

ACCOUNTING (ACCT) 554 -- Advanced Accounting Theory Fall 2008 (Updated 08/25/2008)

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Materials

- Financial Accounting Standards Board (FASB) Pronouncements (required but free):
<http://www.fasb.org/st/> (Also register at <http://asc.fasb.org/home> for a year's free FASB Codification Service.)
- IASB/FASB Conceptual Framework Project (required but free):
<http://www.iasplus.com/agenda/framework.htm> (Phases A, B, C, E, and F only)
- AICPA Student Affiliate Membership (recommended):
<http://www.aicpa.org/Becoming+a+CPA/CPA+Candidates+and+Students/The+Benefits/>
- American Accounting Association Student Membership (recommended):
http://aaahq.org/membership/student_member.htm
- Free subscriptions to online newsletters as follows (recommended):
AccountingWeb.com
SmartPros.com
- Other readings as assigned (required but free to registered students through University Library--see assignment schedule at end of syllabus)
- [Tips on Business Writing \(http://business.nmsu.edu/~ClassAcct/writing.htm\)](http://business.nmsu.edu/~ClassAcct/writing.htm) (required but free)

ADA Notification

STUDENTS WITH DISABILITIES

If you have (or believe you have) a disability and would benefit from classroom accommodations, please contact the Services for Students with Disabilities (SSD) Office located at Garcia Annex [Phone: 646-6840; TTY: 646-1918].

Please feel free to call Jerry Nevarez, Director of Institutional Equity, at 505-646-3635 with any questions you may have about NMSU's Non-Discrimination Policy and complaints of discrimination, including sexual harassment.

Please feel free to call Michael Armendariz, Coordinator of Services for Students with Disabilities, at 505-646-6840 with any questions you may have on student issues related to the Americans with Disabilities Act (ADA) and/or Section 504 of the Rehabilitation Act of 1973. All medical information will be treated confidentially.

If you have a condition that may affect your ability to exit safely from the premises in an emergency or that may cause an emergency during class, you are encouraged to discuss any concerns with the Instructor.

Prerequisite

ACCT 302 or consent of instructor

Objectives

Demonstrate expanded perspective on the conceptual nature of accounting information and how it relates to the business environment.

Be able to discuss current events in accounting in a professional manner, enlightened by study of relevant accounting research.

Practice oral and written communication skills in the context of inquiry and debate regarding accounting issues.

Article Summary and Oral Report

Choose an article about financial reporting to shareholders from the main articles section of a 1998 or later issue of the *Journal of Accounting Research*, *The Accounting Review*, the *Journal of Accounting and Economics*, *Contemporary Accounting Research*, or the *Journal of Accounting and Public Policy*. To encourage discussion and "cooperative learning," you will be part of a group of two or three students for this assignment. Before starting the work below, obtain instructor approval of your article.

As a group, prepare one written summary (two to four double-spaced pages) of the main points of the article. Be sure to include the following: (1) the *question* the article is trying to answer, (2) *why* this question is important and/or interesting, (3) the answer the article gives to the question, and (4) why further research on this question is needed.

Also as a group, prepare an oral presentation to the class, explaining the main points of the article in an understandable way. Be sure to include the three points above.

Although multiple-choice format is not the norm for exams in this course, your group will submit to the instructor the night of your oral presentation a list of three (known by your group only) multiple-choice questions and their answers related to your article that could be used on the final exam. These questions should be questions your group believes should be reasonably answerable from listening to the group's presentation. The instructor will choose one question from each group for use on the final.

To do a good job, you will probably need to review some earlier publications cited in your article. This will be a good opportunity to improve your knowledge of the accounting literature. Any such references you use should appear in a reference list at the end of your written summary and should be cited in the text of your summary. For these references and in-text citations, use the exact format used by the journal in which your article appears. Also, don't forget to state the name and author(s) of your article.

In your summary, avoid lengthy quotations from the article. The idea is to show that you understand the key points, so use your own words as much as possible. Do not make statements in your written summary or in your oral presentation that you do not understand. Repetition of equations and formulas used in the article is usually unnecessary to convey the main ideas. (If you have taken mathematical economics and/or econometrics, you will have a better grasp of the math.)

Punctuation, grammar, spelling, and sentence structure will constitute part of the grade on the written summary. The due date appears on the schedule at the end of this syllabus. (Two-point penalty for each weekday or portion thereof the paper is late. By the way, no group has ever submitted this assignment late.) Each person in your group will receive the same grade on the written summary, so resolve any internal disagreements before the submission date.

Oral presentation dates will be assigned in class. Each person must present--e.g., you can't have one person do the written report and another do the oral report. Each person will be graded separately on the oral report. Grading criteria (see detailed table below) include (1) clarity of presentation, (2) eye contact with the audience, (3) ability to hold audience attention, (4) ability to convey and discuss the main ideas without reading from a script, and (5) evidence you have enabled the audience to understand the presentation. Each group's report should take about 20 to 30 minutes. Tip: You may use notes, but glance at them and look up at the audience before speaking--try not to let any words come out of your mouth when your head is down. You're doing this for only a total of a few minutes for the whole semester, so take time to practice. Imagine yourself in the place of the audience and think what would make it interesting to you.

Oral Presentation Evaluation (courtesy of California State University East Bay)

	1: Beginner	2: Novice	3: Proficient	4: Advanced	Score
Organization	Audience cannot understand presentation because there is no sequence of information.	Audience has difficulty following presentation because student jumps around.	Student presents information in logical sequence which audience can follow.	Student presents information in logical, interesting sequence which audience can follow.	
Subject Knowledge	Student does not have grasp of information; student cannot answer questions about subject.	Student is uncomfortable with information and is able to answer only rudimentary questions.	Student is at ease with expected answers to all questions, but fails to elaborate.	Student demonstrates full knowledge (more than required) by answering all class questions with explanations and elaboration.	
Graphics	Student uses superfluous graphics or no graphics	Student occasionally uses graphics that rarely support text and presentation.	Student's graphics relate to text and presentation.	Student's graphics explain and reinforce screen text and presentation.	
Mechanics	Student's presentation has four or more spelling errors and/or grammatical errors.	Presentation has three misspellings and/or grammatical errors.	Presentation has no more than two misspellings and/or grammatical errors.	Presentation has no misspellings or grammatical errors.	
Eye Contact	Student reads all of report with no eye contact.	Student occasionally uses eye contact, but still reads most of report.	Student maintains eye contact most of the time but frequently returns to notes.	Student maintains eye contact with all sectors of the audience, seldom returning to notes.	
Elocution	Student mumbles, incorrectly pronounces terms, and speaks too quietly for students in the back of class to hear.	Student's voice is low. Student incorrectly pronounces terms. Audience members have difficulty hearing presentation.	Student's voice is clear. Student pronounces most words correctly. Most audience members can hear presentation.	Student uses a clear voice and correct, precise pronunciation of terms so that all audience members can hear presentation.	
				Total Points:	

Case Study

You will be completing a case from the Deloitte Trueblood Case Series (http://public.deloitte.com/media/0226/2007/cases/07-06c_graphic_inc.pdf).

Grading

Exam I	100 points
Article summary, oral report, and case study , 20 points each	60
Exam II (comprehensive)	100
 Total possible	 260

A: 234-260; B: 208-234; C: 182-207; D: 156-181; F: 0-155

The instructor reserves the right to lower required point totals at the end of the semester and to make judgments in borderline cases. If you are taking the course S/U, you will need a grade of "B" or better to receive an "S." A grade of incomplete (I) will be given only as provided in the [NMSU Graduate Catalog](#).

It is unusual in this course for students to submit written assignments late, but in that event there will be a late penalty of two points per weekday or portion thereof.

Key Dates

08/21/08	Deadline for degree application
09/03/08	Deadline for registration/course addition
09/15/08	Meet the Firms
09/16/08	Career Expo, Corbett Center Ballrooms (see note with Meet the Firms above)
10/15/08	Last day to drop a course with a "W"
11/14/08	Last day to withdraw from the university (not as drastic as it sounds)

Class Schedule (Subject to Modification Except for Exam Dates)

Day	Date	Topics	Assignments and Comments
1	08/26/08	Introduction; accounting history	(1) Syllabus; (2) "Basic Features" case handout.
2	09/02/08	Accounting history (cont'd); Conceptual frameworks for accounting theory and practice	(1) SFAC 1 and 2 ; (2) IASB/FASB Conceptual Framework Project (skim); also see http://www.iasplus.com/standard/framewk.htm ; (3) Hatfield, H., "A Historical Defense of Bookkeeping" at http://aaahq.org/EC_Council_Agendas/2006_08council/Hatfield_Historical_Defense1924.pdf
3	09/09/08	Conceptual frameworks (cont'd)	(1) SFAC 5 and 6 ; (2) Deloitte IFRS Guide (skim)
4	09/16/08	Revenue recognition; Accounting for income taxes; Obligations for employee benefits	IAS 18 or http://www.iasb.org/NR/rdonlyres/1A3771B8-5627-44E4-984E-AC90FEE1A971/0/IAS18.pdf ; IAS 12 ; IAS 19 ; SFAS No. 87 (skim)
5	09/23/08	Normative accounting models	Accounting model handouts and Demski, J., "The General Impossibility of Normative Accounting Standards," <i>The Accounting Review</i> (October 1973), pp. 718-723 (handout).
6	09/30/08	Theory selection; abstract accounting theory	AAA Financial Accounting Standards Committee, "Evaluating Concepts-Based vs. Rules-Based Approaches to Standard Setting," <i>Accounting Horizons</i> (March 2003), pp. 73-89.

7	10/07/08	Decision usefulness paradigm	Dieter, R., "Is Lessee Accounting Working?" <i>CPA Journal</i> (August 1979), pp. 13-15, 17-19; Ketz, J.E., articles on lease accounting (http://accounting.smartpros.com/x54131.xml); http://accounting.smartpros.com/x61146.xml); US/International comparison of lease accounting: http://ez13.com/fas13-ias17.htm
8	10/14/08	Exam I	
9	10/21/08	Aggregate decision maker paradigm	Mann, C., "Are Stock Movements Predictable: And What Does It Have to Do With the Price of Lettuce" (Interview with Eugene Fama), <i>Investment Vision</i> (October/November 1991) (handout)
10	10/28/08	Adverse selection (conclusion)	Melendrez, K., et al., <i>Cash Flow and Accrual Surprises: Persistence and Return Implications</i> ; Beaver, W., "Perspectives on Recent Capital Market Research," <i>The Accounting Review</i> (April 2002), pp. 453-474 (stop after first paragraph on p. 466).
11	11/04/08	Individual decision maker paradigm; Economic consequences of accounting policies	Zeff, S., "The Rise of Economic Consequences," <i>Journal of Accountancy</i> (December 1978), pp. 56-63 (handout); McEnally, R., and Walters, P., "The Critical Nature of Neutral Financial Reporting," <i>FASB Report</i> (August 29, 2003), pp. 2-3 (http://www.fasb.org/articles&reports/constituents_tfr_aug_2003.pdf).
12	11/11/08	Economic consequences	Written article summary due. Student presentations and submission of multiple-choice questions--three groups (tentative schedule as of 8/25/08).
13	11/18/08	Economic consequences; Positive accounting theory	Kinney, W., "Some Reflections on a Professional Education: It Should Have Been More Positive," <i>Issues in Accounting Education</i> (Fall 1990), pp. 295-301. Student presentations and submission of multiple-choice questions--three groups (tentative).
14	12/02/08	Earnings management	Trueblood Case 07-6 due. Student presentations and submission of multiple-choice questions--three groups (tentative).
15	12/09/08	Exam II (comprehensive) (6:00-8:30 p.m.)	