

AMIS H3201 Accounting
Spring 2019
11:10-12:30 MWF
210 Gerlach

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10:00-11:00 MW
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General Description

The course deals with theory and practice in the academic discipline of accounting. Although the course has an academic focus, it is not divorced from practical issues. Indeed, by reading and analyzing scholarly work, students gain a keener understanding of the ways in which accounting is practiced.

Approach

There are many possible ways to approach the study of accounting. This course emphasizes an information content approach in which accounting reports represent one among many sources of information in a society. In this approach, we examine the structure, language, and comparative advantage of accounting reports as an information source. Uncertainty will be central to our discussions.

Class preparation is vital and involves reading and carefully working the examples. The course will operate seminar style with students actively involved in presenting examples. Currently, a written final exam is scheduled. Each class session will test our understanding of accounting. This plan can be altered if necessary. The course involves a substantial time commitment (at least two to three hours outside of class for each hour in class).

****Students are expected to have previously completed or be concurrently enrolled in honors accounting and linear algebra. If you choose not to participate in the accounting & linear algebra course expect to be at a distinct disadvantage.****

Text and Reading Materials

any *Intermediate Accounting* (IA) text.

Assignment (and additional) material is posted at the following web address:

<http://u.osu.edu/schroeder.9/amis-3201h/>

Recommended (optional):

Christensen, J. and J. Demski (CD). *Accounting Theory: An Information Content Perspective*, Irwin McGraw-Hill, ISBN: 0072296917 (strongly recommended).

Demski, J. (D) *Managerial Uses of Accounting Information*, revised edition, Springer, ISBN 9780387774503 (strongly recommended).

Nielsen and Chuang, *Quantum Information and Quantum Computation*, Cambridge University Press, 2000.

Pearl, Glymour, and Jewell, *Causal Inference in Statistics: A Primer*, Wiley & Sons, 2016.

Group Presentations and Written Assignments

The class will be divided into thirteen groups. Each group will have the opportunity to lead the discussion of three cases during the quarter. All groups will submit for grading a written analysis of all assigned cases on the day the case is discussed (one report per group). (Cases are identified on the attached pages.)

Paper

As a part of the final exam, each student will write and submit for grading a brief paper. The topic involves the informational role of accounting as it relates to one of your favorite accounting activities (for example, production cost and inventory analysis, reporting hedging activities, earnings management and/or income smoothing, attestation, financial statement analysis, reporting consolidated operations, and so on).

Papers are to be three to five double-spaced, typewritten pages (in good form) excluding figures, tables, references, etc. The paper will be due at the time of the final exam.

Course Requirements and Grading

Grades will be assigned based on cumulative performance in the course, using the following weights for the components:

Group presentations, written assignments, and class discussion	80%
Paper	10%
Final exam (in-class portion)	10%

Tentative schedule for AMIS H3201 Spring 2019:

week	1st meeting	2nd meeting	3rd meeting
1	ACCOUNTING STRUCTURE & SYMMETRIC INFORMATION CD ch. 1, D ch. 1; Ralph's economic income (a)	CD ch. 3, 5, 7; D ch. 3, 9; Ralph's economic income (b), Ralph's structure, [group 1]	general equilibrium; CD ch. 2; D ch. 3; Ralph's income benchmark [group 2]
2	UNCERTAINTY & INFORMATION uncertainty, CD, ch. 5, 7; D ch. 9; Ralph's probability assignment [group 3]	accruals & projections, CD ch. 8; notes on best depreciation schedules; prediction; Ralph's dual accruals (part A) [group 4]	MULTIPLE SOURCES OF INFORMATION valuation information; CD ch. 9-10; Ralph's information paradox [group 5]
3	valuation information; CD ch. 9-10; Ralph's scale [group 6]	PRODUCTIVITY & MANAGERIAL EXPERIMENTATION D ch. 11, 12, notes on projections; Ralph's technology(A&C) [group 7]	causality; Ralph's back-door adjustment [group 8]
4	causality; Ralph's instrumental variables [group 9]	causality; Ralph's path coefficients [group 10]	optimal investment/production, D ch. 12; Ralph's long-run frame [group 11]
5	optimal investment/production, D ch. 12; Ralph's equilibrium probability assignment [group 12]	optimal investment/production, D ch. 12; Ralph's fundamental accounting [group 13]	optimal investment/production, D ch. 12; Ralph's long-run quantum accounting (A) focus on cases 1,3,4 [group 1]

week	1st meeting	2nd meeting	3rd meeting
6	<p>optimal investment/production, D ch. 12; Ralph's long-run quantum accounting (B) focus on cases 1,3,4 [group 2]</p>	<p>ASYMMETRIC INFORMATION & DISCLOSURE CD, ch. 8; D ch. 10; performance evaluation & incentives, CD ch. 11; D ch. 13, 15; Ralph's private information challenge [group 3]</p>	<p>performance evaluation & incentives, CD ch. 11; D ch. 13, 15; Ralph's responsibility assignment [group 4]</p>
7	<p>production and incentives; D 13, 18; Ralph's rationing and taxes [group 5]</p>	<p>Relative performance evaluation, team incentives & quantum information D ch 18, 19; Ralph's RPE; Ralph's excess (B) [group 6]</p>	<p>accruals & LEN model, CD ch. 11; D ch. 13, 15; Ralph's dual accruals (part B) [group 7]</p>
8	<p>performance evaluation CD ch. 11; D ch. 13; Ralph's implicit incentives [group 8]</p>	<p>incentives & earnings management; D ch. 16-18; Ralph's earnings management (A) [group 9]</p>	<p>incentives & earnings management; D ch. 16-18; Ralph's earnings management (B) [group 10]</p>
9	<p>asymmetric information & valuation, CD, ch. 8; D ch. 16-18; Ralph's accounting reserves [group 11]</p>	<p>accounting standards & report precision, CD ch. 19-20; D ch. 19; Ralph's regulation [group 12]</p>	<p>accounting standard & asset valuation, CD ch. 19-20; D ch. 19; Ralph's asset revaluation regulation [group 13]</p>
10	<p>product market disclosure, D ch. 10; Ralph's strategic disclosure [group 1]</p>	<p>disclosure, D ch. 10; Ralph's sanitization [group 2]</p>	<p>Public versus private information, D 10; Ralph's beauty contest [group 3]</p>

week	1st meeting	2nd meeting	3rd meeting
11	contingent claims analysis & option valuation; Ralph's 157 dilemma [group 4]	SCALING & FINANCIAL STATEMENT ANALYSIS deferred compensation, Cox, Ross, and Rubinstein, 1979, "Option valuation: A simplified approach"; Ralph's employee stock options (part A) [group 5]	deferred compensation, contingent claims analysis & option valuation; Rubinstein, 1994, "On the Accounting Valuation of Employee Stock Options,"; Ralph's employee stock options (part B) [group 6]
12	deferred compensation, pension & other benefit obligations, IA; Ralph's pension analysis [group 7]	private debt, IA; Ralph's note [group 8]	public debt (bonds), IA; Ralph's bonds [group 9]
13	leases, IA; Ralph's leases [group 10]	income taxes, IA; Ralph's income taxes [group 11]	owners' equity disclosures, IA; Ralph's EPS [group 12]
14	financial statement analysis, IA; Invertible Ralph [group 13]	financial statement analysis, IA; Ralph's accounting information [group ?]	financial statement analysis, IA; Ralph's financial statement analysis [group ?]
		Final Exam M 4/29/19 12:00-1:45	

Group assignments:

Group	Discussion leaders	Examples
1 1 1	Abdallah,Olivia Hovest,Sarah Phillips,Hunter	Ralph's economic income (b), Ralph's structure Ralph's long-run quantum accounting (A) Ralph's strategic disclosure
2 2 2	Berry,Gregg Izzo,Michael Paul Puthoff,Alex	Ralph's income benchmark Ralph's long-run quantum accounting (B) Ralph's sanitization
3 3 3	Binder,Andrew Richard Kohmann,Shelby Caroline Rujawitz,Braden Jack	Ralph's probability assignment Ralph's private information challenge Ralph's beauty contest
4 4	Cehade,Celine Maria Koneru,Rohith Schatz,Jeremy	Ralph's dual accruals (part A) Ralph's responsibility assignment Ralph's 157 dilemma
5 5	Cheng,Edward Limon Li,Michelle Seliga,Ellie Grace	Ralph's information paradox Ralph's rationing and taxes Ralph's employee stock options (part A)
6 6	Clifton,Zoe Lin,XinBing Shi,Jessie	Ralph's scale Ralph's RPE; Ralph's excess (B) Ralph's employee stock options (part B)
7 7	Crockett,Jacob S Lovell,Mason Charles Smith,Tyler Andrew	Ralph's technology(A&C) Ralph's dual accruals (part B) Ralph's pension analysis
8 8	Dobres,Aaron Elijah Lowden,Tommy Tan,Ashley Victoria	Ralph's back-door adjustment Ralph's implicit incentives Ralph's note
9 9	Edelstein,Cassandra Elaina Markley,Abbey Whitt,Travis	Ralph's instrumental variables Ralph's earnings management (A) Ralph's bonds
10 10	Fittro,Ethan Jacob McGee,Matthew Frank Wimmel,Max Thomas	Ralph's path coefficients Ralph's earnings management (B) Ralph's leases
11 11	Florness,Peter Miller,Allie Zheng,Christina	Ralph's long-run frame Ralph's accounting reserves Ralph's income taxes
12 12	Hamilton,Avery Joseph Miller-Davis,Joseph	Ralph's equilibrium probability assignment Ralph's regulation Ralph's EPS
13 13	Heneyey,James Packo,Grant Michael	Ralph's fundamental accounting Ralph's asset revaluation regulation Invertible Ralph

