

School of Accounting and Commercial Law

ACCY 412 CURRENT ISSUES IN FINANCIAL ACCOUNTING

Trimester One 2012

COURSE OUTLINE

| Names and Contact Details | Office | Telephone |
|--|---------------|--------------------------|
| <i>Course Coordinator & Lecturer</i> Professor Rachel Baskerville Rachel.Baskerville@vuw.ac.nz | RH 625 | 463 6951 021 033 8671 |
| <i>Lecturer</i> Dr Noor Houqe Noor.Houqe@vuw.ac.nz | RH 712 | 463 6591 |
| <i>Course Administrator</i> Rebekah Sage Rebekah.Sage@vuw.ac.nz Office hours: Monday-Friday, 8.30am-5pm (Note: Office closed 10.30am-10.45am and 3.30pm-3.45pm) | RH 708 | 463 7465 |

Trimester Dates

Teaching Period: Monday 5 March – Friday 8 June

Study Period: Monday 11 June – Thursday 14 June

Examination Period: Friday 15 June – Wednesday 4 July (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before **Friday 16 March 2012**.
2. The standard last date for withdrawal from this course is **Friday 18 May**. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an 'Application for Associate Dean's Permission to Withdraw Late' including supporting documentation.

The application form is available from either of the Faculty's Student Customer Service Desks.

Class Times and Room

Wednesday 12:40–3:30pm, RH G02, Rutherford House, Pipitea

Course Content

This course aims to achieve the below objectives by critical examination of current issues relevant to the role of financial accounting and reporting. This is not a simple examination of the issues in the standard-setters' and regulators' current work plans, but a review of the economic and political situation within which those regulating and supporting the efficient operations of capital markets go about their business, and the manner in which research can assess and inform such activities in financial reporting. The course is grounded firmly in the knowledge derived from research.

Course Learning Objectives

By the end of the course students should be able to

1. Read a typical research article on a current issue in financial reporting and understand its approach and findings relative to financial reporting;
2. Understand the strengths and weaknesses of different methods for gaining evidence about financial accounting issues;
3. Critically evaluate the analytical methods in published research in a range of top accounting journals;
4. Demonstrate an improvement in communication skills, both written and spoken, in their class involvement.

Course Delivery

The course is made up of a combination of lectures, workshops and student presentations.

Expected Workload

The expected workload for ACCY 412 is around 180 hours over the trimester (approximately 12 hours per week over the 15 week period (12 teaching weeks, mid-trimester break, study week and examination period).

Readings

A list of readings and course topics is part of this Outline. All students are required to send to Prof Baskerville a PDF of an article to Rachel.Baskerville@vuw.ac.nz when they have taken responsibility to offer a review of that paper in class (four days beforehand), so it can be uploaded onto Blackboard if other students wish to download the paper.

Materials and Equipment

A fee may be charged for course materials. Students will be advised accordingly.

Assessment Requirements

Assessment will be based on the following:

| Week | Schedule | | Assessment | Learning objectives relevant to the assessment |
|-------------|-------------------------------------|-----|--|--|
| 2 | IFRS around the World | 3% | Verbal synopsis of one article and leading discussion for up to 15 minutes | Class involvement, spoken communication skills, evaluating a research article (methods, findings strengths, weaknesses re methods) |
| 3 | Carbon accounting | 3% | Verbal synopsis of one article and leading discussion for up to 15 minutes | Class involvement, spoken communication skills, evaluating a research article (methods, findings strengths, weaknesses re methods) |
| 4 | China | 3% | Verbal synopsis of one article and leading discussion for up to 15 minutes | Class involvement, spoken communication skills, evaluating a research article (methods, findings strengths, weaknesses re methods) |
| 6 | Due 2 pm Friday | 10% | 1200-word written analysis/critique (there is no 10% margin on this word limit - see Instructions) | Written communication skills, evaluation a research article (methods, findings, strengths, weaknesses re methods), critical synthesis and linkage to relevant studies |
| 7 | Core readings as supplied in Week 1 | 7% | Group presentations including offering a class handouts | Class involvement, team work, presentation and communication skills, evaluating two core research articles (methods, strengths, weaknesses re methods), critical synthesis and linkage to relevant studies |
| 8 | Accounting policy reforms | 3% | Verbal synopsis of one article and leading discussion for up to 15 minutes | Class involvement, spoken communication skills, evaluating a research article (methods, findings strengths, weaknesses re methods) |
| 9 | Financial reporting quality | 3% | Verbal synopsis of one article and leading discussion for up to 15 minutes | Class involvement, spoken communication skills, evaluating a research article (methods, findings strengths, weaknesses re methods) |
| 10 | Governance | 3% | Verbal synopsis of one article and leading discussion for up to 15 minutes | Class involvement, spoken communication skills, evaluating a research article (methods, findings strengths, weaknesses re methods) |
| 11 | Due 2pm Friday | 15% | Written assessment/critique (Research questions will be distributed in Week 8) | Written communication skills, evaluation a research article (methods, findings, strengths, weaknesses re methods), critical synthesis and linkage to relevant studies |
| | Comprehensive final examination | 50% | Three hour closed book | Reflection and critical analysis, synthesis, applying understanding of strengths and weaknesses of different research methods, written communication ability |

Although the lecturers may advise the likely focus for examination revision in the last class (week 12), the questions will not be provided.

Penalties

In the event of unusual, unforeseen circumstances (e.g., serious illness, family bereavement), students should discuss whether or not they should be penalised for lack of attendance, and the waiver of any penalty, with the Course Controller as soon as possible after the event. Doctor's certificate or similar evidence should be provided. Other than such circumstances, classes will not commence until all students are present so any such circumstances should be communicated to the Lecturer as soon as possible.

Quality Assurance Note

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

Examinations

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period.

The final examination for this course will be scheduled at some time during the period from Friday 15 June – Wednesday 4 July (inclusive).

Mandatory Course Requirements

Students must complete this course with a fair attempt all items of assessment except where absence is supported by a Doctor's certificate or similar.

Class Representative

The Honours Representative (selected at orientation) will act as the class representative for ACCY 412. That person's name and contact details will be available to VUWSA, the Course Coordinator and the class. The class representative provides a communication channel to liaise with the Course Coordinator on behalf of students.

Communication of Additional Information

Additional information or information on changes will be conveyed to students via Blackboard.

Use of Turnitin

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <http://www.turnitin.com>. Turnitin is an on-line plagiarism prevention tool which compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and subject to checking by Turnitin. Turnitin will retain a copy of submitted materials on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

For the following important information follow the links provided:

Academic Integrity and Plagiarism

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

General University Policies and Statutes

Find key dates, explanations of grades and other useful information at www.victoria.ac.nz/home/study

Find out about academic progress and restricted enrolment at

<http://www.victoria.ac.nz/home/study/academic-progress.aspx>

The University's statutes and policies are available at www.victoria.ac.nz/home/about/policy, except qualification statutes, which are available via the Calendar webpage at

<http://www.victoria.ac.nz/home/study/calendar.aspx> (See Section C).

Further information about the University's academic processes can be found on the website of the Assistant Vice-Chancellor (Academic) at

www.victoria.ac.nz/home/about_victoria/avcacademic/default.aspx

AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support

http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx

Faculty of Commerce and Administration Offices

<http://www.victoria.ac.nz/fca/studenthelp/>

Te Putahi Atawhai

Maori and Pacific Mentoring Programme

<http://www.victoria.ac.nz/tpa/>

Programme and Readings

Week one: Introduction

- Essay requirements, and other assessment activities
- University Research: lifeblood or cherry on the top?
- Presentations: what works, what doesn't; marking guidelines
- Using search engines

EIGHT CORE READINGS will be reviewed in Week 7:

Pairs of students will offer a formal 30 minute analysis and presentation on two papers in Week 7:

- I. Armstrong, C. S., M. E. Barth and E. J. Riedl. 2010. "Market Reaction to the Adoption of IFRS in Europe" *Accounting Review* Vol. 85 (1): 31-61. AND Li, S. 2010. "Does Mandatory Adoption of International Financial Reporting Standards in the European Union Reduce the Cost of Equity Capital?" *Accounting Review* Vol. 85 (2): 607-636.
- II. Michael E. Bradbury, Laura B. Schröder, 2011, The content of accounting standards: Principles versus rules, *The British Accounting Review*, in Press, AND Walker, Martin, 2010, Accounting for varieties of capitalism: The case against a single set of global accounting standards, *The British Accounting Review*, Volume 42, Issue 3, Pages 137-152
- III. Christensen, H. B., E. Lee and M. Walker. 2008. "Incentives or Standards: What Determines Accounting Quality Changes Around IFRS Adoption?" *AAA 2008 Financial Accounting and Reporting Section (FARS) Paper*, available at <http://ssrn.com/abstract=1013054>. AND Stewart Jones, and Aimee Finley, 2011, Have IFRS made a difference to intra-country financial reporting diversity? *The British Accounting Review*, Volume 43, Issue 1, Pages 22-38
- IV. Kothari, S. P., Karthik Ramanna, and Douglas J. Skinner, 2010, Implications for GAAP from an analysis of positive research in accounting, *Journal of Accounting and Economics*, Volume 50, Issues 2–3, pages 246-286 AND Wai Fong Chua, and Stephen L. Taylor, 2008, The rise and rise of IFRS: An examination of IFRS diffusion. *Journal of Accounting and Public Policy*, Volume 27, Issue 6, Pages 462-473

Week 2 Around the world with IFRS

Each student will present a synopsis of an article on one jurisdiction:

Students will be allocated one of these readings and offer a verbal synopsis in week 2 - as per the guidance provided in week one:

1. Axel Haller, Jürgen Ernstberger, Matthias Froschhammer, 2009, Implications of the mandatory transition from national GAAP to IFRS — Empirical evidence from Germany, *Advances in Accounting*, Volume 25, Issue 2, December 2009, Pages 226-236
2. Tomo Suzuki, Accountics: Impacts of internationally standardized accounting on the Japanese socio-economy, *Accounting, Organizations and Society*, Volume 32, Issue 3, April 2007, Pages 263-301
3. Dorota Dobija, Karol Marek Klimczak, 2010, Development of accounting in Poland: Market efficiency and the value relevance of reported earnings, *The International Journal of Accounting*, Volume 45, Issue 3, September 2010, Pages 356-374

4. Jenice Prather-Kinsey, Sandra Waller Shelton, 2005, IAS Versus U.S. GAAP: Assessing the Quality of Financial Reporting in South Africa, the United Kingdom, and the United States, *Advances in International Accounting*, Volume 18, 2005, Pages 153-168
5. Parmod Chand, Chris Patel, 2008, Convergence and harmonization of accounting standards in the South Pacific region, *Advances in Accounting*, Volume 24, Issue 1, June 2008, Pages 83-92
6. Jenice Prather-Kinsey, 2006, Developing countries converging with developed-country accounting standards: Evidence from South Africa and Mexico, *The International Journal of Accounting*, Volume 41, Issue 2, 2006, Pages 141-162
7. Anthony R. Bowrin, 2007, International Accounting Standards and Financial Reporting Uniformity: The Case of Trinidad and Tobago, *Advances in International Accounting*, Volume 20, 2007, Pages 27-53
8. Susana Callao Gastón, Cristina Ferrer García, José Ignacio Jarne Jarne, José Antonio Láinez Gadea, 2010, IFRS adoption in Spain and the United Kingdom: Effects on accounting numbers and relevance, *Advances in Accounting*, Volume 26, Issue 2, December 2010, Pages 304-313

Week 3: Carbon Accounting and reporting

Students will be allocated one of these readings and offer a verbal synopsis in week 3 - as per the guidance provided in week one:

1. Engels, Anita, 2009, The European Emissions Trading Scheme: An exploratory study of how companies learn to account for carbon, *Accounting, Organizations and Society*, vol. 34, issue 3-4
2. Ans Kolk, David Levy and Jonatan Pinkse 2008, Corporate responses in an emerging climate regime: the institutionalization and commensuration of carbon disclosures, *European Accounting Review*
3. D MacKenzie, 2009, Making things the same: Gases, emission rights and the politics of carbon markets, *Accounting, Organizations and Society*
4. Bowen, Frances and Wittneben, Bettina, 2008, Carbon accounting: Negotiating accuracy, consistency and certainty across organisational fields *AAAJ*, 24 (8): pp. 1022-1036
5. Jane Andrew, Mary A Kaidonis, and Brian Andrew, 2010, Carbon tax: Challenging neoliberal solutions to climate change, *Critical Perspectives on Accounting*, Volume: 21, Issue 7, Pages: 611-618 OR Jane Andrew, Corinne Cortese, 2011, Accounting for climate change and the self-regulation of carbon disclosures, *Accounting Forum*, Volume 35, Issue 3, September, Pages 130-138
6. Jan Bebbington and Carlos Larrinaga-Gonzalez, 2008, Carbon trading: Accounting and reporting issues, *European Accounting Review*, 17: 697 - 717
7. L Lohmann, 2009, Toward a different debate in environmental accounting: The cases of carbon and cost-benefit. *Accounting, Organizations and Society*, 2009, vol. 34, issue 3-4, pages 499
8. Pamela Mete, Caroline Dick, Lee Moerman, 2010, Creating institutional meaning: Accounting and taxation law perspectives of carbon permits, *Critical Perspectives on Accounting*, Volume 21, Issue 7, October 2010, Pages 619-630

Week 4: China

Students will be allocated one of these readings and offer a verbal synopsis in week 2 - as per the guidance provided in week one:

1. C. Richard Baker, Yuri Biondi, Qiusheng Zhang, 2010, Disharmony in international accounting standards setting: The Chinese approach to accounting for business combinations, *Critical Perspectives on Accounting*, Volume 21, Issue 2, February 2010, Pages 107-117
2. Gongmeng Chen, Michael Firth, Daniel N. Gao, Oliver M. Rui, 2005, Is China's securities regulatory agency a toothless tiger? Evidence from enforcement actions, *Journal of Accounting and Public Policy*, Volume 24, Issue 6, November–December 2005, Pages 451-488
3. Jean J. Chen, Peng Cheng, 2007, The Impact of Regulatory Enforcement on Harmonization of Accounting Practices: Evidence from China, *Journal of Contemporary Accounting & Economics*, Volume 3, Issue 1, June 2007, Pages 58-71
4. Lina Ching Chi Heng, Carlos Noronha, 2011, The impact of the new Accounting Standards for Business Enterprises (ASBE) on financial results of mainland Chinese listed companies, *Advances in Accounting*, Volume 27, Issue 1, June 2011, Pages 156-165
5. Mahmoud Ezzamel, Jason Zezhong Xiao, Aixiang Pan, 2007, Political ideology and accounting regulation in China. *Accounting, Organizations and Society*, Volume 32, Issues 7–8, October–November 2007, Pages 669-700
6. Songlan Peng, Joyce van der Laan Smith, 2010, Chinese GAAP and IFRS: An analysis of the convergence process, *Journal of International Accounting, Auditing and Taxation*, Volume 19, Issue 1, 2010, Pages 16-34
7. Songlan Peng, Rasoul H. Tondkar, Joyce van der Laan Smith, David W. Harless, 2008, Does Convergence of Accounting Standards Lead to the Convergence of Accounting Practices?: A Study from China, *The International Journal of Accounting*, Volume 43, Issue 4, December 2008, Pages 448-468
8. Xia Wang, Min Wu, 2011, The quality of financial reporting in China: An examination from an accounting restatement perspective, *China Journal of Accounting Research*, Volume 4, Issue 4, December 2011, Pages 167-196

Week 5: How do we allow for differences between nation states: Hofstede's disputed legacy to research into financial reporting? (Prof Baskerville)

- Baskerville R.F., 'A research note: the unfinished business of culture', *Accounting, Organizations and Society*, 30, 4 (2005), pp. 389-391.
- Baskerville R.F., 'Hofstede never studied culture', *Accounting Organisations and Society*, 28, 1 (2003), pp. 1-23.
- Heidhues, Eva and Chris Patel , 2011, A critique of Gray's framework on accounting values using Germany as a case study, *Critical Perspectives on Accounting*, Volume 22, Issue 3, March 2011, Pages 273-287
- Stephen B. Salter, Philip A. Lewis, 2011, Shades of Gray: An empirical examination of Gray's model of culture and income measurement practices using 20-F data, *Advances in Accounting*, Volume 27, Issue 1, June 2011, Pages 132-142

- Yuan Ding, Thomas Jeanjean, Hervé Stolowy, 2005, Why do national GAAP differ from IAS? The role of culture. *The International Journal of Accounting*, Volume 40, Issue 4, 2005, Pages 325-350

Week 6: No lecture (ANZAC Day)

There is an assessment item due 2 pm Friday: a 1200 word (max) written assessment/critique as per guidance provided in week one, and preparation for Week 7 presentation can also be undertaken this week.

Week 7: Presentations on “8 Core readings” as described in Week one list.

Dr Houge in Lecturer for the 5 weeks remaining of this course:

Week 8: Accounting policy reforms

- Ronen, J. (2002a). “Policy reforms in the aftermath of accounting scandals”. *Journal of Accounting and Public Policy*, Vol. 21, No. (4-5), pp 281-286.
- Ronen, J. (2002b). “Post Enron reform: Financial Statement Insurance and GAAP re-visited”. *Stanford Journal of Law and Business Finance*, Vol. 8, No. 2, pp. 39-68.
- Ronen, J. and Cheny, J. (2002). “Can insurance solve the auditing dilemma”. *National Underwriter*, Vol. 106, No. 29, pp. 12-14.
- Benston, G. and Hartgraves, A. (2002). “Enron: What happened and what can we learn from it”. *Journal of Accounting and Public Policy*, Vol. 21, No. 2, pp. 105-127.
- Cunningham, L. A. (2004a). “A Model Financial Statement Insurance Act”. *Connecticut Insurance Law Journal*, Vol. 11, No. 1, pp. 69- 106.
- Yukcu, S. and Ozkaya, H. (2010). “Can Insurance of Financial Statements be the Future Auditing System?” *2nd Balkans and Middle East Countries International Conference on Auditing and Accounting History Proceedings*, Vol. I, pp. 81-88.
- Cunningham, L. A. (2004c). “Facilitating Auditing’s New Early Warnings System: Control Disclosure, Auditor Liability and Safe Harbors”, *Hastings Law Journal*, Vol. 55, pp. 122-169.
- Cunningham, L. A. (2004b). “Choosing Gatekeepers: The Financial Statement Insurance Alternative to Auditor Liability”, *Working Paper*, pp. 1-65.
- Cunningham, L. A. (2005). “The Financial Statement Insurance Alternative to Auditor Liability”. *Boston College Law School Lectures and Presentations*, paper 6, pp. 1-4.
- Shapiro, A. (2004). Who Pays the Auditor Calls the Tune? Auditing Regulation and Clients’ Incentives” *Cornell Law School Legal Studies Research Paper Series*, Paper No. 04-014. Available at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=587972.
- Sunder, S. (2003). “Rethinking the structure of Accounting and Auditing”, *Keynote address delivered at the Indian Accounting Association Research Foundations Sixth International Accounting Conference at Calcutta on January 11, 2003*. Available at: <http://www.somyale.edu/faculty/sunder>.
- Dontoh, A., Ronen, J., and Sarath, B. (2008). “Financial Statement Insurance”, *Working paper No. 2451/2744*, pp. 1-40.

Week 9: Financial reporting quality

- Chen, F. Hope, O-K. Li, Q. and Wang. X. (2011). “Financial Reporting Quality and Investment Efficiency of Private Firms in Emerging Markets”. *The Accounting Review*, Vol. 86, No.4, pp. 1255-1288.
- Bertomeu, J. and Magee, R. P. (2011). “From low-quality reporting to financial crises: Politics of disclosure regulation along the economic cycle”. *Journal of Accounting & Economics*, Vol. 52, No.2-3, pp.209–227.
- Costello, Anna. M. And Wittenberg-moerman, R. (2011). “The Impact of Financial Reporting Quality on Debt Contracting: Evidence from Internal Control Weakness Reports”. *Journal of Accounting Research*, Vol. 49, No. 1, pp. 97-136.
- Li. S. (2010). “Does Mandatory Adoption of International Financial Reporting Standards in the European Union Reduce the Cost of Equity Capital?” *Accounting Review*, Vol. 85, No. 2, pp. 607-636.
- Armstrong. C. S., M. E. Barth and E. J. Riedl. (2010). “Market Reaction to the Adoption of IFRS in Europe” *Accounting Review*, Vol. 85, No. 1, pp. 31-61.
- Daske, H., L. Hail, C. Leuz, and R. Verdi. (2008). “Mandatory IFRS adoption around the world: Early Evidence on the Economic Consequences” *Journal of Accounting Research*, Vol. 46, No. 5, pp. 1085-1142.
- Horton. J., G. Serafeim and I. Serafeim. (2008). “Does Mandatory IFRS Adoption Improve the Information Environment?” *Harvard Business School Working Paper No. 1264101*, Available at <http://ssrn.com/abstract=1264101>.
- Christensen, H. B., E. Lee and M. Walker. (2008). “Incentives or Standards: What Determines Accounting Quality Changes Around IFRS Adoption?” *AAA 2008 Financial Accounting and Reporting Section (FARS) Paper*, available at <http://ssrn.com/abstract=1013054>.
- Houge, M. N., T. v. Zijl., K. Dunstan., and W, Karim. (2012). “The effect of IFRS adoption and Investor Protection on Earnings Quality around the World”, *International Journal of Accounting (Forthcoming)*. Available at <http://ssrn.com/abstract=1536460>.
- Francis, J., D. Nanda and P. Olsson. (2008). “Voluntary Disclosure, Earnings Quality, and Cost of Capital” *Journal of Accounting Research*, Vol. 46, No. 1, pp. 53-99.
- Wang, R. Z., C. O hogartaigh and T. v. Zijl .2009. “Measures of Accounting Conservatism: A Construct Validity Approach” *Journal of Accounting Literature*, Vol. 28:165-203.

Week 10: Governance

- Dhaliwal, D. V, Naiker. and F. Navissi. (2010). “The Association Between Accruals Quality and the Characteristics of Accounting Experts and Mix of Expertise on Audit Committees”. *Contemporary Accounting Research*, Vol. 27, No.3, pp.787–827.
- Gaeremynck, A. Sofie, V. D. M. and Marleen, W. (2008). “Audit-Firm Portfolio Characteristics and Client Financial Reporting Quality”. *European Accounting Review*, Vol. 17, No. 2, pp. 243–270.
- Francis, J. Shawn, H. Inder, K. K . and Raynolde, P . (2009). “Does Corporate Transparency Contribute to Efficient Resource Allocation? *Journal of Accounting Research*, Vol. 47 No. 4 pp.943-989.
- Guthrie, K., J. Sokolowsky and K-M. Wan. (2010). “CEO Compensation and Board Structure Revisited” *Journal of Finance (forthcoming)*.

- James, S. L., J. M. Netter and T. Yang. (2008). "The Determinants of Board Structure" *Journal of Financial Economics* Vol. 87(2):308-328.
- Audra. L. B., L. C. Field, J. M. Karpoff, and C. G. Raheja. (2007). "The Determinants of Corporate Board Size and Independence: An Empirical Analysis" *Journal of Financial Economics* Vol. 85(1):66-101.
- Adams, R. B. (2005). "What do Boards do? Evidence from Board Committee and Director Compensation Data" *EFA 2005 Moscow Meetings Paper*, Available at <http://ssrn.com/abstract=397401>.
- Beasley, M. S. (1996). "An Empirical Analysis of the Relation between the Board of Director Composition and Financial Statement Fraud", *The Accounting Review*, Vol. 71, No. 4, pp.443-465.

Week 11 Earnings Management

- Haw, In-Mu; Ho, Simon S.M.; Li, A. Yuansha. 2011. Corporate Governance and Earnings Management by Classification Shifting. *Contemporary Accounting Research*, 28 (2): 517-553.
- Badertscher, Brad A. 2011. Overvaluation and the Choice of Alternative Earnings Management Mechanisms. *Accounting Review*, 86 (5): 1491-1518.
- Yip, E., van. S. Chris; S. Cahan. Corporate Social Responsibility Reporting and Earnings Management: The Role of Political Costs. *Australasian Accounting Business & Finance Journal*. 5 (3):17-33.
- Baik, B., Farber. D. B., L. Sam. 2011. CEO Ability and Management Earnings Forecasts. *Contemporary Accounting Research*, 28(5):1645-1668.
- Ball, R., S. Kothari and A. Robin. 2000. The Effect of International Institutional Factors on Properties of Accounting Earnings. *Journal of Accounting and Economics* 29 (1): 1-51.
- Ball, R., A. Robin and J. Wu. 2003. Incentives vs. standards: Properties of accounting numbers in four East Asian countries, and implications for acceptance of IAS. *Journal of Accounting and Economics* 36 (1-3): 235-270.
- Burgstahler, D., L. Hail and C. Leuz. 2007. The importance of reporting incentives: earnings management in European private and public firms. *The Accounting Review* 81(5):983-1016.
- Leuz, C., D. Nanda and P. D. Wysocki. 2003. Earnings management and investor protection: an international comparison. *Journal of Financial Economics* 69 (3): 505-527.

Week 12: Debt Covenants

- Gârleanu, N., Zwiebel, J. 2009. Design and Renegotiation of Debt Covenants. *Review of Financial Studies*, 22(2):749-781.
- Douglas, A. V. S. 2003. Corporate Investment Incentives and Accounting-Based Debt Covenants. *Contemporary Accounting Research*, 20(4):645-683.
- Chava, S., Roberts, M. R. 2008. How Does Financing Impact Investment? The Role of Debt Covenants. *Journal of Finance*, 63(5):2085-2121.
- Stanley, B. W., Sharma, V. I. 2011. To Cheat or Not to Cheat: How Bank Debt Influences the Decision to Misreport. *Journal of Accounting, Auditing & Finance*, 26(2):383-414.

- Dichev, I.D.; Skinner, D.J. 2002. Large-Sample Evidence on the Debt Covenant Hypothesis. *Journal of Accounting Research*, 40(4):1091-1123.
- Jaggi, B., Picheng L. 2002. The Evolution of Debt: Covenants, the Credit Market, and Corporate Governance. *Journal of Accounting, Auditing & Finance*, 17 (4):295-324.
- Kim, J-B., Tsui, J., Yi, C. 2011. The voluntary adoption of International Financial Reporting Standards and loan contracting around the world. *Review of Accounting Studies*, 16 (4):779-811.
- Lourenco, I. C., Curto, J. D. 2010. Determinants of the Accounting Choice between Alternative Reporting Methods for Interests in Jointly Controlled Entities. *European Accounting Review*, 19(4):739-773.