Accounting Concepts and Financial Reporting  
(Accounting Theory)  
ACG 6136 (Section 3282) – Spring 2011

Instructor: Jennifer Wu Tucker, Ph.D., CPA  
Class Schedule: 1:55 am -3:50 p.m. March 1 – April 26 in 122 Gerson Hall.  
Office: 310 Gerson Hall  
Office Phone: (352) 273-0214  
Office Hours: 11:00 – 12:00 am Tuesdays (You may stop by anytime when my door is open.)  
E-mail: jenny.tucker@warrington.ufl.edu (the preferred communication method)  
Course Website: E-learning in Sakai https://lss.at.ufl.edu/  
(Your Gatorlink ID and Password are required.)

Required Readings: see course outline. Available on the course website.

Recommended textbooks:
1. *Accounting Theory: An Information Content Approach*, by Christensen and Demski. McGraw-Hill, 2003. The book is out of print at the time being. You may find used copies from previous students or on the internet. The book is referred to a CD.

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

Objectives:
This course surveys accounting theories from several perspectives with the emphasis on the information perspective. The main objective is to develop your conceptual, critical, and perhaps creative thinking about accounting issues.

Structure:
The class is interactive and requires your active participation. The material will be covered in a “sandwich” format. The first building block provides a historical perspective on accounting, such as its history, regulation, and the traditional issues to which the profession has faced. The second building block introduces information economics and the information perspective of accounting theory. The last building block focuses on current accounting issues.

Course Requirements:
Class Participation: Participation is evaluated after each class except for Sessions 1, 12, and 13. You are allowed to drop one session score. The points are awarded as follows:
   0 – An unexcused absence
   1 – Being present but totally quiet (and excused absences)*
   2 – Being involved in class discussion (and excused absences)*
   2.5 – Being involved in class discussion and providing excellent input
Examples of excellent input are:
- Ask good questions
- Read and bring related articles that are not assigned by the instructor for class discussion
- Volunteer to lead class discussion or demonstrate on the board.
- Integrate real-life experience (e.g., your internship, working, or debate experiences) into 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 assigned readings for the class that you have just missed. Your participation grade will be assigned after this test.

Readings: The class requires A LOT of reading. You are required to read the material assigned for each session before class and be prepared for class discussion. Please plan your time ahead because some readings are quite long. You are encouraged to read beyond what has been assigned.

Homework: Five homework assignments will be collected. You must write up your answers individually, even though you may talk with your classmates during your preparation.

Group Project: Please form a group of 3 to 4 members. Your group will be randomly assigned an accounting issue to investigate. The accounting issues are either “accounting for leases” or “accounting for revenue recognition.” You will research about the accounting issue and write a report of no more than five pages (single-spaced, the page limit does not include the reference list and any figures or tables). A good starting point for both accounting issues is the recent exposure draft issued by FASB for public comments and comments on the proposed rule. You are encouraged to use additional sources. You must read widely, think creatively, reason logically, and write clearly. Your project grade will be based on my evaluations of the written report, presentation slides, and individual presentation. To discourage free-riding, at the end of the course each group member will turn in his or her peer evaluations (between 0 and 10) of the other group members. A student’s mean peer evaluation divided by 10 will be the grading weight used for his or her group-score portion of the project. Please e-mail me the list of your group members by March 16 and the project assignment will be drawn in class on March 17. The written report and presentation slides are due on April 19 before class by e-mail (one email per group, no hard copies, please).

Final Exam: Two questions in the final exam will be on site. These questions are comparable to your homework problems. The other four questions will be take-home, essay-type. For the take-home questions, you may use all the resources you have except for asking people including your classmates.

Grading:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Class Participation</td>
<td>25</td>
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<tr>
<td>Homework (5)</td>
<td>25</td>
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<tr>
<td>Group Project</td>
<td></td>
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<tr>
<td>Written Report (group)</td>
<td>10</td>
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<tr>
<td>Presentation slides (group)</td>
<td>5</td>
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<tr>
<td>Presentation (individual)</td>
<td>5</td>
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Final Exam
  On-site problems  10
  Take-home short essays  20
  Total  100 points

Other Issues:
1. E-mail is the best way to reach me. In the “subject” section of your e-mail, please indicate your 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 should be raised within a week after the graded assignment is returned.

3. I change the required readings, homework assignments, group project, and final exam questions from year to year. Asking students who took my course previously for answers is not a good allocation of your time.

4. Religious holidays are valid excuses for your absence if you follow the procedures stated in University’s attendance policies.

5. Please come to class on time and turn off your electronic devices (including computer) before class.

Required Readings (in the order of the dates assigned):


14: FASB proposed new rule: exposure draft on lease accounting.

15: AAA comments on the proposed lease accounting rule.

16: FASB proposed new rule: exposure draft on revenue recognition.

17: AAA comments on the proposed revenue recognition rule.

### Class Outline

<table>
<thead>
<tr>
<th>No</th>
<th>Date</th>
<th>Topic</th>
<th>Assignments</th>
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<tbody>
<tr>
<td>1</td>
<td>3/1 (Tues)</td>
<td>Preliminaries</td>
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<td><strong>2. HW1 due 3/15</strong>: 1-page (single-spaced) report -- list two controversial accounting standards and explain why they are controversial.</td>
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<td>3</td>
<td>3/15 (Tues)</td>
<td>History of Accounting (II)</td>
<td>Read before class: Hart (2009), Hanson et al. (2011)</td>
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<td>4</td>
<td>3/17 (Thur)</td>
<td>Review of economics</td>
<td>Read before class: Backhouse and Medema (2009), Ohanian (2010)</td>
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<td>5</td>
<td>3/22 (Tues)</td>
<td>Information economics</td>
<td>Read before class: Akerlof (1970) and Spence (1973)</td>
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<td></td>
<td>3/24</td>
<td>No class (project time)</td>
<td><em>Instructor attends conference.</em></td>
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<td>6</td>
<td>3/29 (Tues)</td>
<td>Accounting for Valuation (I)</td>
<td>Read before class: Waymire and Basu (2008, Ch. 6, pp.94-135)</td>
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</tbody>
</table>
|    |            | (topics: valuation under certainty, value, income, depreciation, cost of capital) | **HW3 due 4/5**  
<p>|    |            |                               | <em>Recommended reading: CD Ch. 5&amp;6</em>                                         |
| 8  | 4/5 (Tues) | Accounting for Valuation (II)  | Start to read: Ohlson (2009)                                               |
|    |            | (topics: valuation under uncertainty, modeling information, the impact of information) | <em>Recommended reading: CD Ch. 7 &amp; 8 (up to p.153)</em> |
| 9  | 4/7 (Thur) | Accounting for Valuation (III) | Finish reading before class: Ohlson (2009)                                 |
|    |            | (topics: residual-income valuation, accrual accounting) | <strong>HW 4 due 4/12</strong> |</p>
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<th>Date</th>
<th>Topic</th>
<th>Reading/Assignments</th>
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<tr>
<td>10</td>
<td>4/12</td>
<td>Accounting for <strong>Evaluation</strong> (I) (topics: firm maximization problem, maximization with manager's effort observable)</td>
<td>Read before class: Watts and Zimmerman (1983)</td>
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<td></td>
<td>(Tues)</td>
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<td><strong>Recommended reading: CD Ch. 2&amp;11</strong></td>
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<td>11</td>
<td>4/14</td>
<td>Accounting for <strong>Evaluation</strong> (II) (topics: maximization with manager's effort unobservable)</td>
<td>Read before class: Jensen and Meckling (1976)</td>
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<td>(Thur)</td>
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<td><strong>HW 5 due 4/19</strong></td>
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<td><strong>Recommended reading: CD Ch. 12</strong></td>
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<td>12</td>
<td>4/19</td>
<td>Current Issues: lease accounting (including group presentations)</td>
<td>FASB exposure draft on leases and AAA’s comments</td>
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<tr>
<td></td>
<td>(Tues)</td>
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<td><strong>Group report due before class</strong></td>
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<tr>
<td>13</td>
<td>4/21</td>
<td>Current Issues: revenue recognition (including group presentations)</td>
<td>FASB exposure draft on revenue recognition and AAA’s comments</td>
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<td>14</td>
<td>4/26</td>
<td>Final exam (two exam questions to be finished on site and four exam questions are take-home essays to be turned in by e-mail by Friday (4/29)</td>
<td><strong>Final exam at 2:00-3:50 in Gerson 122</strong></td>
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**Other readings that you may find interesting (alphabetical order):**


