

ACCT 532: FINANCIAL ACCOUNTING FOR MERGERS AND ACQUISITIONS



Spring 2023 Semester, second half

1.5 Units

Sections 14216D and 14217R

Meets Monday/Wed, 2:00pm – 3:20pm

Commencing Monday, March 6, 2023, concluding Wednesday, April 26, 2023.

Classroom: JKP 202

Professor: Tony Aaron

Mobile Phone: (310) 849-5987

Zoom Phone: (213) 764-4673

Office Hours: By appointment only, using Zoom Meetings or Teleconference.

Use E-mail to schedule; Mondays and Wednesdays (class days) are preferable.

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 companion course ACCT 533, covers tax aspect of mergers and acquisitions.

LEARNING OBJECTIVES

By the time student's finish ACCT 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/a-aaron-spring-2023-mw-200pm-320pm> 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 grades will be based upon a maximum score of 1,000 points determined by their performance on homework, semester assignments, examinations and participation and professionalism weighted as follows:

	Maximum Points	Percentage of Points
Homework	130	13%
Assignment 1	50	5%
Assignments 2 & 3	70	7%
Midterm	250	25%
Final	400	40%
Participation and Professionalism	100	10%
	1000	100%

Homework: Homework must be completed via McGraw Hill “Connect”. Students have 2 attempts to complete each homework problem. After the 1st attempt students will be shown current and incorrect indicators. After the 2nd attempt feedback will be withheld until 1 hour after the due date and time. The best after both attempts will be used for grading. (**Note:** Students answering 100% of a homework question on the 1st attempt will not be given a 2nd attempt.) Assigned Homework is due by 2:00 pm on the day noted of the Course Calendar below.

Semester Assignments 1, 2 and 3: Assignments will be posted on Blackboard. The assignment deliverables must be submitted as a Word file to me by email and is due by 2:00 pm on the day noted of the Course Calendar below.

Examinations: Calculators will be acceptable for the Midterm and Final. The Final is cumulative. More information on the Midterm and Final Examinations will be announced via Blackboard, prior to the exam dates.

Class Participation and Professionalism: Subsequent to each class session and while it is very fresh in my mind, I will record my view of each student's participation and professionalism on a numeric scale (I may utilize the assistance of a Teaching/Instructional Assistant, if assigned this semester, in recording this information). I will total these numeric scores at the end of the semester as one input into assigning a final class participation and professionalism grade.

PROFESSIONALISM AND ATTENDANCE

Subsequent to each class session and while it is very fresh in my mind, I will record my view of each student's participation and professionalism on a numeric scale, with assistance, when available, from our class TA (if a TA is assigned for the semester). I will total these numeric scores at the end of the semester as one input into assigning a final class participation and professionalism grade.

For each in-class session three (3) points will be awarded to a student for significant relevant and meaningful participation, two (2) points for modest contributions to the class, one (1) point for minimal contributions to the class, but for being in attendance and zero (0) points if absent.

I encourage you to take advantage of office hours. I view student participation in office hours as a form of class participation. I am always willing to arrange a Zoom Meeting session or telephone call for office hours. As a safety precaution during the Covid-19 Pandemic, I will not be scheduling "in-person" office hours.

Email is perhaps the predominant form of communication in business so feel free to reach out to me at aarona@marshall.usc.edu. Generally, similar to a business setting, I hope to respond to emails within one business day. I encourage you to ask technical questions via email. I view email interactions related to clarifying technical content covered in class to be a form of class participation. Be aware that I might choose to copy technical Q&A from email interactions with particular students into Blackboard announcements for the benefit of the entire class.

Consistent with the themes touched on as part of the Marshall School Strategic plan, we will seek to advance the level of students' professionalism as part of the class. Similar to a career setting, professional conduct is expected from all students in class. Professional conduct is expected from all students in interactions with the Professor on class related matters, both in class, and outside of class. Class related interactions occurring outside of class hours may include for example: email, telephone, voicemail, or Zoom meeting office hours.

In each circumstance that you need to be physically absent from class, or if you would like to request permission to participate live via Zoom (for instance, if you are ill), you are expected to send an email message to me and to our class TA (if assigned this semester) prior to the start of class. Please include in the subject line the course name and section (Example in Subject line: ACCT 532, 2:00 pm section). Also, if you would like to participate in a specific class session asynchronously, you are also expected to send an email message to me and to our class TA, for each class session where you plan to participate asynchronously prior to the start of that particular class session. Be aware that asynchronous participation may not provide the same experience as that of being in the classroom or of live Zoom participation. See further discussion under the section entitled "Name Tents", below. Keep in mind that an email in advance of class does not "excuse" your absence – it simply shows me that you are taking an appropriate professional stance and responsibility for choosing to do something else, or be somewhere else during class time.

If you miss a class session, you still need to come to the next class fully prepared. You can access PowerPoint slides for each class and any written announcements that I have made via Blackboard. **If you miss a class, I recommend that you contact a classmate before the next class meeting. Ask them for**

any announcements, lecture notes, readings, assignments, etc. that have not been otherwise posted to Blackboard.

Generally, all Zoom meeting class sessions will be recorded. Thus, barring technology “glitches”, audio/video recordings of the class lectures will be available for asynchronous viewing. Links to Zoom recordings can be accessed via Blackboard. Students in class or participating via Zoom should be aware that the recordings are occurring and that all comments will end up being included in the recordings. We may also be recording classes using Panopto. If we are able to utilize the Panopto system, links to those recordings will also be made available.

Of course, if a major illness or emergency arises, I will work with you to accommodate the situation. It may also be appropriate to contact the Dean’s office at the Leventhal School or Marshall School when such circumstances arise. As noted above, recordings of the class sessions also may be helpful in such circumstances.

NAME TENTS

“Name tents” and marking pens will be provided on the first day of class, if not otherwise provided by the Leventhal program. Students should use these materials to write in large block letters, the first name and last name that you used to enroll in the course. First name should be shown first, last name last. In the upper right hand corner, please list the first name that you wish to be called by if different from your enrolled name. It is possible that we will be able to generate pre-printed name tents, bearing your enrolled name, prior to the commencement of the class session. If this is the case, I would still appreciate it if you would list the first name that you wish to be called by, if different from your enrolled name, in the upper right hand corner of your name tent.

These “name tents,” will be used for all class sessions. These will facilitate an ability to call on students by name, assess participation, and should advance the ability of students to get to know one another. Naturally, it is the responsibility of students to keep the name tent in a visible location in front of them, so that I, and other students, can facilitate student participation.

I am expecting to have many students per class section this semester. Remember that your name is part of your “personal brand.” It makes sense for you to seek to have your name remembered. While I aspire to remember each person’s name, please help me to remember your name and your personal brand, by using name tents.

The name tents will also be used to facilitate recording attendance, and they must be returned to me at the end of each class. I will bring the tents back to the next class for your use again. It is your obligation to pick up the name tent while in attendance to have your attendance recorded. We will separately track those in attendance through Zoom or through asynchronous participation. It is your obligation to return the name tent before your departure from class to enable proper recording of your attendance. There will be no “verbal roll call” but attendance records will be gathered via the name tents.

Think about the process here for using name tents. Common sense (and ethical behavior) indicates that students should not pick up the name tents for others at the beginning of class, nor return the name tents of others. Student failure to obtain their name tent at the beginning of class, or to return the tent at the end of class, may result in their being marked absent. While attendance per se, is not a specific part of your grade, it is the initial measure of participation. Also, as mentioned above in the section entitled “Class Participation and Professionalism”, I expect an email communication informing me of an expected absence as a demonstration of professional behavior.

CLASSROOM POLICIES – SPRING 2023

1. Active class participation is important in achieving the learning objectives for this course. Unless students provide an accommodation letter from USC OSAS or from Marshall detailing visa or travel restrictions, attendance and active participation is expected in the classroom.
 - a. **For ACCT 532, please let me know about USC OSAS or Marshall School accommodations during the first week of class, so I can properly prepare in advance to support your accommodations during the course of the semester.**
2. Any student with such accommodations should submit their accommodation document to their instructor as soon as possible. Your instructor will then provide regular access to a recording of the class and an opportunity to regularly make up missed in-class participation.
3. Students who are experiencing illness should not attend class in person. Please inform the instructor in advance of the class session to discuss what accommodations will be made to allow for the make-up of missed class work and missed in-class participation. Students will not be penalized for not attending class in person under these circumstances.

COURSE EVALUATIONS

The student course evaluations are valuable. This course is continuously improved, based on feedback from students and instructor observations.

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. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, policy.usc.edu/scientific-misconduct.

Use of Recordings and Course Materials

Pursuant to the USC Student Handbook (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

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) 740-9355(WELL), press “0” after hours – 24/7 on call 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, 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

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

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

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 dsp.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 dsp.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). 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 (<https://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), Zoom, teleconferencing, and other technologies

COURSE CALENDAR

Class	Date	Topic	Required Reading Due by 2:00 pm on date listed	Homework Due by 2:00 pm on date listed
1	03/06	Class Overview & M&A Discussion Assignment #1 Due on 04/26//23 by on 2:00pm via email	McGraw Hill SmartBook Chapter 2 Intro & LO 2-1 pp 39-43 Does Expanding via Mergers & Acquisition Make for Sound Corporate Strategy (See Blackboard) Overpaying in Corporate Takeovers: The Winner's Curse (See Blackboard) ASU No.2016-01 (p.1-5) "Recognition & Measurement of Financial Assets & Financial Liabilities" (See Blackboard)	
2	03/08	Fair Value & Equity Method and	Chapter 1 Fair Value Option - Overview Topic (825) (See Blackboard)	
	03/12 to 03/19	Spring Recess – No Class		
3	03/20	Consolidation Accounting- Dissolution (Acquisition Method)	Chapter 2 - LO2-2 thru 2-6 pp. 43-56 LO2-8 pp 60-63 ASU No. 2017-01(pp b1-19) "Clarifying the Definition of a Business" & Page 64 from the text (See Blackboard)	Chapter 1 Problems 16, 17 & 19 15 Points
4	03/22	Consolidation Accounting - No Dissolution	Chapter 2 LO2-7 pp. 56-60	Chapter 2 Problem 31 15 Points
5	03/27	Contingent Consideration and Fair Value Concepts	Chapter 3 LO 3-8 pp. 123-126 Tail O' The Pup Case (See Blackboard)	Chapter 2 Problems: 30 & 34 30 Points

6	03/29	Goodwill Impairment, Other Intangibles & Bargain Purchases Assignment #2 will be posted on Blackboard during Class -- Due by 2:00pm on 04/03/23 on Blackboard/Connect	Chapter 3 LO 3-5, 6 & 7 p. 117-123 •2018 - New Guidance for Goodwill Impairment – CPA Journal (See Blackboard) •2021 - FASB – Prop ASU-Goodwill - Exposure Draft Goodwill Sparks Deep Division at Least on Balance Sheets - WSJ 1-21-20 (See Blackboard) How GE Built Up and Wrote Down \$22 Billion in Assets WSJ 3-13-19 (See Blackboard) •Evaluation of Bargain Purchase GAAP (See Blackboard) •Fair Value Measurements Considerations - Bargain Purchase (See Blackboard)	Chapter 3 Problems 9, 13 & 16 25 Points
7	04/03	Review Assignment #2 Solutions & Midterm Review		Assignment #2 - 35 Points -- Due by 2:00 pm today on Blackboard/Connect 35 points
8	04/05	Midterm		
9	04/10	The M&A marketplace & Due Diligence	Possible Guest Speakers: TBA	
10	04/12	Day 2 Consolidation	Chapter 3 LO 3-1, 2, 3a pp 91-106 G	
11	04/17	Acquisitions less than 100% Assignment #3 will be posted on Blackboard during Class -- Due by 2:00pm on 4/19/23 on Blackboard/Connect	Chapter 4 LO 4-1, 2 pp. 157-161 LO 4-4 pp 163 – 164	Chapter 3 Problems 30 & 32 30 Points
12	04/19	Review Assignment #3 Solution Public - Financial Reporting Requirements & Financial Statement Impact	Variable Interest Entities (VIEs) - Chapter 6 pp 263 – 270 CPA Journal Article: Common Conroy Entities & Consolidation of VIEs (See Blackboard) Optional Reading - Deloitte Accounting for Business Combinations – Disclosure (See Blackboard)	Chapter 4 Problem 28 15 Points Assignment #3 - 35 Points -- Due by 2:00 pm today on Blackboard/Connect 35 Points

13	04/24	Role of CFO in M&A	Possible Guest Speakers: TBA	
14	04/26	Course Wrap-up & Final Review		Assignment #1- 50 Points -- Due by 2:00 pm today via email 50 Points
	05/08	Final Examination	2:00pm to 4:00pm JKP 202 (tentative)	Comprehensive