

Accounting Concepts and Financial Reporting
(Accounting Theory)
ACG 6136, fall 2016

Class Schedule: August 22 – October 13, Gerson 228.

Section 1690: Mon/Wed 9:35 – 11:30 am (Periods 3 & 4)

Section 17A4: Mon/Wed 11:45 – 1:40 pm (Periods 5 & 6)

Website: <http://elearning.ufl.edu/>

Instructor: Jennifer Wu Tucker, Ph.D., CPA

Office: 310 Gerson Hall

Office Hours: 10 – 11:30 am Tuesday or by appointment.

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Office Phone: (352) 273-0214

Required Readings: Downloadable on the course website.

Recommended Readings: Available on Amazon.com

Financial Accounting Theory (7th Edition). William R. Scott. 2015. Pearson Canada.

Economical Writing. Deirdre M. McCloskey. Waveland Press, Inc. 2000. 2nd edition.

Teaching Philosophy:

“Show me and I forget. Teach me and I remember. Involve me and I learn.” – Benjamin Franklin.

Prerequisites:

Students must have satisfactorily completed ACG 4111, ACG4341, and ACG4632.

Description:

A theoretical inquiry of the roles of accounting and what constitutes useful accounting information.

Objective:

This course discusses accounting theories and explains the foundations of financial accounting, reporting, and disclosure. The course differs from other accounting courses in (i) its subject matter: about accounting as a discipline, not a training manual and (ii) its approach: focusing on “why” instead of “what” and “how.” The course adds a theoretical perspective to the technical training that the students have received in other accounting courses.

Many issues discussed in the course do not have a single, correct answer. The emphasis is on understanding why financial information is valuable and how it is used rather than on detailed procedures of applying accounting rules. This course moves away from memorization and application of rules toward critical thinking and synthesis. The course helps you understand and question the underlying concepts of accounting and become a thoughtful user of accounting information.

Structure:

The class is interactive and requires your active participation. Some of the course assignments are essays. The course is a good opportunity for you to improve your writing skills and become comfortable with speaking in front of a group.

Course Requirements:

Class Participation: Participation is evaluated after each class except for Sessions 1. The points are awarded as follows:

- 0 – An unexcused absence
- 1 – Being totally quiet
- 1.5 – Being involved in class discussion (or excused absences)*
- 2 – Being involved in class discussion and providing excellent input

Examples of excellent input are:

- Asking good questions
- Reading and bringing related articles that are not assigned by the instructor for class discussion
- Integrating real-life experience (e.g., your internship, working, or debate experiences) into class discussion
- Actively participating in class discussion

*: Within a week after you return from an excused absence, you must make an appointment with me to let me question you on the missed assigned readings or class notes. Your participation grade for the missed session will be assigned after this appointment.

I expect professionalism from each of you. Students with unprofessional and distractive behaviors will be asked to leave the class for the remainder of the session.

In addition, the instructor adheres to all UF attendance policies documented at:

<https://catalog.ufl.edu/ugrad/current/regulations/info/attendance.aspx>

Readings: The course requires much reading. You are required to read the material assigned for each session **before** class and be prepared for class discussion. Some readings are long and you should start them early.

Assignments: There are four individual assignments. You may discuss the assignments with classmates but must write up the responses yourself. For an essay assignment, two thirds of the grade will be on the content and one third will be on the writing quality.

Group Project: Four to six teams will be formed in each section. Two to three debate topics will be proposed. Each debate topic will have two teams. A summary group report is due by email by the midnight of the debate date. You are encouraged to search for and use other relevant material for the debate.

The timelines of the group project is as follows:

- **Forming a team:** I will assign you into a team by **August 28** after the add/drop period is over. My guideline is for group assignments is diversity in terms of gender and language.
- **Posting debate topics:** I will post the debate topics as well as the opposing positions of each debate topic by **September 1**.
- **Group meeting:** The class session on **September 7** is designated for background reading and group meeting. A group may schedule its meetings for other times.
- **Choosing a debate topic and a position:** The debate topics and positions are assigned on a first-come, first-served basis. I will accept requests (one request per team) after **11 pm on September 11** (Sunday). You will be notified of your debate topic and position within four hours of the request.
- **Debating:** Debates will be held in class on **October 3 and 5**.

Grading of a student's group project participation:

Your group project grade includes 10 points for your group's debate performance, 5 points for your individual contribution and performance, and 10 points for your group report.

To discourage free-riding, at the end of the course each of you will turn in evaluations (between 0 and 10) of the other group members. The mean peer evaluations of your effort and quality for the group project divided by 10 will be the grading weight used for your group-score portions of the project.

Final Exam: The final exam will be problems and take-home essays. The problem portion will be in class on October 10 (Monday). For the take-home essays, you may use all resources except for asking others for help in person, by phone, or online.

Grading:

Class Participation (10x2) *	20
Assignments (5x5)	25
Group Project	
Debate (group)	10
Debate (individual)	5
Written Report (group)	10
Final Exam (5x6)	<u>30</u>
Total	100 points

*: Class participation grade is assigned for 11 sessions. I count only your 10 highest scores.

Your letter grade is determined according to the following cutoffs:

A: 92.0, A-: 90.0, B+: 87.0, B: 83.0, B-: 80.0, C+:77.0, C: 73.0, C-: 70, D+: 66.0, D: 60.0, and D-: 58.0. There will be no curving in the course.

The grade-point value per credit hour associated with each letter grade is assigned by the Office of the University Registrar:

A = 4.0, A- = 3.67, B+ = 3.33, B = 3.0, B- = 2.67, C+ = 2.33, C = 2.0, C- = 1.67, D+ 1.33, D = 1.0, D- = .67, E = 0.0

For more information, please visit:

<https://catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx>

Policies

Religious Holidays

Religious holidays are valid excuses if you follow the procedures stated in the University's attendance policies. See

<https://catalog.ufl.edu/ugrad/current/regulations/info/attendance.aspx>.

Accommodation Test Requests

The University of Florida is committed to providing academic accommodations for students with disabilities. Students with disabilities requesting accommodations should first register with the Disability Resource Center (352-392-8565, www.dso.ufl.edu/drc/) by providing appropriate documentation. Once registered, the student should present me his/her accommodation letter supporting a request for accommodations (this could be a physical letter or attached to an email). If your accommodation regards special testing arrangements, you must then submit an Accommodated Test Request (ATR) online for each exam/quiz. Students with disabilities are encouraged to follow these procedures as

early as possible within the semester. If you do not follow the Disability Resource Center procedures or deadline for requesting accommodations or for submitting your ATRs, you will have to take the exam with your class without accommodations.

Academic Integrity

One can never overemphasize the importance of ethics and honesty. As a University of Florida student, you are expected to be a high achiever in the right way. As an accounting student, academic honesty and business ethics are essential because your work and career will depend on the public's trust that you have these qualities. The University Honor Code will be strictly enforced and the penalties for academic dishonesty are severe.

Cheating undermines the efforts of all honest students. Tolerance of cheating would damage the School's reputation for producing qualified and competent graduates. The faculty and students of the Fisher School of Accounting expect that accounting students will display academic integrity throughout the program.

The Honor Code: We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity.

On all work submitted for credit by students at the university, the following pledge is either required or implied: **"On my honor, I have neither given nor received unauthorized aid in doing this assignment."**

Teaching Evaluations

Please provide feedback on the quality of instruction. Evaluations are conducted online at <https://evaluations.ufl.edu>. You will be given specific times when evaluations are open. A summary of these assessments will be available at <https://evaluations.ufl.edu/results/>."

Other Issues:

1. E-mail is the best way to reach me. In the "subject" section of your e-mail, please indicate the course number "ACG6136." For questions that require long answers, please come to see me during my office hours or talk with me after class.
2. Grading issues must be raised within a week after the grade is given.
3. Absences because of your sickness or an emergency related to you or your immediate family members are excused *if you inform me of the situation by email or phone before class or immediately after the emergency*. Within a week after your return, you must submit documentation supporting your excuse. Job interviews, office visits, job fairs, weddings, weather, and transportation problems are NOT valid excuses. Religious holidays are valid excuses **if** you follow the procedures stated in the University's attendance policies.
4. Please come to class on time. If you have to leave early, please let me know before class or in case of emergency email me immediately after the emergency is over.
5. Please turn off your electronic devices (including computers) during class. You will be allowed to use your electronic devices during the 10-minute class break.

Class Outline

Session	Date	Topic	Read before class	Due before class
1	8/22	M Preliminaries		
2	8/24	W Accounting concepts and discussions	Storey and Storey (1998)	
3	8/29	M Academic accounting research	Gordon and Porter (2009) Donelson et al. (2016)	HW 1
4	8/31	W Research by FSOA faculty	TBA	
	9/5	M <i>Holiday - No class</i>		
5	9/7	W Prepare for project	Background readings for project	
6	9/12	M Information Economics 1	Akerlof (1970)	HW 2
7	9/14	W Information Economics 2	Jensen and Meckling (1976)	
8	9/19	M Accounting for Valuation 1	Please take class notes	HW 3
9	9/21	W Accounting for Valuation 2	Please take class notes	
10	9/26	M Accounting for Evaluation 1	Please take class notes	HW 4
11	9/28	W Accounting for Evaluation 2	Please take class notes	
12	10/3	M Group debates 1	Report due by midnight	HW 5
13	10/5	W Group debates 2	Report due by midnight	
14	10/10	M Final exam - problems		
	10/14	F Take-home essays	Due by noon by email	

Required Readings (in the order of assignment dates)

1. Storey, R. K. and S. Storey. 1998. Special report: The framework of financial accounting concepts and standards. 66 pages. FASB publication.
2. Gordon, P. P. and J. C. Porter. 2009. Reading and understanding academic research in accounting: A guide for students. *Global Perspectives on Accounting Education* 6: 25-45.
3. Donelson, D., J. Mcinnis, and R. Mergenthaler. 2016. Explaining rules-based characteristics in U.S. GAAP: Theories and evidence. *Journal of Accounting Research* 54 (3): 827-861.
4. Akerlof, G. A. 1970. The market for “lemons”: Quality uncertainty and the market mechanism. *The Quarterly Journal of Economics* 84 (3):488-500.
5. Jensen, M.C. and W. H. Meckling. 1976. Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics* 3: 305-360.

Background readings for the group project

1. Watts, R. L. and J. L. Zimmerman. 1979. The demand for and supply of accounting theory: The market for excuses. *The Accounting Review* 54 (2): 273-305.. Laux, C. and C. Leuz. 2010. Did fair-value accounting contribute to the financial crisis? *Journal of Economic Perspectives* 24 (1): 93-118.
2. Hail, L, C. Leuz, and P. Wysocki. 2010. Global accounting convergence and the potential adoption of IFRS by the U.S. (Part I): conceptual underpinnings and economic analysis. *Accounting Horizons* 24 (3): 355-394.

3. Hail, L. C. Leuz, and P. Wysocki. 2010. Global accounting convergence and the potential adoption of IFRS by the U.S. (Part II): political factors and future scenarios for U.S. accounting standards. *Accounting Horizons* 24 (4): 567-588.
4. Ijiri, Y. 2005. U.S. accounting standards and their environment: A dualistic study of their 75 years of transition. *Journal of Accounting and Public Policy* 24: 255-279.
5. Skinner, D. J. 2008a. Accounting for intangibles – a critical review of policy recommendations. *Accounting and Business Research* 38 (3): 191-204.
6. Lev, B. 2008. A rejoinder to Douglas Skinner’s ‘Accounting for intangibles – a critical review of policy recommendations’. *Accounting and Business Research* 38 (3): 209-213.
7. Skinner, D. J. 2008b. A reply to Lev’s rejoinder to ‘Accounting for intangibles – a critical review of policy recommendations.’ *Accounting and Business Research* 38 (3): 215-216.