

# 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**  
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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, operating issues, 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. Homework assignments/solutions and case submission requirements will also be on Blackboard.

### Prerequisites

GSBA 510 or equivalent.

### Grading Policy

Mid-Term Exam	20%
Final Exam	30%
Homework	20%
Case Submissions	20%
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 25/26). 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.

Homework is designed to get you to “get your hands dirty” by digging into the financial statements of actual companies. To be individually attempted. Four homework sets will be assigned (available on Blackboard). Submission dates are given in the schedule. Please provide a printed copy at the beginning of class.

Case Submissions are group assignments. Recommended group size is three. Six submissions with due dates are given in the schedule. (A minimum of five submissions are required). Cases are available in the Required Reader and questions will be available on Blackboard. Please provide a printed copy at the beginning of class.

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

Final letter grade will be based on a curve.

## **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). Students 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 10	<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 17	<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>: Honeywell (BB)</li> </ul>
3	Jan 24	<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>: Bristol Myers Squib (BB)</li> </ul>
4	Jan 31	<ul style="list-style-type: none"> <li>- Income and Performance Measurement                             <ul style="list-style-type: none"> <li>o Non-Recurring Items (continued)</li> <li>o Non-GAAP Income</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- <u>Annual Report</u>: Pfizer Non-recurring Items (BB) <b>[Case Submission # 1]</b></li> <li>- <u>Case</u>: Uber Technologies (RR)</li> </ul>
5	Feb 7	<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>: Apple and the iFAD (RR)</li> <li>- <b>[Case Submission # 2]</b></li> </ul>
		<ul style="list-style-type: none"> <li>- Deferred Taxes</li> </ul>	<ul style="list-style-type: none"> <li>- <u>Annual Report</u>: Honeywell (BB)</li> <li>- <u>Article</u>: Elizabeth Warren’s War (RR)</li> </ul>
6	Feb 14	<ul style="list-style-type: none"> <li>- Deferred Taxes</li> <li>- <b>HW # 1 Due</b></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>Annual Report</u>: Amazon Note # 9 (BB)</li> <li>- <u>Annual Report</u>: Netflix (BB)</li> </ul>
		<ul style="list-style-type: none"> <li>- Operating Activities: Working Capital                             <ul style="list-style-type: none"> <li>o Inventory</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- <u>Annual Report</u>: Caterpillar Inventory (BB)</li> </ul>

#	Date	Topic	Reading & Preparation
7	Feb 21	<ul style="list-style-type: none"><li>- Operating Activities: Working Capital<ul style="list-style-type: none"><li>o Inventory (continued)</li><li>o Receivables</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 (RR) <b>[Case Submission # 3]</b></li></ul>
8	Feb 28	<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) <b>[Case Submission # 4]</b></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><li>- <b>HW # 2 Due</b></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>Case</u>: NuVax Got the Whooping Cough! (RR)</li><li>- <u>Annual Report</u>: American Airlines 10K (BB)</li></ul>
9	Mar 7	<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) <b>[Case Submission # 5]</b></li></ul>
Mar 14		SPRING BREAK	
10	Mar 21	<ul style="list-style-type: none"><li>- Investments - I<ul style="list-style-type: none"><li>o Non-Strategic Investments</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>
Mar 25/26		MID-TERM EXAM	
11	Mar 28	<ul style="list-style-type: none"><li>- Investments - II<ul style="list-style-type: none"><li>o Strategic Investments</li><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>: AOL &amp; Time Warner (BB)</li></ul>
12	Apr 4	<ul style="list-style-type: none"><li>- Investments - III<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) <b>[Case Submission # 6]</b></li><li>- <u>Annual Report</u>: UT Annual Reports (BB)</li></ul>

#	Date	Topic	Assignment
13	Apr 11	<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> <li>- <b>HW # 3 Due</b></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 (BB)</li> </ul>
14	Apr 18	<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 25	<ul style="list-style-type: none"> <li>- Course Wrap Up</li> <li>- <b>HW # 4 Due</b></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 Integrity:**

The University of Southern California is a learning community committed to developing successful scholars and researchers dedicated to the pursuit of knowledge and the dissemination of ideas. Academic misconduct, which includes any act of dishonesty in the production or submission of academic work, comprises the integrity of the person who commits the act and can impugn the perceived integrity of the entire university community. It stands in opposition to the university's mission to research, educate, and contribute productively to our community and the world.

All students are expected to submit assignments that represent their own original work, and that have been prepared specifically for the course or section for which they have been submitted. You may not submit work written by others or "recycle" work prepared for other courses without obtaining written permission from the instructor(s).

Other violations of academic integrity include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), collusion, knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

The impact of academic dishonesty is far-reaching and is considered a serious offense against the university. All incidences of academic misconduct will be reported to the Office of Academic Integrity and could result in outcomes such as failure on the assignment, failure in the course, suspension, or even expulsion from the university.

For more information about academic integrity see [the student handbook](#) or the [Office of Academic Integrity's website](#), and university policies on [Research and Scholarship Misconduct](#).

Please ask your instructor if you are unsure what constitutes unauthorized assistance on an exam or assignment, or what information requires citation and/or attribution.

### **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

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

[\*988 Suicide and Crisis Lifeline\*](#) - 988 for both calls and text messages – 24/7 on call

The 988 Suicide and Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week, across the United States. The Lifeline is comprised of a national network of over 200 local crisis centers, combining custom local care and resources with national standards and best practices. The new, shorter phone number makes it easier for people to remember and access mental health crisis services (though the previous 1 (800) 273-8255 number will continue to function).

indefinitely) and represents a continued commitment to those in crisis.

[Relationship and Sexual Violence Prevention Services \(RSVP\)](#) - (213) 740-9355(WELL) – 24/7 on call  
Free and confidential therapy services, workshops, and training for situations related to gender- and power-based harm (including sexual assault, intimate partner violence, and stalking).

[Office for Equity, Equal Opportunity, and Title IX \(EEO-TIX\)](#) - (213) 740-5086  
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  
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 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) 740-0411  
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  
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  
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) 442-1200 – 24/7 on call  
Non-emergency assistance or information.

[Office of the Ombuds](#) - (213) 821-9556 (UPC) / (323-442-0382 (HSC)  
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) 442-2850 or [otfp@med.usc.edu](mailto:otfp@med.usc.edu)  
Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.