

Seminar in Financial Accounting Theory
Fall 2005

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Class Time: 8:00-9:15 MW Buckman Hall Room 330

Office Hours: 11:00-12:00 MW; 2:00-3:00 TTh; other hours by appointment

Course Description: An in-depth analysis of the measurement and reporting of financial information to investors and managers. Conventional accounting methods, asset valuation, and income determination, as well as other current topics, will be explored. The course will utilize current articles to study contemporary research issues in financial accounting. Prerequisites: Completion of core courses.

Textbooks and Course Materials:

Required Materials

Financial Accounting Theory, Scott, Prentice Hall

Financial Reporting An Accounting Revolution, Beaver, 3rd edition, Prentice Hall

Articles and readings

Optional but Potentially Useful Materials

An Intermediate Accounting Text

Wiley CPA Examination Review: Financial Accounting and Reporting, Patrick R. Delaney

Course Conduct: An important objective of any masters level accounting theory course is to encourage development of an individual's point of view about the accounting discipline. Toward that end, each student should learn to articulate, explain and defend his or her viewpoint both orally and in writing. The conduct of class sessions will be organized in various modes to achieve these objectives. Class sessions may involve lecture, class discussion, case analysis, group activities and presentations. While there will be periodic exceptions, I will not usually be leading class discussion. Class discussion will normally be conducted in a group discussion format, in which pre-designated groups of students will discuss points of emphasis. My role in class discussion will be limited to (1) providing clarification on issues discussed in the readings for the day, and (2) focusing class attention toward key issues not previously addressed by class leaders. Active participation based on careful reading and preparation *before* class is a vital part of learning the course material and, therefore, daily class participation is expected and will be an important part of my assessment of your performance.

Attendance and participation: Students are expected to participate fully in the class. Failure to attend and participate will affect the grade. The professor may lower the final grade by 3% points for each unexcused absence in excess of 3.

Student Teams: Early in the semester, student teams (size of teams will depend on class size) will be formed. These teams will take responsibility on a rotating basis for developing presentations and handouts related to material for that class period. These will be permanent teams and it will be important that each student contribute to team efforts.

Graded Elements: Consistent with course format features outlined above, students' preparation for, and participation in, class, as well as their contribution to in-class groups will be evaluated during the semester. An individual group paper also will be assigned. This paper assignment will involve analysis of a current accounting issue using the theories and concepts introduced within the course. Students will assume the role of "resident-expert" for their particular topic and will present their paper to the class. Students may choose the topic for the paper with prior approval from the instructor. Detailed requirements for the paper and presentations will be provided in separate handouts. There will be two in-class exams in this course. The exams will be comprised of essay questions/ problems that will examine students' understanding of course material.

Grade Determination: The final grade in the course will be based on the following weights for the graded elements:

Class participation	10%
Team Presentations	15
Mid-Term	25
Final exam	25
Paper/presentation	<u>25</u>
	100

Honor Code: The Rhodes Honor Code is expected to be followed in all aspects of the course. All work is to be pledged.

Schedule/ Assignments

Introduction and Course Organization

August 24: Materials to be distributed

Financial Accounting and the FASB

August 29- Information

1. Beaver, *Financial Reporting: An Accounting Revolution*, Chapters 1 and 2
2. Scott, *Financial Accounting Theory*, Chapter 1

August 31- Market Efficiency

1. Beaver, *Financial Reporting: An Accounting Revolution*, Chapter 6
2. Scott, *Financial Accounting Theory*, Chapter 4

September 5- Labor Day Holiday

September 7- Economic Consequences

1. Scott, *Financial Accounting Theory*, Chapter 7
2. Zeff, S. "The Rise of 'Economic Consequences'," *Journal of Accountancy*, December 1978

September 12-14: Regulation

1. Beaver, *Financial Reporting: An Accounting Revolution*, Chapter 7
2. Scott, *Financial Accounting Theory*, Chapters 12 and 13

September 19-21: The FASB

1. Solomons, "The Politicization of Accounting," *Journal of Accountancy*, November 1978
2. Miller, P., R. Redding, and P. Bahnson, *The FASB: The People, the Process, and the Politics*, Chapters 1, 2 & 3.

September 26-28: Conceptual Framework (Objective of Financial Reporting)

1. Scott, *Financial Accounting Theory*, Chapter 3,
2. Storey, R. and S. Storey, *Financial Accounting Series Special Report: The Framework of Financial Accounting Concepts and Standards*, pp: 67-118.
3. Solomons, "The FASB's Conceptual Framework: An Evaluation," *Journal of Accountancy*, June 1986

October 3-5: Conceptual Framework (Recognition and Measurement)

1. Scott, *Financial Accounting Theory*, Chapter 5
2. Storey, R. and S. Storey, *Financial Accounting Series Special Report: The Framework of Financial Accounting Concepts and Standards*, pp: 145-160.

October 10-12: Conceptual Framework (Elements of Financial Statements)

1. Scott, *Financial Accounting Theory*, Chapter 6
2. Storey, R. and S. Storey, *Financial Accounting Series Special Report: The Framework of Financial Accounting Concepts and Standards*, pp:119-145
3. Sprouse, "The Importance of earnings in the conceptual Framework," *Journal of Accountancy*, January 1978.

October 17-19: Test 1

1. October 17- Fall Break
2. **OCTOBER 19- TEST 1**

Papers and Presentations

October 24- December 7: Schedule to be determined