Incorporating Judgment into Your Courses

American Accounting Association
Teaching, Learning, and Curriculum
2011 Midyear Meeting

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Polling Question 1

**Working Definition of Judgment**
When we say accounting decisions or estimates require judgment, we mean objective experts reasonably disagree on the best analyses, conclusions, alternatives, or estimates.

**Are you currently teaching judgment?**

a) I don't have time in the curriculum to teach judgment
b) I don't know how to teach judgment or where I can find resources
c) I teach judgment; but want to learn more
d) I teach judgment and have ideas I can share
Agenda

- Framing judgment – Where does it fit?
  - Introductory courses
  - More advanced courses
- First day exercise for introductory course
What does an outsider see?

1. Primary elements
2. Major categories
3. Line items

What’s behind the numbers?

4. Accounts
5. Entries
   - Events
   - Measures
6. Judgments
   - Recognition
   - Measurement
   - Classification
   - Disclosure

Where can your students learn about these concepts?
Framing Judgment – Introductory Course

Insiders’ perspective
- Observes events
- Makes recognition decisions
- Makes measurement decisions
- Records entries
- Determines ending balances
- Makes disclosure decisions
- Creates balance sheets

Where can your students learn about these concepts?
Framing Judgment – Introductory Course

Outsiders’ perspective
- Observe and analyze primary elements
- Observe and analyze major categories
- Observe and analyze line items
- Envision accounts behind line items
- Envision structure of related entries
- Identify other line items and footnotes affected by entries and search for related information
- Qualitatively gauge measures
- When possible, recreate entries and determine their ratio effects
- Envision measurement and recognition judgments behind reported numbers and assess confidence in them

Where can your students learn about these concepts?
Factors that Affect Judgments

Record Keeping

And

Reporting Map

Where can your students learn about these concepts?

www.navigatingaccounting.com/video/express-factors-driving-dispersion-measures
**Navigating Accounting: Balance Sheets**

**Watch**

"What Do I See?" videos on the balance sheet.


- Express videos are executive summaries. View these to get the big picture or as a review after the Scenic videos. Express videos should be the top priority if you are pressed for time.

- Scenic videos are in-depth discussions of topics. View these to get a more comprehensive understanding of concepts by seeing real company disclosure examples and detailed explanations.

- High, Medium, and Low connection speed versions of the videos have menus. Use the menus to go directly to a topic for a quick review or for help with concepts covered in an exercise. Menus require Flash. Menus are not available for the iPod, iPhone/Android/iPad or MP3 player versions.

- Most videos have PDFs of the video slides and transcripts you can download, if you wish.

**Do**

"What Do I See?" exercises. Go to the exercise box under the videos on the web page.

- **Assigned:**
  
  Exercise bs.wis.050

  *The class discussion will center on this exercise so be sure to do it before class.*

- **Additional practice problems:**
  
  Exercises bs.wis.010, bs.wis.020, bs.wis.030, bs.wis.040
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www.navigatingaccounting.com/book/what-do-i-see-2.02.0

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Where can you learn how to teach this judgment exercise?

Part 2: Asset, Liability, and Owners’ Equity Measures

www.navigatingaccounting.com/content/instructors-forum#part-2-asset-liability-and-owners-equity-measures-anchor
Polling Question 2

Which preparer decisions can require significant judgment?

a) Recognition decisions
b) Measurement decisions
c) Classification decisions
d) Disclosure decisions
e) All the above
f) A and B only
Polling Question 3

What will be your next step?

a) Incorporate some of these ideas into my courses

b) Learn more about available resources (www.AAAcommons.org or www.NavigatingAccounting.com)

c) Share related ideas with others (AAAcommons.org)

d) All the above

e) A and B only