

## Syllabus January 2021      Accounting Theory Part 1

### Lecture 1: The role of Theory

- Brief review of the Botosan paper

Botosan, Christine A. "Disclosure level and the cost of equity capital." *Accounting review* (1997): 323-349.

Botosan, Christine A. "Disclosure and the cost of capital: what do we know?" *Accounting and business research* 36, no. sup1 (2006): 31-40.

Why doesn't every firm disclose?

Are the Botosan claims consistent with equilibrium behaviour?

- Early Models of equilibrium Disclosure

Dye, Ronald A. "Disclosure of nonproprietary information." *Journal of accounting research* (1985): 123-145.

Verrecchia, Robert E. "Discretionary disclosure." *Journal of accounting and economics* 5 (1983): 179-194.

### Lecture 2: Some necessary quantitative pre-requisites

Rational expectations equilibria in disclosure games

Notions of equilibrium in disclosure settings

Dynamic strategies

Milgrom, Paul R. "Good news and bad news: Representation theorems and applications." *The Bell Journal of Economics* (1981): 380-391.

Grossman, Sanford J. "The informational role of warranties and private disclosure about product quality." *The Journal of Law and Economics* 24, no. 3 (1981): 461-483.

### Lecture 3: More Recent Development of Disclosure Theory in the Accounting Literature

Gigler, Frank B., and Thomas Hemmer. "Conservatism, optimal disclosure policy, and the timeliness of financial reports." *The Accounting Review* 76, no. 4 (2001): 471-493.

Pae, Suil. "Selective disclosures in the presence of uncertainty about information endowment." *Journal of Accounting and Economics* 39, no. 3 (2005): 383-409.

Bertomeu, Jeremy, Paul Ma, and Iván Marinovic. "How often do managers withhold information?." *The Accounting Review* 95, no. 4 (2020): 73-102.

## Lecture 4: Valuation and Fundamental Analysis: the Feltham Ohlson Valuation Model

Ohlson, James A. "Earnings, book values, and dividends in equity valuation." *Contemporary accounting research* 11, no. 2 (1995): 661-687.

Feltham, Gerald A., and James A. Ohlson. "Valuation and clean surplus accounting for operating and financial activities." *Contemporary accounting research* 11, no. 2 (1995): 689-731.

## Lecture 5: The Missing Ingredient in the Feltham Ohlson Model: Equilibrium actions

Prerequisites to developing an equilibrium model

Dynamic programming and Value of waiting

Dixit, Avinash K., and Robert S. Pindyck. *Investment under uncertainty*. Princeton university press, 1994.

## Lecture 6: Equilibrium Models of Valuation and Fundamental Analysis

Hiemann, Moritz. "Earnings and firm value in the presence of real options." *The Accounting Review* (2020)

Breuer, Matthias, and David Windisch. "Investment Dynamics and Earnings-Return Properties: A Structural Approach." *Journal of Accounting Research* 57, no. 3 (2019): 639-674.