

Accounting Theory (ACG6136) Spring 2017
Professor Jennifer Wu Tucker
Fisher School of Accounting
Warrington College of Business Administration
University of Florida

Office hours: GER 310, Monday 9:30-11:30 am or by appointment.

Class: GER 229
Section 1690: Tu/Th 9:35 – 11:30 pm (Periods 3 & 4)
Section 17A4: Tu/Th 11:45 – 1:40 pm (Periods 5 & 6)

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Required Textbooks:

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

The End of Accounting and the Path Forward for Investors and Managers. Baruch Lev and Feng Gu. 2016. John Wiley & Sons.

Course website: <http://elearning.ufl.edu> Your UF user ID and password are required.

Course description and objectives

This course discusses accounting theories that are the foundations of financial accounting, reporting, and disclosure. It covers fundamental issues such as why accounting is valuable and how accounting numbers can best describe the economic value and economic performance of enterprises.

The course differs from other accounting courses in its (1) subject matter: it is about accounting, not how to account, and (2) approach: it focuses on “why” instead of “what” and “how.” The course adds a theoretical perspective to the technical training provided in most of your other accounting courses.

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

Course structure

The course format is a combination of lectures, class discussions, readings, problem solving, and presentations.

Course requirements

You will be evaluated on:

Random reading quizzes	10%
Class attendance	5%
Class participation	20%
Homework assignments	20%
Topic presentation group project	10%
Debate group project	15%
<u>Final Exam</u>	<u>20%</u>
Total	100%

The minimum grade for each item is zero. Your letter grade is determined according to the following cutoffs:

A: 92.0; A-: 88.0; B+: 86.0; B: 82.0; B-: 78.0; C+:76.0; C: 68.0; D+: 66.0; D: 60.0; and D-: 58.0. There will be no curving.

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; and E = 0.0. See <https://catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx>.

RANDOM READING QUIZZES (10%)

The course will require an in-depth reading of the assigned topic before each class. You are required to read the relevant chapter and be ready for class discussion. Please plan your time ahead because some readings are quite long and others are difficult. Reading quizzes will be randomly given at the beginning of class. There will be no makeup for students who arrive late or miss the class.

CLASS ATTENDANCE (5%)

Class attendance is required. An attendance sheet will be circulated in class. Signup is **your** responsibility. Absence may be excused for health reasons or family emergencies with supporting document to be submitted within a week after the absence. If a reading quiz is given during your excused absence, your quiz score will be dropped and your other reading quizzes will be reweighted. Absence is not excused for interviews, office visits, job fairs, weddings, weather, etc. Each student may have two unexcused absences without affecting his/her attendance grade, but you will receive zero for reading quizzes missed during your unexcused absences.

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.

CLASS PARTICIPATION (20%)

Class participation is important because it enhances everyone's learning experience. You should strive to be a contributing and valuable member of the class. Feel free to ask questions about issues that you or your peers are unclear about, contribute your ideas and insights, offer examples, challenge everyone's assumptions and analyses, and raise interesting directions for class discussion. Your class participation will be evaluated on quality, not on your "air time." Your participation score is not assigned for days of your excused absences, but is zero for days of unexcused absences. I may cold-call you.

HOMEWORK ASSIGNMENTS (20%)

Homework will be assigned as scheduled in the class outline and will be collected on the following Tuesday, unless there is no class on that Tuesday. Grading will be based on effort and the thoughtfulness and appropriateness of the answers. For essay questions there may not be one single correct answer. Essay-type assignments should be typed and printed out; problem-type assignments may be hand-written. Discussion with classmates is allowed, but each student must write up his/her own answers. Grading issues should be raised within a week after the graded assignment is returned.

TOPIC PRESENTATION GROUP PROJECT (10%)

You will be assigned into groups of two members by 9 am on Saturday, August 26. The purpose of the project is to encourage you to follow the business press throughout the course and to apply concepts and theories discussed in this course to contemporary, practical issues.

Your group will be randomly assigned a CLASS DAY (between August 31 and September 28). I will post the assignments on the course website. Your group will find interesting articles or media related to the chapter (e.g., one or two sub-topics covered in the chapter) from the business press. Suggested article sources include *Wall Street Journal*, *The Economist*, *CFO.com*, *Fortune*, *Forbes*, *BusinessWeek*, and *Financial Times*. You may choose an article or material from any press source that interests you. Your material may confirm, contradict, or expand the material in the chapter but should not repeat what is said in the textbook.

On your CLASS DAY, your group will have 15-20 minutes to present to the class what you have found and **each group member must have speaking time.** Following the presentation, you will address any follow-up questions from the class. Please send me your presentation slides and/or other material you will use for presentation by 9 am of your CLASS DAY.

Each student will grade fellow students' group presentations and turn in the grade at the end of the course. Look out for the blank grading sheet on the course website. Half of the presentation grade (5 points) will be the aggregated grade from your fellow students and the half will be from me.

At the end of the course, you will fill out evaluations of your group member. Your final project grade will be weighted by evaluation score of your group member.

For the project you need to *read widely, think creatively, reason logically, and write clearly.*

DEBATE GROUP PROJECT (15%)

The class will form two debate teams and debate on the merit and concerns of Lev and Gu (2016). You are supposed to read the book during the first half of the course. You must choose a position by the class time on September 14 between **for** or **against** the book's main conclusion. If the number of members on one team is lopsided, I reserve the right to assign some members to the other team.

I will invite external observers (PhD students) to the debate. Your debate performance is worth 10 points and will be graded by both the external observers and me. After the debate, your team must submit a written report by October 10. Your written report will be worth 5 points.

FINAL EXAM (20%)

The problem section of the final exam will be closed book during class time in Gerson 229 on October 10. If you have a time conflict, please let me know by September 15. A make-up exam for the problem section may be scheduled only for excused absences.

The essay section of the final exam will be take-home. You may use any open source but cannot receive help from people. The essay questions will be distributed by September 27 by email and posted on the course website. The essay answers are due by email to me by noon of October 13, Friday. Please keep my email acknowledgement as your receipt.

You may review your graded final exam in my office at 1 pm on October 18 or by appointment by October 25.

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>.

ACCOMMODATED 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). Students must present this letter to me (the instructor) at least **10 days prior** to the final exam date.

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 evaluation

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/>."

U Matter, We Care

Your well-being is important to the University of Florida. The U Matter, We Care initiative is committed to creating a culture of care on our campus by encouraging members of our community to look out for one another and to reach out for help if a member of our community is in need. If you or a friend is in distress, please contact umatter@ufl.edu so that the U Matter, We Care Team can reach out to the student in distress. A nighttime and weekend crisis counselor is available by phone at 352-392-1575. The U Matter, We Care Team can help connect students to the many other helping resources available including, but not limited to, Victim Advocates, Housing staff, and the Counseling and Wellness Center. Please remember that asking for help is a sign of strength. In case of emergency, call 9-1-1.

Miscellaneous matters

- Email is the best way to reach me. For questions that require long answers, please see me during office hours.
- Please turn off your electronic devices before class. You may use computer, tablet, or iPad for note taking.

Course outline

Date	Class	Topic	Assigned
8/22 (Tu)	1	Introduction (Ch. 1)	
8/24 (Th)	2	Accounting under ideal conditions (Ch. 2)	HW1
8/29 (Tu)	3	The decision-usefulness approach to financial reporting (Ch. 3)	
8/31 (Th)	4	Efficient securities markets (Ch. 4)	HW2
9/5 (Tu)	5	Pause and digest	
9/7 (Th)	6	The value relevance of accounting information (Ch. 5)	
9/12 (Tu)	7	The measurement approach to decision usefulness (Ch. 6)	HW3
9/14 (Th)	8	The efficient contracting approach to decision usefulness (Ch. 8)	
9/19 (Tu)	9	An analysis of conflict (Ch. 9)	
9/21 (Th)	10	Earnings management (Ch. 11)	HW4
9/26 (Tu)	11	Standard setting: economic issues (Ch. 12)	
9/28 (Th)	12	Standard setting: political issues (Ch. 13)	
10/3 (Tu)	13	Group members prepare for debate	
10/5 (Th)	14	Debate on Baruch and Gu (2016)	
10/10 (Tu)		Final exam (class time in Gerson 229)	