

### General Description

The course deals with theory and practice in the academic discipline of accounting. Although the course has an academic focus, is not divorced from practical issues. The topics can be generally described as a partial list of items on the balance sheet, including accounting for pensions and other long-term liabilities, leases, stock options and other derivative securities, and some issues with respect to accounting for long-lived assets. But, in a larger sense, it is not possible to partition in a crisp fashion. For example, consideration of the pricing of derivative securities leads naturally to a discussion of equilibrium pricing of assets in incomplete markets. Equilibrium pricing, in turn, is illuminated by a close look at the foundations of the double entry system. An academic approach to our study of accounting will suggest other useful connections across topics.

There are two academic results central to our discussion:  
the fundamental theorem of linear algebra;  
the fundamental theorem of finance.

Both theorems are derived in the context of double entry accounting, a particularly illuminating setting in which the theorems have visual and algebraic representations. And both theorems are applied in our discussion of the accounting valuation of derivative securities like options, credit default swaps, and so forth.

### Text and Reading Materials

All of the exercises and the suggested readings are from the class notes available on the course website.

[http://fisher.osu.edu/~fellingham\\_1/523/index.html](http://fisher.osu.edu/~fellingham_1/523/index.html)

### Course Requirements and Grading

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

Making a positive contribution to the learning environment	15%
Midterm exam	40%
Comprehensive final exam	45%

No makeup midterm exams are offered. Students must provide a valid reason in advance or will receive zero credit for the exam.

### Examinations

The exams are cumulative, closed book, and closed note. Calculators are allowed, personal computers and other electronic devices are not. Make-ups for the final exam will be given only for reasons acceptable according to University guidelines. The midterm date is noted on the course schedule. The final will be given at the time determined by the University.

Preliminary schedule for AMIS 523 autumn 2011:

<b>Topics</b>	<b>Readings</b>	<b>Exercises (E)</b>
introductory remarks	Ch. 1	E1.1, E1.2, E1.3
Double entry accounting	Ch. 2.3, 2.4, 3.1 – 3.7	Example 2.1, E3.1 (use $x_1 = 9$ , $x_2 = 3$ ), Example 3.1
multiple loops	Ch. 3.8	Example 3.2, E3.2 (use $x = 5$ ), E3.6, E3.7, E3.8
pensions		E2.1, E3.3, E3.4, E3.5
derivative securities	Ch. 4	Revisit E3.1 (use $x_1 = -1$ , $x_2 = 13$ ), Example 4.1, Example 4.2, E4.1, E4.2, E4.3
midterm exam	November 3	
accounting for derivative securities	Ch. 5	Example 5.1, Example 5.2, Example 5.3, E5.1, E5.4, E5.6
time value of money amortization	Ch 6.1, 6.2	Example 6.1, E6.1, E6.2, E6.6, E6.9, E6.10
more pensions		E6.3, E6.4, E6.5
leases	Ch 6.3	E6.2, E6.6, E6.8