

School of Accounting and Commercial Law

## **ACCY412 CURRENT ISSUES IN FINANCIAL ACCOUNTING**

Trimester One 2014

### **COURSE OUTLINE**

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#### **Names and Contact Details**

<i>Course Coordinator &amp; Lecturer</i>	Dr Noor Houge <a href="mailto:noor.houge@vuw.ac.nz">noor.houge@vuw.ac.nz</a> Office Hours: TBA	RH 712	463 6951
<i>Lecturer</i>	Dr Thu Phuong Truong <a href="mailto:thuphuong.truong@vuw.ac.nz">thuphuong.truong@vuw.ac.nz</a> Office Hours: TBA	RH 615	463 5233 (ext 8961)
<i>Course Administrator</i>	Lisa Lowe <a href="mailto:Lisa.lowe@vuw.ac.nz">Lisa.lowe@vuw.ac.nz</a> 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 3 March – Friday 6 June

Study Period: Monday 9 June – Thursday 12 June

Examination Period: Friday 13 June – Wednesday 2 July (inclusive)

#### **Withdrawal from Course**

1. Your fees will be refunded if you withdraw from this course on or before Friday 14 March 2014.
2. The standard last date for withdrawal from this course is Friday 16 May 2014. 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 Numbers**

Monday 11.30am - 2.20pm in RWW311.

## **Course Delivery**

The course is made up of a combination of lectures, workshops and student presentations. Students are asked not to use any electronic equipment in class except with the express permission of the lecturer that week. It is important all students appreciate that the dialogue involves all class members.

## **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).

## **Prescription**

A critical examination of policy issues related to accounting professionalism, the determination of a body of knowledge, and the scope and control of financial reporting practices.

## **Course Learning Objectives**

By the end of the course students should:

- Understand the standard setting process and standard accounting practices, including international issues;
- Understand current accounting issues and be able to critically evaluate current practices and put propose alternative treatments;
- Be able to explain the relevance and implications of financial accounting based on identified frameworks and accounting theory;
- Appreciate the shortcomings of and alternatives to established financial performance measures;
- Demonstrate improvement in communication skills, both written and spoken, in their class involvement.

## **Course Content**

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

## **Readings**

A list of readings and course topics is part of this Outline. All students are required to send to Dr Houge or Dr Truong a PDF of the paper they have taken responsibility to review in class (this should be done four days before), so that 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 although this is highly unlikely.

## **Assessment**

From Trimester 1, 2014, the revised Assessment Handbook will apply to all VUW courses: see <http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf>.

In particular, there will be a new grade scheme, in which the A+ range will be 90-100% and 50-54% will be a C-.

Assessment will be based on the following (see Schedule on pages 4 - 5):

- a) Class presentations and critiques, 30%
- b) Two essays, 30% (in total)
- c) Final examination, 40%

### **Penalties**

In the event of unusual, unforeseen circumstances (e.g., serious illness, family bereavement), causing absence from a class meeting students should discuss the waiver of any penalty with the Course Coordinator as soon as possible after the event. Doctor's certificate or similar evidence should be provided

### **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 testing 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 submitted to Turnitin. A copy of submitted materials will be retained 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 party for other purposes.

### **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 following period:

Friday 13 June – Wednesday 2 July (inclusive)

### **Mandatory Course Requirements**

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

If you cannot complete an any required assessment component of the course please, refer to [www.victoria.ac.nz/home/study/exams-and-assessments/aegoratat](http://www.victoria.ac.nz/home/study/exams-and-assessments/aegoratat)

### **Class Representative**

A class representative will be elected in the first class, and that person's name and contact details made available to VUWSA, the course coordinator and the class. The class representative provides a formal 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.

### **Link to general information**

For general information about course-related matters, go to <http://www.victoria.ac.nz/vbs/studenthelp/general-course-information>

### Note to Students

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 academic audit. The findings may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

### ACCY 412 Course Content

Week	Schedule		Assessment	Learning objectives relevant to the assessment
<b>Part 1: Dr Thu Phuong Truong</b>				
1 Mar 3	Introduction to the course and to part 1			
2 Mar 10	Corporate governance	3%	Verbal synopsis of one article and leading discussion for up to 15 minutes	Class involvement, spoken communication skills, evaluation of a research article (methods, findings strengths, weaknesses re methods)
3 Mar 17	Disclosure and regulation	3%	Verbal synopsis of one article and leading discussion for up to 15 minutes	Class involvement, spoken communication skills, evaluation of a research article (methods, findings strengths, weaknesses re methods)
4 Mar 24	Accounting conservatism	3%	Verbal synopsis of one article and leading discussion for up to 15 minutes	Class involvement, spoken communication skills, evaluation of a research article (methods, findings strengths, weaknesses re methods)
5 Mar 31	Management compensation	3%	Verbal synopsis of one article and leading discussion for up to 15 minutes	Class involvement, spoken communication skills, evaluation of a research article (methods, findings strengths, weaknesses re methods)
	Due date: 4 <sup>th</sup> April 2014	15%	Written assessment/critique (Research topics will be distributed in Week 1)	Written communication skills, evaluation of a research article (methods, findings, strengths, weaknesses re methods), critical synthesis and linkage to relevant studies
6 Apr 7	Issues in financial accounting research	3%	Verbal synopsis of one article and leading discussion for up to 15 minutes	Class involvement, spoken communication skills, evaluation of a research article (methods, findings strengths, weaknesses re methods)
<b>Mid-trimester break</b>				
<b>Part 2: Dr Noor Houqe</b>				

7 Apr 14	Introduction Part 2			
8 MAY 5	IFRS Adoption	3%	Verbal synopsis of one article and leading discussion for up to 15 minutes	Class involvement, spoken communication skills, evaluation of a research article (methods, findings strengths, weaknesses re methods)
9 May 12	Financial crisis and accounting	3%	Verbal synopsis of one article and leading discussion for up to 15 minutes	Class involvement, spoken communication skills, evaluation of a research article (methods, findings strengths, weaknesses re methods)
10 May 19	Accounting policy reforms	3%	Verbal synopsis of one article and leading discussion for up to 15 minutes	Class involvement, spoken communication skills, evaluation of a research article (methods, findings strengths, weaknesses re methods)
11 May 26	Earnings quality	3%	Verbal synopsis of one article and leading discussion for up to 15 minutes	Class involvement, spoken communication skills, evaluation of a research article (methods, findings strengths, weaknesses re methods)
	Due date : 30 <sup>th</sup> May 2014	15%	Written assessment/critique (Research topics will be distributed in Week 7)	Written communication skills, evaluation of a research article (methods, findings, strengths, weaknesses re methods), critical synthesis and linkage to relevant studies
12 Date TBC	Debt covenants	3%	Verbal synopsis of one article and leading discussion for up to 15 minutes	Class involvement, spoken communication skills, evaluation of a research article (methods, findings strengths, weaknesses re methods)
	Comprehensive final examination	40%	Three hour closed book	Reflection and critical analysis, synthesis, applying understanding of strengths and weaknesses of different research methods, written communication ability

## **Programme and Readings**

### **Week 1: Introduction to the Course and Part 1, Dr Thu Phuong Truong**

- ▶ **Presentation guidelines**
- ▶ **Assessment issues**
- ▶ **Core readings for weeks 2 to 6**

### **Week 2: Corporate governance**

1. Brown, P., W. Beekes, and P. Verhoeven, 2011, Corporate governance, accounting and finance: A review, *Accounting and Finance*, Vol. 51, pp. 96-172.
2. Bebchuk, L. A., and M. S. Weisbach, 2010, The state of corporate governance research, *The Review of Financial Studies*, Vol. 23, pp. 939-961.
3. Bowen, R. M., S. Rajgopal, and M. Venkatachlam, 2008, Accounting discretion, corporate governance, and firm performance, *Contemporary Accounting Research*, Vol. 25, pp. 351-405.
4. Baber, W. R., A. K. Gore, K. T. Rich, and J. X. Zhang, 2013, Accounting restatements, governance and municipal debt financing, *Journal of Accounting and Economics*, Vol. 56, pp. 212-227.
5. Larcker, D. F., and D. J. Taylor, 2011, Corporate governance and the information content of insider trades, *Journal of Accounting Research*, Vol. 43, pp. 453-486.
6. Ettredge, M., K. Johnstone, M. Stone, and Q. Wang, 2011, The effects of firm size, corporate governance quality, and bad news on disclosure compliance, *Review of Accounting Studies*, Vol. 16, pp. 866-889.
7. Armstrong, C. S., W. R. Guay, and J. P. Weber, 2010, The role of information and financial reporting in corporate governance and debt contracting, *Journal of Accounting and Economics*, Vol. 50, pp. 179-234.
8. Larcker, D. F., S. A. Richardson, and I. Tuna, 2007, Corporate governance, accounting outcomes, and organizational performance, *The Accounting Review*, Vol. 82, pp. 963-1008.
9. Leventis, S., P. Dimitropoulos, and S. Owusu-Ansah, 2013, Corporate governance and accounting conservatism: Evidence from the banking industry, *Corporate Governance: An International Review*, Vol. 21, pp. 264-286.
10. Adams, R. B., and D. Ferreira, 2009, Women in the boardroom and their impact on governance and performance, *Journal of Financial Economics*, Vol. 94, pp. 291-309.

### **Week 3: Disclosure and regulation**

1. Bischof, J., and H. Daske, 2013, Mandatory disclosure, voluntary disclosure, and stock market liquidity: Evidence from the EU bank stress tests, *Journal of Accounting Research*, Vol. 51, pp. 997-1029.
2. Einhorn, E., 2005, The nature of the interaction between mandatory and voluntary disclosures, *Journal of Accounting Research*, Vol. 43, pp. 593-621.
3. Einhorn, E., and A. Ziv, 2008, Intertemporal dynamics of corporate voluntary disclosure, *Journal of Accounting Research*, Vol. 46, pp. 567-589.
4. Lawrence, A., 2013, Individual investors and financial disclosure, *Journal of Accounting and Economics*, Vol. 56, pp. 130-147.

5. Lehavy, R., F. Li, and K. Merkley, The effect of annual report readability on analyst following and the properties of their earnings forecasts, *The Accounting Review*, Vol. 86, pp. 1087-1115.
6. Kross, W. J., and I. Suk, 2012, Does Regulation FD work? Evidence from analysts' reliance on public disclosure, *Journal of Accounting and Economics*, Vol. 53, pp. 225-248.
7. Bailey, W., H. Li, C. Mao, and R. Zhong, 2003, Regulation Fair Disclosure and earnings information: market, analyst and corporate responses, *Journal of Finance*, Vol. 58, pp. 2487-2514.
8. Wang, I., 2007, Private earnings guidance and its implication for disclosure regulation, *The Accounting Review*, Vol. 82, pp. 1299-1332.
9. Baginski, S. P., and K. C. Rakow, 2012, Management earnings forecast disclosure policy and the cost of equity capital, *Review of Accounting Studies*, Vol. 17, pp. 279-321.
10. Merkley, K. J., L. S. Bamber, and T. E. Christensen, 2013, Detailed management earnings forecasts: Do analysts listen? *Review of Accounting Studies*, Vol. 18, pp. 479-521.

#### **Week 4: Accounting conservatism**

1. Watts, R. L., 2003, Conservatism in accounting Part I: Explanations and implications, *Accounting Horizons*, Vol. 17, pp. 207-221.
2. Watts, R. L., 2003, Conservatism in accounting Part II: Evidence and research opportunities, *Accounting Horizons*, Vol. 17, pp. 287-301.
3. Wang, R. Z., C. O-hOgartaigh, and T. van Zijl, 2009, Measures of accounting conservatism: A construct validity perspective, *Journal of Accounting Literature*, Vol. 28, pp. 165-203.
4. Basu, S., 1997, The conservatism principle and the asymmetric timeliness of earnings, *Journal of Accounting and Economics*, Vol. 24, pp. 3-37.
5. Beaver, W. H., and S. G. Ryan, 2005, Conditional and unconditional conservatism, *Review of Accounting Studies*, Vol. 10, pp. 269-309.
6. Givoly, D., and C. Hayn, 2000, The changing time-series properties of earnings, cash flows, and accruals: Has financial reporting become more conservative? *Journal of Accounting and Economics*, Vol. 29, pp. 287-320.
7. Givoly, D., C. K. Hayn, and A. Natarajan, 2007, Measuring reporting conservatism, *The Accounting Review*, Vol. 82, pp. 65-106.
8. Khan, M., and R. L. Watts, 2009, Estimation and empirical properties of a firm-year measure of accounting conservatism, *Journal of Accounting and Economics*, Vol. 48, pp. 132-150.
9. Bushman, R. M., and J. D. Piotroski, 2006, Financial reporting incentives for conservative accounting: The influence of legal and political institutions, *Journal of Accounting and Economics*, Vol. 42, pp. 107-148.
10. Francis, B., I. Hasan, and Q. Wu, 2013, The benefits of conservative accounting to shareholders: Evidence from the financial crisis, *Accounting Horizons*, Vol. 27, pp. 319-346.

#### **Week 5: Management compensation**

1. Banker, R. D., M. N. Darrrough, R. Huang, and J. M. Plehn-Dujowich, 2013, The relation between CEO compensation and past performance, *The Accounting Review*, Vol. 88, pp. 1-30.
2. Garvey, G., and T. Milbourn, 2006, Asymmetric benchmarking in compensation: Executives are rewarded for good luck but not penalized for bad, *Journal of Financial Economics*, Vol. 82, pp. 197-225.

3. Taftkov, I. D., 2013, Private and public relative performance information under different compensation contracts, *The Accounting Review*, Vol. 88, pp. 327-350.
4. Choi, J., G. Hecht, and W. Taylor, 2012, Lost in translation: The effect of incentive compensation on strategy surrogation, *The Accounting Review*, Vol. 87, pp. 1135-1164.
5. Hecht, G., I. Taftkov, and K. Towry, 2012, Performance spillover in a multi-task environment, *Contemporary Accounting Research*, Vol. 29, pp. 563-589.
6. Armstrong, C. S., I. D. Gow, and D. F. Larcker, 2013, The efficacy of shareholder voting: Evidence from equity compensation plans, *Journal of Accounting Research*, Vol. 51, pp. 909-950.
7. Cai, J., and R. Walking, 2011, Shareholders' say on pay: Does it create value? *Journal of Financial and Quantitative Analysis*, Vol. 46, pp. 299-339.
8. Ertimur, Y., F. Ferri, and D. Oesch, 2013, Shareholder votes and proxy advisors: Evidence from say on pay, *Journal of Accounting Research*, Vol. 51, pp. 951-996.
9. Core, J. E., W. R. Guay, and D. F. Larcker, 2008, The power of the pen and executive compensation, *Journal of Financial Economics*, Vol. 88, pp. 1-25.
10. Ertimur, Y., F. Ferri, and V. Muslu, 2010, Shareholder activism and CEO pay, *Review of Financial Studies*, Vol. 24, pp. 535-592.

### **Week 6: Issues in financial accounting research**

1. Larcker, D. F., and T. O. Rusticus, 2007, Endogeneity and empirical accounting research, *European Accounting Review*, Vol. 16, pp. 207-215.
2. Larcker, D. F., and T. O. Rusticus, 2010, On the use of instrumental variables in accounting research, *Journal of Accounting and Economics*, Vol. 49, pp. 186-205.
3. Tucker, J. W., 2010, Selection bias and econometric remedies in accounting and finance research, Vol. 29, pp. 31-57.
4. Tucker, J. W., 2007, Is openness penalized? Stock returns around earnings warnings, *The Accounting Review*, Vol. 82, pp. 1055-1087.
5. Barth, M. E., and G. Clinch, 2009, Scale effects in capital markets-based accounting research, *Journal of Business Finance & Accounting*, Vol. 36, pp. 253-288.
6. Barth, M. E., and S. Kallapur, 1996, The effects of cross-sectional scale differences on regression results in empirical accounting research, *Contemporary Accounting Research*, Vol. 13, pp. 527-567.
7. Easton, P. D., and G. A. Sommers, 2003, Scale and the scale effect in market-based accounting research, *Journal of Business Finance & Accounting*, Vol. 30, pp. 25-55.
8. Bernard, V. L., 1987, Cross-sectional dependence and problems in inference in market-based accounting research, *Journal of Accounting Research*, Vol. 25, pp. 1-48.
9. Brown, S., K. Lo, and T. Lys, 1999, Use of R<sup>2</sup> in accounting research: Measuring changes in value relevance over the last four decades, *Journal of Accounting and Economics*, Vol. 28, pp. 83-115.
10. Kothari, S. P., J. S. Sabino, and T. Zach, 2005, Implications of survival and data trimming for tests of market efficiency, *Journal of Accounting and Economics*, Vol. 39, pp. 129-161.

### **Week 7: Introduction Part 2, Dr Noor Houqe**

- ▶ **Presentation guidelines**
- ▶ **Assessment issues**
- ▶ **Core readings for weeks 7 to 12**



## Week 8: IFRS Adoption

1. Brochet, Francois; Jagolinzer, Alan D; Riedl, Edward J. (2013). Mandatory IFRS Adoption and Financial Statement Comparability. *Contemporary Accounting Research*, Vol. 30 Issue 4, p1373-1400.
2. Ahmed, Anwer S.; Neel, Michael; Wang, Dechun. (2013). Does Mandatory Adoption of IFRS Improve Accounting Quality? Preliminary Evidence. *Contemporary Accounting Research*, Vol. 30 Issue 4, p1344-1372.
3. Christensen, Hans B.; Hail, Luzi; Leuz, Christian. (2013). Mandatory IFRS reporting and changes in enforcement. *Journal of Accounting & Economics*, Vol. 56, p147-177.
4. Fatma Zehri and Jamel Chouaibi. (2013). Adoption determinants of the International Accounting Standards IAS/IFRS by the developing countries. *Journal of Economics, Finance and Administrative Science*, Vol.18, p 56-62.
5. Joanne Horton, George Serafeim, Ioanna Serafeim. (2013). Does Mandatory IFRS Adoption Improve the Information Environment? *Contemporary Accounting Research*, Vol. 30 Issue 1, p 388-423.
6. Christopher Nobes and Christian Stadler. (2013). How arbitrary are international accounting classifications? Lessons from centuries of classifying in many disciplines, and experiments with IFRS data. *Accounting, Organizations and Society*, Vol. 38, p 573-595.
7. Emmanuel T. De George, Colin B. Ferguson and Nasser A. Spear. (2013). How Much Does IFRS Cost? IFRS Adoption and Audit Fees. *The Accounting Review*, 88(2), p 429-462.
8. Julie Cottera, Ann Tarcab, and Marvin Weeb. (2012). IFRS adoption and analysts' earnings forecasts: Australian evidence. *Accounting & Finance*, 52, p395-419.
9. Antonio Marra and Pietro Mazzola. (2014). Is Corporate Board More Effective under IFRS or "It's Just an Illusion"? *Journal of Accounting Auditing and Finance*, Vol. 29(1), p 31-60.
10. Marta Silva Guerreiro, Lúcia Lima Rodrigues and Russell Craig. (2012). Voluntary adoption of International Financial Reporting Standards by large unlisted companies in Portugal – Institutional logics and strategic responses. *Accounting, Organizations and Society*, Vol. 37, p 482–499.
11. Hans B. Christensen. (2012). Why do firms rarely adopt IFRS voluntarily? Academics find significant benefits and the costs appear to be low. *Review of Accounting Studies*, Vol. 17, p 518-525.

## Week 9: Financial crisis and accounting

1. Alnoor Bhimani. (2008). The role of a crisis in reshaping the role of accounting. *Journal of Accounting & Public Policy*, Vol. 27, p 444-454.
2. John Roberts, Megan Jones. (2009). Accounting for self interest in the credit crisis. *Accounting, Organizations and Society*, Vol. 34, p 856–867.
3. Christian Laux and Christian Leuz. (2009). The crisis of fair-value accounting: Making sense of the recent debate. *Accounting, Organizations and Society*, Vol. 34, p 826–834.
4. Patricia J. Arnold. (2009). Global financial crisis: The challenge to accounting research. *Accounting, Organizations and Society*, Vol. 34, p 803–809.
5. Anthony G. Hopwood. (2009). The economic crisis and accounting: Implications for the research community. *Accounting, Organizations and Society*, Vol. 34, p797–802.
6. Prem Sikka. (2009). Financial crisis and the silence of the auditors. *Accounting, Organizations and Society*, Vol. 34, p868–873.

7. Brendan McSweeney. (2009). The roles of financial asset market failure denial and the economic crisis: Reflections on accounting and financial theories and practices. *Accounting, Organizations and Society*, Vol. 34, p 835–848.
8. Dirk J. Bezemer. (2010). Understanding financial crisis through accounting models. *Accounting, Organizations and Society*, Vol. 35, p 676–688.

### **Week 10: Accounting policy reforms**

1. Steven Thornburg and Robin W. Roberts. (2008). Money, politics, and the regulation of public accounting services: Evidence from the Sarbanes–Oxley Act of 2002. *Accounting, Organizations and Society*, Vol. 33, p 229–248.
2. 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.
3. Ronen, J. (2002b). “Post Enron reform: Financial Statement Insurance and GAAP revisited”. *Stanford Journal of Law and Business Finance*, Vol. 8, No. 2, pp. 39-68.
4. Ronen, J. and Cheny, J. (2002). “Can insurance solve the auditing dilemma”? *National Underwriter*, Vol. 106, No. 29, pp. 12-14.
5. 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.
6. Cunningham, L. A. (2004a). “A Model Financial Statement Insurance Act”. *Connecticut Insurance Law Journal*, Vol. 11, No. 1, pp. 69- 106.
7. 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](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=587972).
8. Dontoh, A., Ronen, J., and Sarath, B. (2008). “Financial Statement Insurance”, *working paper* No. 2451/2744, pp. 1-40.

### **Week 11: Earnings Quality**

1. Dichev, Ilia D.; Graham, John R.; Harvey, Campbell R.; Rajgopal, Shiva. (2013). Earnings quality: Evidence from the field. *Journal of Accounting & Economics*, Vol. 56, p1-33.
2. Nilabhra Bhattacharya, Hemang Desai, Kumar Venkataraman. (2013). Does Earnings Quality Affect Information Asymmetry? Evidence from Trading Costs. *Contemporary Accounting Research*, Vol. 30 Issue 2, p482-516.
3. Douglas F. Prawitt, Jason L. Smith and David A. Wood. (2009). Internal Audit Quality and Earnings Management. *The Accounting Review*, 84(4), p 1255-1280.
4. Yongtae Kim, Myung Seok Park and Benson Wier. (2012). Is Earnings Quality Associated with Corporate Social Responsibility? *The Accounting Review*, 87(3), p 761-796.
5. Peter R. Demerjian, Baruch Lev, Melissa F. Lewis and Sarah E. McVay. (2013). Managerial Ability and Earnings Quality. *The Accounting Review*, 88(2), p 463-498.
6. 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.
7. 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.

## Week 12: Debt covenants

1. In-Mu Haw, Jay Junghun Lee, Woo-Jong Lee. (2013). Debt Financing and Accounting Conservatism in Private Firms. *Contemporary Accounting Research*, doi: 10.1111/1911-3846.12064
2. Dan s. Dhaliwal, Inder k. Khurana, Raynolde Pereira. (2011). Firm Disclosure Policy and the Choice between Private and Public Debt. *Contemporary Accounting Research*, Vol. 28 No. 1, pp. 293–330.
3. Gârleanu, N., Zwiebel, J. 2009. Design and Renegotiation of Debt Covenants. *Review of Financial Studies*, 22(2):749-781.
4. Sreedhar T. Bharath, Jayanthi Sunder, Shyam V. Sunder. (2008). Accounting Quality and Debt Contracting. *The Accounting Review*, Vol. 83, No.1, pp. 1-28.
5. Chava, S., Roberts, M. R. 2008. How Does Financing Impact Investment? The Role of Debt Covenants. *Journal of Finance*, 63(5):2085-2121.
6. 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.
7. 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.

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