**AMIS 2300H — Honors Introduction to Accounting II — Spring 2017**

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|  | RYoung%20small |  |  |
| **Staff instruction:** | **Professor Young**  [young.53@osu.edu](mailto:young.53@osu.edu)  292-0889 | **Raymond Truong** truong.80@osu.edu | **Yuhan Zhang**  zhang.5204@osu.edu |
| **Office**  **Hours:** | Room: Fisher 410  Tue/Thu 10:30-11:30  and by appointment | TBA | TBA |

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| **Class**  **Meetings:** | 0011  0022  0010 & 0020 (combined) | M W 8:00 AM - 9:20  M W 9:35 AM - 10:55  F 9:35 AM - 10:55 | Mason 405  Mason 405  SB 220 |
| **Common Final Exam:** |  | TBA | TBA |

**Introduction**

The *most* important goal for this class is to help you learn how to learn (and explain what you learned) when a task is not overly-structured for you. This objective is addressed by having you present *to your classmates* (see below). There are two main benefits to having you present to the class: (1) it creates incentives for you to be prepared, and (2) being able to learn and teach when tasks are ill-structured is very important in most aspects of life, including your professional life.

We will accomplish this goal while studying accounting from a managerial (decision making) perspective. Professional managers must understand the structure of their organization’s accounting system if they are to make informed management decisions. It is important to recognize that, whether done explicitly or implicitly, managers in practice adopt a decision making *frame*. Framing is the unifying theme of this course.

So that you can apply what you learn to a dynamic organization, the course will be taught from a conceptual standpoint. “Rules, recipes and handy guidelines on how to use accounting are crutches for the less than well-prepared and responsible manager.” (Demski, ch. 1)

In order to truly understand accounting as a source of information, meaning a signal that reduces uncertainty, you must understand the economic substance of the related transaction. This involves thinking about the incentives of the various parties involved in the transaction. This is what is new in this course relative to 2200H.

Because we will *formally* recognize that accounting is a source of information, four ingredients are important to our study: (1) uncertainty, (2) multiple sources of information (accounting and non-accounting), (3) multiple products, and (4) an assumed model of economic behavior.

Finally, *responsibility* is the overarching business principle we will stress (see especially Demski, ch. 1 and 19 and the Accounting Honors Code of Ethics and Responsibility you signed last Fall).

**Honors Accounting**

This is an Honors class, which means it carries with it an invitation to join the Academy. It is not a vocational training course. This means we will concentrate more on developing your managerial human capital and less on rote learning. We will spend time studying *why* accounting is done as it is, and what makes it important in the functioning of organizations, markets and society in general.

In this course you are provided with an enriched learning experience and are in turn expected to work independently and conscientiously, without having your hand held. The course will be fast-paced and challenging. It is important that you keep up with the work. The Honors Code you signed last fall is, of course, still in effect.

It is your responsibility to be prepared for every class and ready to participate in class discussions. This implies you should make every effort to attend class and be on time unless you are ill or have a family emergency. It would be courteous for you to inform me if you know in advance you will miss class. Keep in mind, if you miss class it is not an inconvenience to me, but instead is a lost opportunity for you to learn. Accordingly, there are no “excused absences”. If you miss class, it goes without saying that you should first ask another student to help you. If you do so but would like additional help, and you missed class for legitimate reasons (e.g., illness or family emergency), I will be happy to help you.

In general, you can expect me to be quite willing to facilitate your learning. I make myself available to you via phone, email or office hours. My home phone number is 614-431-9318. Note, I expect you to monitor your email daily.

**Performance Evaluation**

You will be evaluated based on class preparation, two in-class midterm examinations, and a common final examination. Please note the date and time of the final exam, as it departs from the University schedule. Plan your break around this date.

Class Preparation

We will spend most of our class time working through numerical problems and discussing the larger issues they are intended to illustrate. The problems are there more to provoke your thinking than to teach you an accounting technique. No recipes for their solution will be provided. Your approach to class preparation should not only include trying to come up with correct answers, but also thinking about the lessons that are being illustrated. Both are important. Class preparation is important to discussion, and is encouraged by three activities that will be graded: class participation, oral “presentations”, and written assignments.

*Class participation*

I prefer not to lecture, but when I do so, I frequently invite questions. Also, you will have the opportunity to ask questions of me and of your classmates when we present. Please take advantage of this opportunity — learning how to ask a question is a very useful skill! To make class more productive, five percent of your grade is in the form of “professional points” — this involves being present, on time, and attentive in class. An additional ten percent of your grade is based on a combination of your oral presentations (see below) and for volunteering questions or comments that contribute to the learning environment.

*Oral “presentations”*

You will be placed in groups of two during the first week of class. Each day one or two groups will be called on *at* *random* to talk for 10-15 minutes about a problem assigned for that day in class. The word “presentation” is in quotes because a formal, polished presentation is neither expected nor even desired. What I want you to do is talk about what you experienced while working out the problem, the main issues from the chapter being illustrated, what you were able to do, what pitfalls you encountered, tips about the “tricky bits”, questions that came to you, etc. It is NOT important, nor is it normally possible, that you complete the problem during the allotted 10-15 minutes, nor even present the entire solution. The purpose is *not* to put you under pressure to work the entire problem out correctly or to polish your presentation style. Rather, the purpose is first, to encourage diligent class preparation, and second, to stimulate classroom discussion. Remember, if you got stuck or had a question, there is a very high probability someone else in the class encountered the same thing. Finally, it is the responsibility of those not presenting to ask questions and help out the presenters if necessary.

*Written assignments*

Each group should turn in one hard copy of their solution (however complete or incomplete) to that day’s problems at the start of class. Use of spreadsheets is encouraged — on a few occasions you may be required to email your spreadsheet to the TA’s. The collected solutions will be graded primarily for effort and completeness. Some of the assignments will involve responding with a short essay (a page or two). These will be graded for content and exposition. Your work should be neat and organized, including preparing a plan of what you would write on the board “if your number comes up”. The best way to learn is to have to explain what you think to another person. This of course requires collaboration *before you come to class*, rather than working the problem independently. Finally, “splitting up the work” is considered a breach of ethics in accordance with the Accounting Honors Code.

Grading

The midterms and cumulative final are individual, closed book, and closed note examinations. No makeup midterms will be given. Note the special time for the common final exam. Makeup final exams will be given only if excused by University guidelines. Be sure to plan your break around the final examination date. Below is the Grading scheme:

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| --- | --- |
| Class preparation: | % |
| professional points | 5 |
| participation and oral presentations | 10 |
| written assignments | 10 |
| Midterm I (February 10) | 20 |
| Midterm II (March 10) | 25 |
| Common final examination (TBA) | 30 |
| Total | 100 |

**Required Materials:**

Demski, J., *Managerial Uses of Accounting Information, 2nd edition* (ISBN: 978-0-387-77450-3).

Problems at the end of the chapter are denoted “-nn” and Exercises in the chapter are denoted “.nn”.

Other handouts may be distributed in class or posted at <http://fisher.osu.edu/~young.53/Young.html>.

**Students with Disabilities**

Students with documented disabilities should feel free to inform me in private of your needs and to make arrangements with the Office for Disability Services (292-3307 — 150 Pomerene Hall).

**AMIS 2300H — Tentative Course Outline — Spring 2017**

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| --- | --- | --- | --- | --- | --- |
| **Class** | **Day** | **Date** | **Topic** | **Reading** | **Problems** |
| 1 | M | 1-9 | course overview and optimization | preface, ch. 1, ch. 2 (thru section 2.4) | P2-6; address numerically (spreadsheet), analytically (pencil & paper), and graphically |
| 2 | W | 1-11 | economic theory of cost - single product | ch. 2 sections 2.5-7 | [rst 1 and 2](http://u.osu.edu/young.53/files/2016/12/r_solver_training-revised-2b7qifh.pdf), (use [template](https://u.osu.edu/young.53/home/syllabi-problems-teaching-notes/)); E2.4, 2.5 and 2.6 from chapter |
| 3 | F | 1-13 | continued | ch. 2 appendix; “Hints for preparing & presenting” | 2-5, 2-7 Note: where relevant, address 2-5 analytically (pencil & paper), numerically (Solver) and graphically |
|  | M | 1-16 | **MLK Day** |  |  |
| 4 | W | 1-18 | continued |  | 2-10, 2-11 2-12 (address 2-10 and 2-11 both analytically and numerically) |
| 5 | F | 1-20 | Acc. Honors Program Information Session & Breakfast | Meet at SB 220 |  |
| 6 | M | 1-23 | economic theory of cost - multiple products | ch. 3 remainder | 3-5, 3-10, 3-12 |
| 7 | W | 1-25 | continued |  | 3-14, 3-15 |
| 8 | F | 1-27 | accounting vs. economics | ch. 4 | Construct financial statements for 3-15 for periods 1 and 2; Ex. 4.2 from chapter, 4-9 |
| 9 | M | 1-30 | product costing | http://www.chicagobooth.edu/capideas/magazine/spring-2015/why-merton-miller-remains-misunderstood | 4-14 (also make journal entries) |
| 10 | W | 2-1 | continued | ch. 5 | 4-16, 5-13 |
| 11 | F | 2-3 | continued |  | 5-9, 5-10, 5-11 |
| 12 | M | 2-6 | impressionism | ch. 6 | 5-14, rework text example on actual and normal costing |
| 13 | W | 2-8 | continued |  | 6-7, 6-16 (spreadsheet due Monday) |
| 14 | F | 2-10 | Midterm I |  |  |
| 15 | M | 2-13 | continued |  | 6-16 spreadsheet (use [template](https://u.osu.edu/young.53/home/syllabi-problems-teaching-notes/)), Ralph’s unit costs  (parts I-III) |
| 16 | W | 2-15 | continued |  | Ralph’s unit costs (part IV-V), 6-15 |
| 17 | F | 2-17 | modernism |  | Ralph’s variances, 7-4, 7-15 |
| 18 | M | 2-20 | consistent framing | ch. 8 | 7-15 spreadsheet (use [template](https://u.osu.edu/young.53/home/syllabi-problems-teaching-notes/)), 8-3, 8-9 |
| 19 | W | 2-22 | consistent framing |  | 8-10, 8-13 |
| 20 | F | 2-24 | continued |  | 8-15 |
| 21 | M | 2-27 | continued | ch. 9, thru section 4  EV-CE-RP Diagram | 9-8 (spreadsheet suggested) |
| 22 | W | 3-1 | consistent framing under uncertainty | ch. 9 remainder | derive Tables 9.8 and 9.9 |
| 23 | F | 3-3 | continued | Sunder: “Adverse effects of uniform written reporting standards . . .” | 9-14 (also neg exp with =.001), 9-3 |
| 24 | M | 3-6 | continued |  | 9-15, 9-16, 9-17 |
| 25 | W | 3-8 | consistent framing in a strategic setting | ch. 10 (skip section 10.4) | 10-1, 10-2, 10-3, 10-12 |
| 26 | F | 3-10 | Midterm II |  |  |
|  | M | 3-13 | **Spring break** |  |  |
| 27 | M | 3-20 | continued |  | 10-13, 10-14, 10-16 |
| 28 | W | 3-22 | short run decisions | ch. 11 | 11-20, 11-8 |
| 29 | F | 3-24 | continued |  | 11-8 (cont.), 11-9, 11-11 |
| 30 | M | 3-27 | continued |  | 11-11 cont., 11-12 |
| 31 | W | 3-29 | long run decisions | ch. 12 | 11-16, 11-17, 12-3 |
| 32 | F | 3-31 | continued |  | 12-8, 12-9 |
| 33 | M | 4-3 | continued |  | 12-10, 12-14 |
| 34 | W | 4-5 | continued | Arya-Fellingham-Glover: “Some exceptions to the NPV rule”, re-read section 10.5 in text | examples in AFG, 18-15 (p. 461); classroom exercises |
| 35 | F | 4-7 | performance evaluation | “Performance evaluation – Did it cost too much?” | AFG examples (cont.)  examples in “Perf. evaluation . . . |
| 36 | M | 4-10 | continued | ch. 13 | 13-7 |
| 37 | W | 4-12 | continued |  | 13-5, 13-12, 13-8, 13-9 |
| 38 | F | 4-14 | **GOOD FRIDAY** |  |  |
| 39 | M | 4-17 | continued |  | 13-13, 13-14 |
| 40 | W | 4-19 | continued | Meder-Schwartz-Spires-Young (2016): “Subjective beliefs and management control . . . ” | 13-5; MSSY examples |
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| 41 | F | 4-21 | adverse selection | Jagannathan et al.: “Accounting, Finance and Adverse Selection: Illustrations and Applications” | examples in Jagannathan et al. |
| 42 | M | 4-24 | Accounting discretion | Sunder: “Adverse effects of uniform written reporting standards . . .”; Schwartz-Young: “A few stylized observations on accounting discretion” | examples in Schwartz-Young |
|  | F | 4-28 | **Common Final Exam** | **Time: 11:30-2:30** | **Room: SB 330** |