Be on time and stay till the end of class.
- Please bring the Required Reader and other reports put up on BlackBoard. This will help you take notes in class.
- Please participate actively in class, especially during case discussions. Please clear doubts on the spot in class. This is the best form of learning.
- Please shut-off phones and other electronic devices during class time as a courtesy to other students.

## Class Schedule

#	Date	Topic	Reading & Preparation
1	Jan 11	<ul style="list-style-type: none"> <li>- Course Introduction</li> <li>- Uses of Financial Reporting                             <ul style="list-style-type: none"> <li>o Financial Statement Analysis</li> </ul> </li> <li>- The Financial Reporting Environment                             <ul style="list-style-type: none"> <li>o What is GAAP?</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- <u>Text</u>: Pages 1-1 to 1-25</li> </ul>
		<ul style="list-style-type: none"> <li>- Understanding Accrual Accounting</li> </ul>	<ul style="list-style-type: none"> <li>- <u>Text</u>: Pages 2-1 to 2-6; 2-25 to 2-34</li> <li>- <u>Case</u>: T Shirt Venture (RR)</li> </ul>
2	Jan 18	<ul style="list-style-type: none"> <li>- Earnings Quality</li> </ul>	<ul style="list-style-type: none"> <li>- <u>Text</u>: Pages 2-15 to 2-18; 6-1 to 6-22</li> <li>- <u>Article</u>: Value Destruction and Financial Reporting Decisions (RR)</li> <li>- <u>Article</u>: The Misrepresentation of Earnings (RR)</li> </ul>
		<ul style="list-style-type: none"> <li>- Overview of the Financial Statements</li> </ul>	<ul style="list-style-type: none"> <li>- <u>Text</u>: Pages 2-7 to 2-14; 4-1 to 4-6;</li> <li>- <u>Annual Report</u>: Bristol Myers Squib (BB)</li> </ul>
3	Jan 25	<ul style="list-style-type: none"> <li>- Income and Performance Measurement                             <ul style="list-style-type: none"> <li>o Income Statement Geography</li> <li>o Comprehensive Income</li> <li>o Non-Recurring Items</li> </ul> </li> <li>- <b>Last Date to provide Group Names!</b></li> </ul>	<ul style="list-style-type: none"> <li>- <u>Text</u>: Pages 2-7 to 2-14; 2-20 to 2-23</li> <li>- <u>Annual Report</u>: General Electric – Discontinued Operations (BB)</li> <li>- <u>Annual Report</u>: Pfizer Non-recurring Items (BB)</li> </ul>
4	Feb 1	<ul style="list-style-type: none"> <li>- Revenue Recognition</li> </ul>	<ul style="list-style-type: none"> <li>- <u>Text</u>: Pages 2-7 to 2-14; 2-20 to 2-23</li> <li>- <u>Case</u>: Chroma Dex (RR)</li> <li>- <u>Case</u>: Apple and the iFAD (RR)</li> </ul>
5	Feb 8	<ul style="list-style-type: none"> <li>- Deferred Taxes</li> </ul>	<ul style="list-style-type: none"> <li>- <u>Text</u>: Pages 14-2 to 14-35; 14-42 to 14-49</li> <li>- <u>Article</u>: Elizabeth Warren’s War on Accounting (RR)</li> <li>- <u>Annual Report</u>: Amazon Note # 9 (BB)</li> <li>- <u>Case</u>: Mike Mayo Takes on Citigroup A (RR)</li> </ul>
6	Feb 15	<ul style="list-style-type: none"> <li>- Operating Activities: Working Capital                             <ul style="list-style-type: none"> <li>o Receivables</li> <li>o Inventory</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- <u>Text</u>: Pages 9-1 to 9-12; 10-1 to 10-35 (Browse)</li> <li>- <u>Case</u>: Signet Jewelers: Assessing Customer Finance Risk (RR)</li> <li>- <u>Case</u>: DR Horton Inventory (BB)</li> </ul>

#	Date	Topic	Assignment
7	Feb 22	<ul style="list-style-type: none"> <li>- Operating Activities: Working Capital <ul style="list-style-type: none"> <li>o Warranties &amp; Provisions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- <u>Case</u>: Warranties at BMW Group (RR)</li> <li>- <u>Case</u>: Airline Miles (BB)</li> </ul>
		<ul style="list-style-type: none"> <li>- Operating Activities: Long Term Assets <ul style="list-style-type: none"> <li>o PP&amp;E</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- <u>Text</u>: Pages 11-2 to 11-20; 11-23 to 11-29</li> <li>- <u>Annual Report</u>: American Airlines 10K (BB)</li> </ul>
8	Mar 1	<ul style="list-style-type: none"> <li>- Operating Activities: Long Term Assets <ul style="list-style-type: none"> <li>o Leases</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- <u>Text</u>: Pages 13-2 to 13-19</li> <li>- <u>Annual Report</u>: American Airlines 10K Note # 6 (BB)</li> </ul>
		<ul style="list-style-type: none"> <li>- Operating Activities: Long Term Assets <ul style="list-style-type: none"> <li>o Intangible Assets</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- <u>Case</u>: Netflix (RR)</li> </ul>
9	Mar 8	<ul style="list-style-type: none"> <li>- Non-Strategic Investments – I <ul style="list-style-type: none"> <li>o Overview of Accounting</li> <li>o Marketable Securities</li> <li>o Fair Value Accounting</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- <u>Text</u>: Pages 17-1 to 17-13</li> <li>- <u>Article</u>: Wave of Write-Offs Rattles Markets (RR)</li> <li>- <u>Annual Report</u>: Citicorp 10K (BB)</li> </ul>
10	Mar 22	<ul style="list-style-type: none"> <li>- Non-Strategic Investments – II <ul style="list-style-type: none"> <li>o Derivatives</li> <li>o Securitization</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- <u>Text</u>: Pages 17-1 to 9-23</li> <li>- <u>Case</u>: New Century Mortgage (RR)</li> </ul>
11	Mar 29	<ul style="list-style-type: none"> <li>- Strategic Investments &amp; Consolidation – I <ul style="list-style-type: none"> <li>o Equity Accounting</li> <li>o Consolidation</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- <u>Text</u>: Pages 17-14 to 17-29</li> <li>- <u>Annual Report</u>: Delta Airlines 10K (BB)</li> <li>- <u>Case</u>: Consolidation Exercise (BB)</li> </ul>
12	Apr 5	<ul style="list-style-type: none"> <li>- Strategic Investments &amp; Consolidation – II <ul style="list-style-type: none"> <li>o Mergers &amp; Acquisitions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- <u>Case</u>: United Technologies Buys Rockwell (RR)</li> <li>- <u>Annual Report</u>: UT Annual Reports (BB)</li> </ul>
13	Apr 12	<ul style="list-style-type: none"> <li>- Long Term Liabilities <ul style="list-style-type: none"> <li>o Bonds</li> <li>o Pensions</li> <li>o Contingent Liabilities</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- <u>Text</u>: Pages 15-1 to 15-43 (Browse)</li> <li>- <u>Annual Report</u>: American Airlines Notes 5 &amp; 10</li> </ul>

#	Date	Topic	Assignment
14	Apr 19	<ul style="list-style-type: none"> <li>- Shareholder Equity <ul style="list-style-type: none"> <li>o Share Capital &amp; Stock Buyback</li> <li>o Employee Stock Options</li> <li>o Diluted EPS</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- <u>Text</u>: Pages 16-1 to 16-43 (Browse)</li> <li>- <u>Article</u>: US Companies Have Spent \$ 1 Trillion (RR)</li> <li>- <u>Article</u>: Warren Buffett explains the enduring power of stock buybacks (RR)</li> <li>- <u>Annual Report</u>: TBD</li> </ul>
15	Apr 26	<ul style="list-style-type: none"> <li>- WSJ Article Group Presentations</li> <li>- Course Wrap Up</li> </ul>	

Text: Revsine, Collins, Johnson, Mittelstaedt, Soffer: Financial Reporting and Analysis

RR: Required Reader

BB: Blackboard

## 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](https://policy.usc.edu/scampus-part-b). Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on [Research and Scholarship Misconduct](#).

### Students and Disability Accommodations:

USC welcomes students with disabilities into all of the University’s educational programs. The Office of Student Accessibility Services (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at [osas.usc.edu](https://osas.usc.edu). You may contact OSAS at (213) 740-0776 or via email at [osasfrontdesk@usc.edu](mailto:osasfrontdesk@usc.edu).

### Support Systems:

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

[studenthealth.usc.edu/counseling](https://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](https://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](https://studenthealth.usc.edu/sexual-assault)

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

*Office for Equity, Equal Opportunity, and Title IX (EEO-TIX) - (213) 740-5086*

[eeotix.usc.edu](https://eeotix.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](https://usc-advocate.symplicity.com/care_report)

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

*The Office of Student Accessibility Services (OSAS) - (213) 740-0776*

[osas.usc.edu](https://osas.usc.edu)

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

*USC Campus Support and Intervention - (213) 821-4710*

[campussupport.usc.edu](https://campussupport.usc.edu)

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

*Diversity, Equity and Inclusion - (213) 740-2101*

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

Non-emergency assistance or information.

*Office of the Ombuds - (213) 821-9556 (UPC) / (323)-442-0382 (HSC)*

[ombuds.usc.edu](https://ombuds.usc.edu)

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

*Occupational Therapy Faculty Practice - (323) 442-3340 or [otfp@med.usc.edu](mailto:otfp@med.usc.edu)*

[chan.usc.edu/otfp](https://chan.usc.edu/otfp)

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.