

ACCT 742
Problems in Financial Reporting
Spring 2010 SYLLABUS -- Preliminary

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Course Overview

Financial statements are a primary means for firms to communicate information about their performance and strategy to investors and other groups. In the wake of numerous accounting scandals and the recent financial meltdown (which accounting both helped and hindered), it is more important than ever for managers and investors to understand (i) the financial reporting process, (ii) what financial statements do and do not contain, and (iii) the types of discretion managers have in presenting transactions they have undertaken. This course is designed to help you become a more informed user of accounting numbers by increasing your ability to extract, interpret, and analyze information in financial statements.

We will focus on many of the biggest problem areas of financial reporting:

- The Financial Reporting Environment Post Enron and Post Meltdown
- Earnings Quality
- Cash Flow Quality
- Alternative Measures of Profitability
 - GAAP, Pro Forma, EBITDA, and the FASB's proposed new performance statement
- Earnings Per Share and Dilution
 - GAAP dilution vs Economic Dilution
- Revenue Recognition
- Fair Value and Mark to Market
- Derivatives
- Stock Options
- Intangible Assets
- Pensions
- Consolidation of Debt and "Off Balance Sheet" Debt
- Special Purpose Entities and Control
- Multinational Reporting – Currency Changes
- Segmental Reporting
- Income Taxes
- Distress Prediction Models
- Sarbanes Oxley and International Financial Reporting Standards

While this is not a course in equity valuation *per se*, equity valuation is one of the most common uses of financial statement data. Accordingly, we will examine the relation between

stock prices and financial statement information. We will also study the use of financial ratios and forecasted financial statement data in models of distress prediction.

The course assumes a solid understanding of basic financial accounting (at the level of Acct 620/621).

Course Materials

Bulkpack The bulk pack is available at Wharton Reprographics. In addition, virtually all of the material will be available in the eRoom for Acct 742 on Web Cafe.

Text: Revsine, Collins, Johnson, Mittelstaedt, *Financial Reporting and Analysis*, 4th ed., Prentice Hall, 2009. This text serves as a reference on accounting and disclosure topics. Note that the course is not a textbook-based course. Text readings provide supplementary information and information useful for preparing the problems and cases.

Web Café The course has a room on Web Café that you can log onto with your User name and Password. Within the Course Material folder, there is a folder for each class session, as well as one for the syllabus and the exams. Inside the folder for a given class session, you will see three or four subfolders:

Bulk Pack Material: This includes notes, problems, cases, and readings that were included in the bulk pack.

Practice Problems: Additional (optional) Problems and Solutions to help get ready for class assignments and exams

Pre Class Material: New readings, problems, and cases (ones not included in the course pack) are contained here. This folder will also have any spreadsheets available to help work the problems and cases. Finally, this folder will contain power point slides that will constitute the outline of what we'll cover in class that day. Many students find that printing out the slides before class helps them follow along better. Two to three slides per page is a good compromise between not using up too much paper and having room to jot down notes.

Solutions and Post Class Material: This is where I'll post solutions, corrections, etc

Office Hours

Feel free to call with questions or contact me via email at the address above. E-mail is often an easier and quicker way to get your questions answered.

Office Hours: Monday and Wednesday 12:00 – 1:15pm

Grading and Course Requirements

Your grade for the course will be determined on the basis of :

Class Participation	20 %
Midterm Examination	20 %
Group Project	25 %
Final Exam	<u>35 %</u>
Total	100 %

Class Participation

The amount of learning that takes place in the course will depend on how active the class discussions are, which is dependent on the amount of preparation you do before class. Class participation will be based on your contribution to the class discussions and analyses, not simply on the amount of time you talk. If necessary, I will cold call students.

Because entering or leaving the classroom during class time is disruptive to the learning environment, your fellow classmates and I expect that you will not do so, except in an emergency.

Please bring to each class a Name Card, with your name printed in **LARGE DARK LETTERS**. This will facilitate my getting to know your names and my ability to reward you for class participation.

Midterm Exam:

The Midterm Exam is scheduled to be available on Monday February 23rd and is to be handed in by Wednesday February 25th at 3:30. It is an open book-open notes exam. The Midterm Exam will cover material covered in class through Wednesday, February 18th.

More details on the exam will be provided as the time gets closer.

You must work on the exam individually. You are not permitted to discuss the exam with anyone else, including other students, former students, or people in the real world. However, you are permitted to use any written resource, such as your notes, the textbook, information on the

company you find on the web, etc. Violations of these procedures will constitute cheating and could result in receiving an F for the course.

Sample questions and solutions will be available from Web Café.

Group Project:

Your group must identify a firm that has been the subject of an accounting controversy (alleged or real). You can use internet search engines to help you pick your firm, SEC actions, etc. Choose a firm and accounting issue you are interested in.

Groups can be composed of up to 4 students. Groups may contain a mixture of students from my two sections. Group composition must be finalized by March 3 (just before Spring Break starts). In addition each group must obtain approval for the company they're going to work on by March 3. The earlier you decide on a company, the more time you'll have to work on it. I strongly encourage you to form your teams sooner than this and to get started on your project before this date as well.

Group Projects must be turned in by Monday April 5th at 3:30 pm

Please do not choose Enron, Sunbeam, Worldcom, Microstrategy, Computer Associates, or AOL. Moreover, do not choose any firm and their accounting controversy that we will be covering in class. For example, it's perfectly OK to pick a firm that has been found to have pension accounting, but don't pick American Airlines – because that's the pension case we'll be doing in class.

It's perfectly fine to pick a non-US company for your project.

Once you have identified a firm and its accounting controversy, send me an email letting me know who and what you've selected. Include a brief statement for what you believe the accounting issues for that firm are. An article from the financial press describing the controversy would probably work here. If I feel the firm/controversy is inappropriate, not complex enough, or too complex, I will veto it.

More details are provided below, and additional information will be provided during class and on the course web page.

First, find a company that has been criticized or investigated for some questionable *accounting practice*.

- Good places to search include popular press articles, analysts reports, or the SEC accounting enforcement page (<http://www.sec.gov/divisions/enforce/friactions.shtml>)
- Do *not* choose Enron, WorldCom, AOL, Sunbeam, or Microstrategy.
- Make sure that you choose a firm with questions about its accounting practices rather than a firm that has committed outright fraud. For example, a firm that ships empty boxes and books revenue is a fraud. A firm that ships actual product and books all of the revenue without any provision for bad debts has questionable accounting practices.

- Multiple groups can investigate the same company, but they *must* work *independently*!
- The degree of difficulty will be taken in account in grading your project. For example, if you investigate a firm with questionable pension accounting practices, which we will not cover in class until after the assignment is due, you will be given more slack in grading than if you investigate a simple revenue recognition issue. Thus, you are *encouraged* to investigate accounting issues that are difficult and that we haven't covered, or won't cover, in class.
 - Companies with problems that have occurred within the past 5 years will be given more credit than problems that occurred longer ago.
- You will need to find financial statements for the company. Search for the company on the SEC Edgar system (which can be accessed through the Lippincott Library page) or check out the company's web site to ensure you have access to financial statements.
- If you have any questions, please feel free to talk to me about your choice of company to investigate.

Once you have chosen a company, write a report on the company that addresses the following issues:

1. Describe the economic transaction(s) underlying the questionable accounting. Discuss the transaction in the context of the company's business and strategy (you may need to look in the company's annual report for this material).
2. Describe the accounting procedure used by the company and the accounting procedure that "should" have been used according to the critics of the accounting practice. Journal entries may be helpful here in laying out the accounting. What is the basis or justification for the company's accounting practices and for the alternative accounting practices in terms of accounting rules and concepts? How detailed or forthcoming about the accounting procedure was the company in its annual report prior to the controversy?
3. What indications were there (if any) of the problem that an astute analyst might have seen in advance?
4. Do you agree with the critics that the company's accounting practices were wrong, given your answers to the above questions? Why or why not? Note that, just because a company gets criticized for its accounting, it is not necessarily doing the wrong thing. Microsoft has been investigated by the SEC numerous times for questionable accounting practices and has been cleared every time. Are there changes to accounting or auditing standards you would recommend based on what happened?
5. If the company were to restate its financial statements using the accounting procedure that "should" have been used, what would be the effect on the a) income statement, b) balance sheet, and c) statement of cash flows? You do not have to replicate the entire statement; you just need to indicate changes (e.g., accounts receivable would increase, net income would decrease, etc.)
6. Why do you think the alleged problem occurred?

7. What were the consequences of the revelation/resolution of the problem? What happened to the firm's stock price? Did anyone get prosecuted or sent to jail? Were any fines levied? Etc.
8. Does the revelation of the company's alleged flawed accounting practices change your assessment of the company's long-run value? If so, how? If not, why not? Here I want something more substantive than the statement "value is based on cash flow, not on accounting numbers."

Hand in the following:

- A written report which addresses these issues. There is no page or word limit on your write up of this assignment, but please use 12 pt. font and at least a 1" margin on each side.
- The article, analyst report, or SEC enforcement bulletin that alerted you to the situation.
- The most recent set of financial statements issued by the company prior to the controversy.
- Any other exhibits or material to support your analysis.

Final Exam

The final exam will be a take-home exam. While it is "officially" cumulative, it will concentrate on material covered since the midterm exam.

The final exam is a take home that will be distributed shortly after the last day of class – Wed April 28 or 29. It is due (in the accounting suite- 1300 SH-DH) on Wednesday May 5th at 3 pm.

More details on the exam will be provided as the time gets closer.
Sample questions and solutions will be available from Web Café.

You must work on the exam individually. You are not permitted to discuss the exam with anyone else, including other students, former students, or people in the real world. However, you are permitted to use any written resource, such as your notes, the textbook, information on the company you find on the web, etc. Violations of these procedures will constitute cheating and could result in receiving an F for the course.

Grading Disputes

All grading disputes must be appealed within *two calendar weeks* following the return of the assignment or exam (unless otherwise noted). *A request for a regrade will not be considered if it is submitted more than two week after the return of the assignment or exam (or after the specified deadline).* To have an assignment or exam regraded, you must submit the original (with no modifications) and a written description of your disagreement with the initial grade.

Preliminary Course Outline

<u>Session</u>	<u>Date</u>	<u>Topic</u>	<u>Problem/Case</u>
1	Wed Jan 13	Introduction and The Post-Enron Financial Reporting Environment	Enron
2	Wed Jan 20	Accounting Earnings Quality	Corbomax
3	Mon Jan 25	Cash Flow Quality	SCF - Alpha and Beta SCF - Epsilon and Omega
4	Wed Jan 27	Alternative Measures of Profitability	Millennium Pharmaceuticals
5	Mon Feb 1	Earnings Per Share and Dilution	Ciber Inc
6	Wed Feb 3	Stock Option Accounting	Google
7	Mon Feb 8	Valuing Stock Options	Valuing a Stock Option
8	Wed Feb 10	Revenue Recognition – Gross versus Net and Multiple Deliverables	Merck; Yahoo vs Google –
9	Mon Feb 15	NO CLASS	
10	Wed Feb 17	Revenue Recognition and Uncollectibles	Patten
11	Mon Feb 22	Securitization	H&R Block
12	Wed Feb 24	Fair Value Accounting – Gains and Losses	Morgan Stanley
13	Mon Mar 1	Derivatives	Global Candy Company
14	Wed Mar 3	NO CLASS - MIDTERM EXAM DUE	
	Mar 8 and Mar 10	NO CLASS – SPRING BREAK	
15	Mon Mar 15	Risk Disclosures	Sun Microsystems
16	Wed Mar 17	Long Term Debt – Market vs Book Values	MGM
17	Mon Mar 22	Pensions and OPEB	American Airlines
18	Wed Mar 24	Leases	IBM
19	Mon Mar 29	Long Term Assets - International	Land Securities
20	Wed Mar 31	Intangible Assets	Sun Microsystems
21	Mon Apr 5	NO CLASS - GROUP PROJECT DUE	
22	Wed Apr 7	Consolidations	Coca-Cola
23	Mon Apr 12	SPE's and Variable Interest Entities	Citigroup
24	Wed Apr 14	Multinationals and Foreign Currency Translation	Eyepass Worldwide
25	Mon Apr 19	Segmental Reporting and EVA	Pepsi
26	Wed Apr 21	Income Taxes and Fin 48	General Motors
27	Mon Apr 26	Sarbanes Oxley, IFRS, and Course Summary	None

Preliminary Schedule of Assignments

RCJM refers to Revsine, Collins, Johnson, Mittelstaedt, *Financial Reporting and Analysis*, 4th edition

Session	Date	Topic
1	Wed Jan 13	Introduction and The Financial Reporting Environment Post Enron
	Read:	RCJM: Chapter 1 (skim) “The Corporate Scandal Sheet” “Shooting the messenger” (skim) “Revenge of the Accounting Authorities” (skim) “New US Accounting Rules May Derail Consumer Lending” (skim) “New FASB Standards Won’t Hit Banks as Hard” (skim) “The Rise and Fall of Enron” “Timeline of the major Enron-related events” “Timeline of key events leading to Andersen demise” “An Enron Primer” “The Formula: Enron, Intelligence, and the Perils of Too Much Information” “Excerpts from Report of Neal Batson, Court-Appointed Bankruptcy Examiner” (skim)
	Prepare:	Enron: What did Enron do to manipulate the appearance of their financial performance and financial condition? Why did they do these things?

2	Wed Jan 20	Accounting Quality
	Read:	RCJM: Chapter 2 pp. 53-80; Chapter 3, pp. 143-157; Chapter 5, pp. 235-238, Chapter 7, pp. 382-384 Class Notes on Accounting Changes MD&A: Revealing The Soft Numbers Increased SEC Aggressiveness in Investigations and Enforcement Actions
	Prepare:	Corbomax

3	Mon Jan 25	Cash Flow Quality
		RCJM: Chapter 17 (skim – this should all be review, concentrate on pp. 1030-1038). RCJM: Chapter 4, pp. 196-208 RCJM: Chapter 6, page 301 Class Notes on Cash Flow Statement Cash Flow Never Lies, Or Does It? How Comcast Does Its Counting – ‘Cash Flow’ Looks Better Using Non-GAAP Metric Cash Flow? It Isn't Always What it Seems Testimony of Richard Roach on Enron Prepays (skim)
	Prepare	Statement of Cash Flow Classification Case – Alpha and Beta SCF Case II – Epsilon and Omega

4	Wed Jan 27	Alternative Definitions of Profitability
	Read:	RCJM: None Class Notes on Alternative Definitions of Earnings A Clear Look at EBITDA The Evils of EBITDA EBITDA’s Foggy Bottom Line Top 10 Limitations of EBITDA Out, by \$100 billion - How Pro Forma Accounting Boosts Profits New SEC Requirements For Pro Forma Statements and Annual Reports Lies, Damn Lies, and Pro Forma Non-GAAP Measures- Love Them or Hate Them? Pro Forma Numbers Are Alive and Well Stock Options, Meet Pro Forma Analysts – Expensing Isn’t Optional “‘One Statement or Two?’ Tabled by FASB Profit As We Know It Could be Lost With New Accounting Statements Snapshot: Preliminary Views on Financial Statement Presentation Financial Statement Presentation – Excerpts From Current Status of Joint FASB – IASB Project
	Prepare:	Millennium Pharmaceuticals

5	Mon Feb 1	Earnings Per Share and Dilution
	Read:	RCJM Chapter 15 (Concentrate on pp. 888-895) Class Notes – Dilution and Earnings Per Share Dilution of Employee Stock Options New EITF Pronouncement Aims to Close CoCo Loophole Ciber Declares it will Settle at least 30% of its Convertible Debt in Cash Helps Mitigate FASB Stance Ciber’s Money Where Its Mouth Is Move Over CoCo’s: Net Shares Will Do
	Prepare:	Ciber, Inc – Stock Options, Convertible Debt, and Dilution

6	Wed Feb 3	Stock Option Accounting
	Read:	RCJM: Chapter 15, pp. 895-908 Class Notes on Employee Stock Options , Dilution, and Notes on Earnings Per Share “Basic Principles in the New Accounting for Stock Options” “Accounting for Stock Options” “For the Last Time – Stock Options are an Expense” “Buffet vs Grove” “Cisco’s Bold Idea” “Focus in Apple’s Option Scandal Shifts to Board” “Tech Firms Drowning in Their Options” “Google’s Optional Windfall”
	Prepare:	Google Inc

7	Mon Feb 8	Valuation of Employee Stock Options
	Read:	<p>RCJM: Chapter 7, pp. 371-380 (skim only)</p> <p>"The Best Way of Valuing Options," Business Week, July 30, 2002</p> <p>"New Valuation Model could dampen the controversy over expensing employee stock options"</p> <p>"Deciding Value of Stock Options May Be Tricky --- Lack of Universal Method For Determining Amount Poses Dilemma for Firms," The Wall Street Journal Europe, August 7, 2002.</p> <p>"Using the Black Scholes Model"</p> <p>"How To Excel at Option Valuation"</p> <p>"Cisco's Stock Option Valuation 2006"</p> <p>"Google Creates Options Market"</p> <p>"Are TSO's A New Trend?"</p> <p>"Expected Life After SAB 107 and SAB 110" (skim only)</p>
	Prepare:	Valuing an Employee Stock Option (see spreadsheet on course web page)

8	Wed Feb 10	Revenue Recognition
	Read:	<p>RCJM Chapter 2, pp. 57-65, Chapter 3, pp. 140-142</p> <p>Revenue Recognition Remains Accounting's 800-lb Gorilla</p> <p>Reconsidering Revenue Recognition (skim – concentrated on examples 1 and 2 and section on Conference Discussion</p> <p>Rulemakers Launch Revenue Recognition Makeover</p> <p>Revenue Recognition – Will a Single Model Fly</p> <p>New Revenue Recognition Rules – The Apple of Apple's Eye</p> <p>Gross versus Net Presentation of Revenue</p> <p>Xerox Settles SEC Enforcement Action Charging Company with Fraud</p> <p>Creative Accounting.com</p> <p>Yahoo, Google, and Internet Math</p>
	Prepare:	<p>Yahoo versus Google</p> <p>Merck</p>

9	Mon Feb 15	NO CLASS
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10	Wed Feb 17	Revenue Recognition and Uncollectibles
	Read:	RCJM Chapter 3, pp. 133—137 RCJM Chapter 8, pp. 411-421 Class Notes on Revenue Recognition Installment Method – An Example Revenue Recognition and the Collection of Cash Accounts Receivable – Gross vs Net and the Cash Flow Statement “Hot Air Accounting,” Forbes, May 5, 1997, pp. 114-115.
	Prepare:	Patten Corp. (see spreadsheet on course web page)

11	Mon Feb 22	Securitizations
	Read:	RCJM: Chapter 8: pp. 425-436 “Once Upon a Time in the Land of Subprime” “Subprime Mess Fueled By Crack Cocaine Accounting” “Subprime Lessons” “Unstructured Finance 2: What is The FAS 140 Fuss” “New FASB Rules Present Accounting Challenges” “FASB Issues Exposure to Amend Statement 140 and Interpretation 46” Class Notes on Transfers of Financial Assets Examples of Securitizations: Calculation of Gains and Losses “American Securitization Forum: Testimony Before Congress” (skim) “Excerpts from Deloitte and Touche: Securitization Accounting” (SKIM just to get an appreciation of the complexity, you don’t need to know the details) “H&R Block Unit Earnings Up 34%” “Mortgage Lending Boosts H&R Block Profit 16%”
	Prepare:	H&R Block

12	Wed Feb 24	Fair Value Accounting
	Read:	<p>RCJM: Chapter 11, pp. 601-631; Chapter 16, pp. 939-950; Chapter 8, p. 444.</p> <p>Class Notes on Fair Value Accounting (Mark to Market)</p> <p>“SEC – Fair Value Savior”</p> <p>“Fair Value Roundtable”</p> <p>“Fair Value Measurements”</p> <p>“Could Bank Rules End The Fair Value Debate?”</p> <p>“Shining a Light on Companies Accounts”</p> <p>“Fair Value Accounting”</p> <p>“Standards & Poor’s Comments on FASB’s Proposed Statement on Optional Fair Value Reporting”</p> <p>“It’s Time to Get Real About Realizations”</p> <p>“FASB’s New Draft on Values: Good News and ...”</p> <p>Show Business – A Blockbuster Deal Shows How Enron Overplayed Its Hand</p> <p>The Adventures of Enron, Blockbuster, and Me</p> <p>Enron’s Mark to Market Adventures</p> <p>Historical Cost Vs Fair Value of a Bond</p> <p>Astoria Financial (see spreadsheet on course web page)</p>
	Prepare:	Morgan Stanley

13	Mon Mar 1	Derivatives
	Read:	<p>RCJM: Chapter 11, pp. 632-649.</p> <p>Class Notes On Hedging and Derivatives</p> <p>Summary – Exposure Draft: Amendment to FAS 133</p> <p>“Derivative Wars”</p> <p>“Southwest Hedges Curb Rising Fuel Cost”</p> <p>“Airlines Try To Hedge the Cost of Fuel They Buy Months in Advance”</p> <p>“Southwest Posts First Loss in 17 Years”</p> <p>“GM Daewoo Hit by Massive Derivatives Losses”</p> <p>“Goldman Sachs’ Report on Porsche” (skim)</p> <p>“EDS Isn’t Alone in Betting on a Rising Stock”</p> <p>“How EDS Rolled Dice -- and Lost --- Effort to Prevent Option Grants From Diluting Per-Share Profit Backfires When Stock Plummets”</p>
	Prepare:	Global Candy Company

14	Mon Mar 1 - Wed Mar 3	MIDTERM EXAM
	Read:	Open Book – Open Notes Covers material through Wednesday Feb 24
	Prepare:	None

SPRING BREAK – NO CLASS MARCH 8 or MARCH 10

15	Mon Mar 15	Derivatives and Risk Disclosures
	Read:	RCJM: None Summary FAS 161 “SEC-Market Risk Disclosures: Enhancing Comparability (concentrate on pp. 62-67)” “Value at Risk” “Risk Mismanagement” (skim) “VAR – Point Counterpoint” (skim) “Lost in the Maze” “This Much Is Clear: FAS 133 Needs To Go” “Freddie Mac Swings to \$211M 1Q Loss On Derivatives” “Freddie Execs Manipulated Acctg To Smooth Earnings” “FACTBOX – Fannie Mae accounting scandal, earnings restatement Fannie Mae Says It Expects to Spend Over \$1 Billion This Year on Accounting Review”
	Prepare:	Sun Microsystems

16	Wed Mar 17	Long Term Debt – Market vs Book Values
	Read:	RCJM: Chapter 15, pp. 908-913 Kirk Kerkorian’s Personal Money Machine Convertibles: Get Ready to Leverage Up Accounting for Convertible Debentures – Example Problem Accounting for Convertible Debentures – Solution
	Prepare:	Metro-Goldwyn-Mayer

17	Mon Mar 22	Pensions and OPEB
	Read:	RCJM: Chapter 14 Class Notes on Pensions Notes: New Changes in Pension Accounting Bush Signs New Bill to Keep US Pension Plans Afloat Pensions Likely to Stay a Dying Breed FASB Addresses Pensions Pensionphobia Strikes Again Displaying the Funding Status of Postretirement Plans Stock Options Yes, Pensions No Trouble Stirring in the Pension Pot Public Pensions Cook the Books Pension Accounting - An Example Pension Accounting - Solution
	Prepare:	American Airlines

18	Wed Mar 24	Leases
	Read:	Class Notes: Lessees and Lessors Class Notes: Capitalizing Leases Hidden in Plain Sight Open Secrets - How Leases Play A Shadowy Role Practice Problem - Xerxes Practice Problem - Walmart
	Prepare:	IBM

19	Mon Mar 29	Long Term Assets - International
	Read:	Practice Problem - Reidl Realty Trust Knight Frank Report - Land Securities Group
	Prepare:	Land Securities

20	Wed Mar 31	Intangible Assets
	Read:	RCJM: Chapter 10, pp. 545-566 “Valuing Intangibles: A Primer” “In-Process R&D Charge Offs: The Bad And The Ugly” “In-Process R&D in Business Acquisitions” “A Primer on Goodwill Impairment” “Corporate writedowns may hit \$1 trillion” “Measuring the Intangible Assets of a Firm” “The Top 100 Brands
	Prepare:	Sun Microsystems (might be changed – consult course web page)

21	Mon Apr 5	NO CLASS – GROUP PROJECTS DUE
	Read:	None
	Prepare:	None

22	Wed Apr 7	Intercorporate Investments and Consolidation
	Read:	RCJM: Chapter 16, pp. 950-967 Class Notes on Business Combinations Class Notes on Goodwill and Noncontrolling Interests Mishmash Accounting Goodwill and Noncontrolling Interests in Acquisitions
	Prepare:	Coca-Cola (also see spreadsheet from Course Web Page)

23	Mon Apr 12	SPE's and Joint Ventures
	Read:	RCJM: Chapter 16, pp. 967-968 Summary of FAS 167 "From SPE's to VIE's" "Is it Time to re-look at the fundamentals of SPE's?" "Reining In SPEs: New rules for special-purpose entities may result in bigger corporate balance sheets," CFO Magazine [CP] Exposure Draft to Amend Fin 46 – Variable Interest Entities
	Prepare:	Citigroup

24	Wed Apr 14	Multinationals and Currency Rate Fluctuations
	Read:	RCJM: Chapter 16, pp. 968-977 Class Notes on Foreign Currency Hyperana Practice Problem As Exchange Rates Swing Carmakers Duck Natural Performers
	Prepare:	Eyepass Worldwide (see also spreadsheet on Web Café)

25	Mon Apr 19	Segmental Reporting and EVA
	Read:	RCJM: None Class Notes on Segmental Reporting (SFAS 131) Class Notes on EVA as a Performance Measure At last! The light at the end of the corporate performance tunnel
	Prepare:	Pepsico Inc and Economic Value Added (B) [CP]

26	Wed Apr 21	Income Taxes
	Read:	RCJM: Chapter 13 (especially pp. 762 – 777) Class Notes on Income Taxes Understanding the Tax Footnote Income Tax Cheat Sheet Accounting for the Income Tax Consequences of Share based Compensation Tech Titan's Tax Picture is Clouded by Options Fin 48: Standing Naked Before the IRS Moody's: New FASB Guidance On Tax Uncertainties To Help Find Exposures
	Prepare:	General Motors

27	Wed Apr 26	Sarbanes Oxley and Course Summary
	Read:	RCJM: Chapter 18, pp. 1069-1081. Brief Summary of SOX Small COS get final SOX reprieve The Future of Financial Reporting: A Market Perspective SEC 5 year plan backs global standards Where Will the SEC Take the IFRS Roadmap Standing on Principles IFRS: Coming to America The Top 10 Reasons to Fix the FASB's Conceptual Framework
	Prepare:	NONE