DE PAUL UNIVERSITY
SCHOOL OF ACCOUNTANCY AND MIS
ACCOUNTING 640, ACCOUNTING THEORY AND POLICY FORMULATION
SECTION 201, Lewis 105
WINTER QUARTER 2015

Instructor: R. Mark Alford, Ph.D., C.P.A.
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Office Hours: Mondays from noon to 1:30 p.m., 4:45 to 6:00 p.m. and after class; I will be happy to make arrangements to meet with you at other times if the above is not convenient. Correspondence via email or telephone is also encouraged.

COURSE PREREQUISITES: ACC 545 and ACC 550 or in the MACC Program

REQUIRED TEXT:
- More Than a Numbers Game: A Brief History of Accounting by Thomas A King, Wiley, 2006
- Additional course materials will be provided for you or will be available online

COURSE OVERVIEW:
Accountancy 640 is identified as the “capstone” course in the Master of Science in Accountancy (MSA) Program. As such it is important for the course to provide an overview of financial accounting policy issues and to help you to become familiar with the “current state of affairs” in financial accounting. Toward this end, this course has a significant research and writing component. As a result, one of the principle objectives of the course is for you to become proficient at effectively performing research related to accounting issues, including those that are somewhat obscure. In addition, you will have several assignments during the course aimed at improving your written communication skills. Finally, the course offers multiple opportunities for you to enhance your oral presentation talents with a variety of required presentations. Keep in mind that recruiters emphasize the importance of the development of research and writing as well as oral communications skills to achieve success in an accounting career.

We will begin the course by examining the standard setting process (issuing GAAP) as it applies to the practice of financial accounting and reporting. Our discussion will include the roles of both the Financial Accounting Standards Board (FASB) and the Securities and Exchange Commission (SEC) in this process. We will also review a sample of corporate filings required by the SEC. These filings are required of all public entities; those whose securities are listed on any stock exchange in the U.S. Next, I will spend time introducing you to the FASB’s Accounting Standards Codification (the Codification or ASC). This Codification Project was finalized during the summer of 2009 and the ASC includes all relevant authoritative accounting literature (GAAP) issued by both the FASB (including its predecessors) and the SEC. The ASC will be your source for all accounting research assignments during the quarter. Your familiarity with the ASC will make you much more proficient in your ability to complete accounting research projects as you begin your professional careers.

Regarding accounting research, one of my main objectives in this course is to get you out of your so-called “comfort zone” insofar as financial accounting is concerned. In most financial
accounting courses you have been expected to find the one, correct answer in a given set of circumstances. For example, you were expected to learn the one, correct way to calculate the amount of interest to accrue on a note receivable or payable. Similar expectations characterized your tax courses in that you were expected to identify the appropriate tax treatment for investment income or charitable contributions. In this course you will quickly learn that in many areas of financial accounting and reporting, as in tax accounting, there is not always one obviously correct answer or solution to a complex accounting issue. As a matter of fact, you may discover that in some situations multiple correct answers can be supported. The time that you dedicate to learning how to perform accounting research in an efficient and effective manner will be valuable to you in discovering solutions to obscure accounting issues and learning how to use the authoritative literature to support the conclusions you reach regarding these issues. The portion of the course dedicated to accounting research will at times not be as concerned with the “black and white” areas of financial accounting as it will be with the “gray” areas. In your careers, you will quickly learn that there are numerous gray areas in financial accounting.

The course will also address various financial accounting topics including revenue recognition, fair value measurement and disclosures and earnings quality issues as they relate to financial reporting. Revenue recognition is one of the most frequently abused financial accounting principles in that businesses may be tempted to manipulate revenue recognition rules to “manage” or “smooth” their earnings. The trend toward the use of fair values in financial reporting is growing and we will review the most current authoritative literature related to this topic. Interestingly, many have blamed the most recent economic crisis, particularly in the banking industry, on required disclosures related to fair values. We will also spend time identifying the factors that contribute to the overall “quality” of reported earnings and what factors detract from that “quality”.

In March 2008, the SEC began allowing foreign companies to submit financial statement filings prepared in accordance with International Financial Reporting Standards (IFRS) without reconciliation to US GAAP. Before March 2008 reconciliation was required. As a result, the significance of IFRS will be addressed in this course. Toward the end of the quarter we will examine a number of accounting issues and compare and contrast their treatment between the requirements of US GAAP and those found in IFRS. Part of this discussion will focus on distinguishing between rules-based and principles-based accounting systems. We will conclude the course with an overview of key issues as they relate to ethics in accounting and auditing.

I realize that most of you are taking this course as you complete your MSA Program and approach graduation. Keep in mind that although the end of your academic experience at DePaul is approaching, this course requires a significant commitment on your part and my expectations for your participation and performance during the term are high. In reality my expectations for this class are similar to those that your employer will have once you begin your careers. You will be expected to read, perform research, draw conclusions and support these conclusions using the authoritative literature, participate in group assignments, write effectively, ask questions, and, above all, to commit to continual learning.

You can help insure your success in this course by setting high expectations for yourself. I can assure you that the level of meaningful input and conscientious effort that you devote to this course will have a significant impact on what you learn. And, what you learn will translate into your course grade. In other words, your level of personal commitment to the challenges of this course will be closely related to the payoff for that commitment.
CLASS STRUCTURE:

The format of a particular class meeting will vary from week to week. I will spend a number of class meetings (including the first three weeks) presenting lecture material. Other class meetings will be used for group presentations, either formal or informal. Certainly, in every class I will attempt to initiate classroom discussions where any and all input will be encouraged and given full attention.

Given the flexible class format structure described above; I have identified the following list of responsibilities or expectations for you as graduate students in accountancy at a major university.

- **Commit to learning rather than grades.** It is incumbent on each of you to recognize the benefits of learning. You should have discovered by now that if you are genuinely committed to learning, your objective of making good grades will almost certainly be realized. This commitment requires that you make a committed effort on every assignment and exam.

- **Commit to your group.** A significant portion of your grade (40%) will be based on work you submit and/or present as a group. It is your responsibility to make a conscientious commitment to your group on all assignments. Making deals within a group where one or more members are excused from work on a particular project in return for doing more work on another is not what I expect. In your careers when you are asked to participate in group projects, I can assure you that this arrangement will not be acceptable. Your commitment to learning (see above) requires commitment to each and every group activity.

- **Preparation.** Be familiar with the class material to the extent possible before coming to class. I will provide an outline on D2L for note-taking purposes prior to each class when I will be lecturing. Your familiarity with the lecture outline prior to class will make learning much easier and will enable you to participate more fully in classroom discussions. You should have ample time to review the outline prior to class.

- **Participate in class.** I want to know your opinions and viewpoints regarding the various accounting issues we cover. Oftentimes, students have perspectives that their peers (and I) may have not considered. Your input is essential to the overall learning process.

- **View our class as a learning community rather than as a group of disparate individuals without common interests.** In a learning community, all members have the responsibility to not only learn but to contribute to the learning of others in the community.

- **Have a positive attitude.** A good attitude about learning will make a world of difference.

- **Provide constructive feedback to me and to your classmates.** Our classroom discussions will often involve reacting to the views or presentations of others. Your comments are welcome and encouraged and should always be made professionally and respectfully.

- **Ask questions.** Try not to be concerned that your questions are “stupid” or that everyone else already knows the answers. Part of any learning process involves thinking about issues in ways that you are not accustomed. To get the most from this aspect of the learning process, it is critical to have an environment where questions are openly asked and welcomed by all.
COURSE REQUIREMENTS

As the discussion above indicates, group work, including presentations, will comprise a significant component of your course grade. In addition, your participation in discussions in all class sessions is critical to the success of the course. As a result, regular attendance is important. More specifically, you must be present for all of your group’s scheduled presentations in order to receive credit. In other words, if you miss class when your group is scheduled for a presentation, you will not receive credit for that presentation regardless of how much you contributed to the preparation of the presentation materials. If you discover that you must miss ANY class session, let me know before that class. If the class you must miss is a presentation date for your group AND you have informed of your absence beforehand, you may ask me to prepare a make-up assignment to ensure that you have learned and understand the material missed and to allow you to receive credit for the assignment. Any make-up assignments will include an oral presentation. Absent extraordinary circumstances, I will not allow anyone to make up work for more than one missed presentation.

Finally, arriving for class on time and not leaving early or during class except for scheduled breaks is a matter of personal and professional responsibility and respect for your classmates and me. As a result, I expect all of you to be on time and I strongly request that you not leave class at any time other than during the scheduled class break. If you anticipate having to leave class early or at any time other than at the break, please let me know before class. Should you fail to exhibit responsibility and respect in this regard, you and I will meet to discuss the issue.

GRADING AND EVALUATION OF YOUR WORK

Group Assignments: A review of the Assignment Table indicates the variety and frequency of group assignments. These assignments include both writing exercises and oral presentations and focus on assigned readings, research, and materials covered in class. Assignment of students to groups will be made at my discretion.

I expect all group members to contribute in a meaningful way to all assignments and I anticipate giving the same grade to all members of a group for all group assignments (with the possible exception of formal presentations). Arrangements where one or more group members get a “free pass” on an assignment in return for extra work on another is not acceptable and I expect to be informed immediately if this is happening. These arrangements serve no purpose except to insure that not everyone learns the relevant material.

Should a group have a non-contributing member, let me know immediately! I will address the issue and if the non-contributor does not respond as he or she should then all future group assignments will be prepared individually by the non-contributor. If you do let me know of non-contributors, there is nothing I can do. If I am not made aware of situations where a group member is getting a “free ride”, the result is that participating members are doing more work than is expected and non-contributors are receiving grades for work they do not complete. This is not what I intend and it is not fair for anyone involved.

Finally, I expect all members of a group to be completely familiar with all aspects of an assignment. For example, when I ask questions following an oral presentation, be prepared for me to address the question to anyone in the group rather than only the individual who presented the information that is the focus of my questions.

Group presentations will be of two types: formal and informal. Each group will prepare and deliver one formal presentation. This presentation will be based on a selected topic introduced in *More Than a Numbers Game*. Your group’s presentation should mimic a professional presentation or a job interview in terms of your attire, your presentation materials, etc. Each group should: (a) prepare discussion materials (e.g., PowerPoint slides) to accompany its presentation; make sure that there is consistency in terms of font, margins, headings, bulleted,
etc. particularly if slides are prepared independently by group members; (b) upload your slides to D2L prior to your presentation so that your classmates have ample time to download them and bring them to class; if we are in a computer classroom your classmates will not need a hardcopy of the slides. A Forum will be available under the” Discussions” tab on D2L for this purpose; (c) assign specific speaking parts to all group members; (d) present (do not read) your remarks in a coherent and cohesive manner; (e) dress in a manner fitting of the “formal” scenario; your attire will count as part of your presentation grade. If you are not sure what constitutes attire appropriate for these presentations, ask me. On the date of your group’s formal presentation arrive in class early enough to insure that you are ready to begin immediately at the start of class.

As you prepare for your formal presentation, imagine that it is being delivered to a client or to superiors at your workplace. My evaluation of these presentations will take into consideration (a) the content of the presentation materials including its quality, accuracy, and completeness, (b) the quality of the presentation itself in terms of the presentation skills that each group member exhibits including the overall flow of the presentation from speaker to speaker which is enhanced when all presenters are familiar with the entire presentation, (c) the overall professionalism of the presentation including attire, (d) the length of the presentation with respect to my directives, and (e) whether your group was completely prepared to begin its presentation on time. I will post an example of the evaluation rubric that I will use to assess your presentations on D2L.

Finally, each group must email its presentation slides (with any revisions I suggest) to me within 48 hours after the presentation (6:00 p.m. on the Wednesday following your presentation on Monday evening). DO NOT post the revised slides to D2L; I will do so after I have reviewed them. The purpose of this requirement is to allow me to make the corrected slides available on the course website in a timely fashion to allow your classmates the opportunity to review the presentation content for exam purposes. Failure to meet the 48-hour deadline will result in a one letter grade reduction of your presentation grade if I receive the slides within 24 hours of when they are due; a two letter grade reduction will occur if the slides are more than 24 hours overdue.

For informal presentations, each group should be prepared to lead a class discussion related to the assignment and share its answers with the class. Evaluation of these presentations will primarily take into consideration the content, completeness, and accuracy of the information communicated as well as the effectiveness with which it is presented. Like formal presentations, all group members should have a speaking role and all group members should be completely prepared to answer questions related to any part of the assignment. With these presentations, you may dress in any way you choose and although I will provide general guidelines as to the duration of your presentations, no points will be deducted for longer or shorter presentations relative to the guidelines as long as the all relevant issues are adequately addressed.

Several group written assignments are also required. These assignments are due at the beginning of the class period that they are due. If a particular assignment is due on D2L it must be posted by 5:59 p.m. The assignment of responsibilities and the completion of these assignments are up to the discretion of group members within the guidelines mentioned above related to participation by all group members. Specific instructions will be made prior to each assignment. Keep in mind that for exam purposes, all group members are responsible for the content of all group oral and written assignments unless I specifically exclude a portion or all of the content of an assignment.
Other: In-Class Discussions: As you begin your careers you will learn how important it is for you to have effective verbal communication skills. A significant portion of your communication with others in your firm and with clients will be verbal. As a result, the development of verbal communication skills is given a high priority in this course. No doubt improving these skills within our learning community is an important step toward mastering them in preparation for your professional careers. Don’t feel as if you have to offer insight related to every topic discussed in class. Effective verbal communication requires that one knows when to speak as well as what to say and how to say it. Speak up when you have something to contribute. Should you not do so voluntarily, I will provide a little prodding.

Course Grade: Your course grade will be determined as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Formal Presentation</td>
<td>10%</td>
</tr>
<tr>
<td>Written Group Assignments (likely 4 or 5)</td>
<td>20%</td>
</tr>
<tr>
<td>Informal Group Presentations (likely 2 or 3)</td>
<td>10%</td>
</tr>
<tr>
<td>Mid-term Exam</td>
<td>30%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>30%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
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As a rule, I do not give make-up exams. However, I do not object to anyone taking an exam early if you have a legitimate reason for not taking it when scheduled. If you feel is a legitimate reason for missing the midterm exam and cannot schedule it early, you must let me know of your situation before the exam is given. Should I allow you to miss the midterm exam, your final exam will count for 60% of your total course grade and will be fully comprehensive. Only in the most extraordinary of circumstances will you be allowed to postpone your final exam.

A final comment with regard to grading: keep in mind that the grade of “Incomplete” is not designed for students who have fallen hopelessly behind in a course and who have little chance of catching up. This grade is reserved for students who have made satisfactory progress in a course and, due to unforeseen circumstances that are beyond their control, are not able to complete the course. Please do not ask me to give you an “incomplete” unless the above situation applies to you. In addition, do not ask me to assign you extra-credit work so that you can improve your grade. There is absolutely NO chance that I will do so. You have numerous opportunities to accumulate points toward earning a passing grade. Again, there will be no additional opportunity of any kind for you to do work above and beyond the requirements of the course. Lastly, I realize that most of you are very close to graduation. Your nearness to graduation will have nothing to do with how I grade your performance in this course.

Academic Integrity and Personal Ethics: Academic integrity requires a commitment to complete and absolute honesty in your intellectual endeavors. The University has a website dedicated to Academic Integrity. There is a link to this website on the D2L course home page where you can find details concerning academic integrity violations and the ramifications for these violations. Pay particular attention to the policies on cheating and plagiarism.

In the latter part of the course we will discuss ethical issues as they apply to businessmen and women. How you behave as a professional will have a lot to do with your personal code of ethics. This personal code of ethics influences your behavior as a student as well. Any time that you are tempted to cheat on an exam or copy another group’s work your personal code of ethics is tested. Any time that you do not contribute to a group assignment in a conscientious manner, you have exhibited a personal code of ethics that is lacking. People generally are not ethical in business if they do not have a strong personal code of ethics. My bet is that if you look for
opportunities to cheat and not participate fully in your academic responsibilities, you will likely not respond as you should to ethical challenges in your career. Let me assure you that I take ethics in the classroom and in higher education very seriously and you should have no doubt that academic integrity violations will be dealt with severely.

**Code of Conduct:** In order to address specific issues that the School of Accountancy and Management Information Systems (SOAMIS) desires to emphasize regarding student behavior, a Student Code of Conduct has been prepared. Students enrolled in any ACC or MIS course are expected to abide by the SOAMIS Student Code of Conduct. The Code of Contact is posted to D2L.

**Important Dates** (For other significant dates, see the University’s Academic Calendar)
Friday, January 9th: last day to add classes for the Winter Quarter ’15
Friday, January 16th: last day to drop Winter Quarter ’15 classes with no penalty
Monday, February 9th: tentative date for the Midterm Exam
Friday, February 20th: last day to withdraw from Winter Quarter ’15 classes
Monday, March 16th: Final Exam during regularly scheduled class time.

The table below applies to specific Modules from **More Than a Numbers Game:**

<table>
<thead>
<tr>
<th>Module</th>
<th>Chapter(s) from More Than a Numbers Game</th>
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<tbody>
<tr>
<td>1</td>
<td>Chapter 6, Standards</td>
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<tr>
<td>2</td>
<td>Chapter 1, Double Entry and Chapter 3, Taxes</td>
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<tr>
<td>3</td>
<td>Chapter 9, Volatility</td>
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<td>4</td>
<td>Chapter 13, Earnings</td>
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<td>5</td>
<td>Chapter 5, Disclosure</td>
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<td>6</td>
<td>Chapter 11, Debt</td>
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## ACC 640 - ASSIGNMENT TABLE – WINTER QUARTER 2015

**NOTE:** All information in this syllabus and the “Assignment Table” is tentative and subject to change.

<table>
<thead>
<tr>
<th>Date</th>
<th>Class Topics</th>
<th>Assignments</th>
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</table>
| 1/5    | ● Introduction to Standard Setting  
         ● Overview of SEC Filings including Form 10Ks and Proxy Statements     | ● **Group Written:** SEC Filings (10-K and proxy statement) Assignment for Target Corp. (TGT); hardcopy due in class on January 12 at the **beginning of class** |
| 1/12   | ● Introduction to Accounting Research Using the FASB’s Accounting Standards Codification  
         ● Documenting Accounting Research                                    | ● **Group Written:** Accounting Research Assignment memos are due by 6:00 p.m. on January 19 on D2L  
         ● **Individual:** Read Module 1 from King  
         ● **Group Formal:** Group 1’s formal presentation of Module 1 will be presented on January 19 at the **beginning of class** |
| 1/19   | ● Group 1 Formal Presentation  
         ● Revenue Recognition                                                   | ● **Group Informal:** Revenue Recognition cases will be presented informally in class on January 26  
         ● **Group Written:** Submit Revenue Recognition case memos on D2L by 6:00 p.m. on January 28.  
         ● **Individual:** Read Module 2 from King  
         ● **Group Formal:** Group 2’s formal presentation of Module 2 will be presented on January 26 at the **beginning of class** |
| 1/26   | ● Group 2 Formal Presentation  
         ● Revenue Recognition Case Presentations                                 | ● **Group Written:** Submit Revenue Recognition case memos on D2L by 6:00 p.m. on January 28.  
         ● **Individual:** Read assigned portions of Chapter 7 from Mintz and Morris (M&M) custom text  
         ● **Individual:** Read Module 3 from King  
         ● **Group Formal:** Group 3’s formal presentation of Module 3 will be presented on February 2 at the **beginning of class** |
| 2/2    | ● Group 3 Formal Presentation  
         ● Assessing the Quality of Earnings                                     | ● **Group Written:** Determine the proper accounting treatment for a series of financial reporting issues. Decisions will impact the “quality of earnings” and have “earnings management” implications. Assignment is due on D2L by 6:00 p.m. on February 16.  
         ● **Group Informal:** Present results of Group Written above assignment to class on February 16 |
| 2/9    | ● Mid-term Exam                                                              | ● **Individual:** Read Module 4 from King  
         ● **Group Formal:** Group 4’s formal presentation of Module 4 will be presented on February 16 at the **beginning of class** |
| 2/16   | ● Group 4 Formal Presentation  
         ● Earnings Quality Assignment Presentations  
         ● Accessing the IASB website and Comparing US GAAP to IFRS                | ● **Group Informal:** IFRS/GAAP Assignment: compare and contrast IFRS and US GAAP in selected reporting areas; informal presentations will be made in class on March 9.  
         ● **Individual:** Read Module 5 from King;  
         ● **Group Formal:** Group 5’s formal presentation of Module 5 will be presented on February 23 at the **beginning of class** |
| 2/23   | ● Group 5 Formal Presentation  
         ● Overview of Authoritative Literature Related to Fair Value Measurement and Disclosures | ● **Group Written:** Fair Value Measurements and Disclosures Assignment; hardcopy due March 2 at the **beginning of class**  
         ● **Individual:** Read Module 6 from King;  
         ● **Group Formal:** Group 6’s formal presentation of Module 6 will be presented on March 2 at the **beginning of class**  
         ● **Individual:** Read assigned portions of Chapter 4 from M&M custom text |
| 3/2    | ● Group 6 Formal Presentation  
         ● AICPA Code of Professional Conduct                                    | ● **Group Informal:** IFRS/GAAP Assignment: compare and contrast IFRS and US GAAP in selected reporting areas; informal presentations will be made in class on March 9. |
| 3/9    | ● US GAAP vs. IFRS presentations                                            | ● Prepare for final exam.                                                                                                               |
| 3/16   | ● Final Exam                                                                |                                                                                                                                        |