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## The Summa

### Debits and credits of accounting professor David Albrecht

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### Albrecht Presentations

January 22, 2010 by [David Albrecht](#)

Here is a list of my scheduled presentations.

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### GAAP versus IFRS for the USA

November 22, 2009 by [David Albrecht](#)

1. A series summarizing the arguments of seven prominent opponents to the U.S. adoption of IFRS
2. Other key essays
3. Everything I've written on the subject

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### Dispelling some more myths about IFRS

January 25, 2010 by [David Albrecht](#)

[I have removed the name of the Tweeter to whom I responded in this blog post. He has indicated his displeasure for being named. Mr. XX, sorry to have mentioned your name in the first place, despite the fact that you are a public persona.]

A fellow with a Twitter account directed some derogatory-GAAP toward me (@profalbrecht). He did not accept my return comments, so I'm going to blog a response here. If he had made public his e-mail, I would have responded privately.

Now the issue is, should the U.S. adopt IFRS (or even converge to something close to IFRS). We are not considering whether Europe should adopt IFRS (it shouldn't), or whether Nigeria should adopt IFRS (it should), or whether China should adopt IFRS (hard to justify either way). It is whether the U.S. should adopt IFRS.

Accounting theoreticians (including some of the world's smartest accounting professors) and American accountants, and American investors say no.

Mr. XX says "***Most in world believe principles-based IFRS superior to shut-your-eyes-and-obey-the-rules of US GAAP.***" What I love about IFRS guys is that they pop off with these broad platitudes with absolutely no logic to back them up. At one time, I said that "No *knowledgeable* person believes that IFRS is superior for the U.S. than is U.S. GAAP." Perhaps I should say that no one has yet justified publicly (or to me) their belief in IFRS superiority for the U.S. Remember the question is not whether IFRS is superior in general (it isn't) or if IFRS is superior for Europe (it isn't), or if it is superior for Nigeria (it is). [And IFRS is no more principles-based than U.S. GAAP. To say otherwise is to spout ignorance.]

OK, one more time. In the U.S. there is a culture of corporate executives taking liberties when it comes to putting out financial statements. How much liberty? Well, three times as many business students cheat during college as students of any other discipline, and when they grow up they become corporate executives, large audit firm auditors, and business professors. And they aren't any more honest or ethical when grown up (it's a slippery slope, and people usually go down, not up). American business executives determine how much is the potential penalty for not following accounting rules (and reporting whatever else they want), and if benefits from not following accounting rules exceed costs (the penalty for not obeying rules—usually civil but in rare occasions criminal), they go ahead and non-comply (i.e., manipulate earnings).

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## **Lest I Forget**

January 23, 2010 by [David Albrecht](#)



Accountants have a sharp eye. They can look through a book of accounts, add up a few numbers, and find the problem with unerring accuracy. ! How do they do that? And they proudly proclaim the source of the problem to one and all. Wonder how the source feels about that?

Q: When was the last time you remember seeing a smiling/laughing accountant?

A: Sadistic IRS staffers telling jokes about sticking it to lying taxpayers in [Stranger Than Fiction](#), an award winning Hollywood film.

Complaints, criticisms and finding faults. Yeah.

I had a bad week at the office last week. One too many complaints. It shook me up. Went into a local coffee shop, and Sarah (all coffee tenders are named Sarah, aren't they?) asked what was wrong? *I had no smile.*

I'll share with you now a lesson learned from years of life experience, it's better to give than to take. Last week at the office my smile was taken, and it wasn't even used by the taker. Invariably ta-kees become ta-kers (I resemble that). How much better it would have been for the other to give me a reason to smile. I would have returned it 100-fold. Receivers become givers.

My older son Tom wore out his texting thumb trying to cheer me up. He finally succeeded with a link to the following video. I am now reminded of advice that I once gave to other professors: *The last thing you should do before entering any classroom is to put a smile on your face.* One professor was so taken that he printed and taped the advice to his inside office door in such a way that he would always be reminded before class.

I follow a few tweeters, and they've been theorizing about the positive career effect of getting 8 hours of sleep each and every night. I'm absolutely sure that even more accountant careers would take off and go way way up if the accountant was a smile giver. Remember, a spoon full of sugar helps the medicine go down.

The following film short will take 16 minutes to be viewed. You will be a better person if you watch it all the way until the end.

**Validation** (2007), written by Kurt Kuenne, starring T.J. Thyne and Vicki Davis.



I'll keep watching this video, lest I forget again. Thanks Tom.

Debit and credit -- David Albrecht

Posted in [Accountant](#), [Advice](#), [Uncategorized](#) | Tagged [Validation](#) | [2 Comments](#) »

## **[They Still Don't Get It](#)**

January 22, 2010 by [David Albrecht](#)

The push for IFRS continues on, unrelenting, like the steady flow of the Mississippi River. We have all noticed it. Switching the United States from U.S. GAAP to IFRS is desired in the U.S. only by large audit firms, CEOs of large multinationals, and SEC regulators and their staffs. Investors, rank and file accountants and accounting professors oppose the move. Audit firm principals and corporate executives stand to profit, one way or another, by billions and billions and billions and billions of U.S. dollars. It is self-debasing greed. It is avarice of the corrupted soul.

It reminds me of things mentioned in a speech by Arthur R. Wyatt on August 3, 2003 to attendees of the American Accounting Association national convention: [Accounting Professionalism--They Just Don't Get it](#). Wyatt had an impressive resume: accounting professor, Arthur Andersen partner, FASB member, IASC member. He spoke to the annual conference as to why things got so bad that one of the Big 5 went kaput, and it was just happenstance

that it did not happen to any of the four survivors.

I think Wyatt considered Arthur Andersen's fate to be deserved, as he described an historical evolution that resulted in Andersen abandoning its responsibility. I'm quoting a long passage from his speech that contains his conclusion:

Just as greed appears to have been the driving force at many of the companies that have failed or had significant restructurings, greed became a force to contend with in the accounting firms. In essence, the cultures of the firms had gradually changed from a central emphasis on delivering professional services in a professional manner to an emphasis on growing revenues and profitability. ...

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## [Tax Benefits for Haiti Donations](#)

January 20, 2010 by [David Albrecht](#)

I received an e-mail from Rob Pierson, a Democratic Congressional staffer in Washington, D.C., asking if I would get the word out on tax benefits for Haiti donations. I said yes, so here it is (indented and in green font):

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## [The Economic and Regulatory Shadow](#)

January 17, 2010 by [David Albrecht](#)

I wonder why the push for a single set of global accounting standards is so powerful when accounting theorists are all so dead set against it. Why? Oh, why?

Today I'm on a fishing expedition. Sometimes I throw things out to see if others think the same way. I certainly think the following essay is plausible. Do you agree or disagree?



It is frustrating to be an accounting professor and to live in the United States of America. A mind set that triumphs the interests of corporations and auditors over those of investors is entrenched in the regulatory shadow. Consequently, any policies that might favor populist policies have little chance of success.

The federal government's financial and economic regulatory apparatus is comprised of the Treasury Department (Treasury), the Federal Reserve (Fed), and the Securities and Exchange Commission (SEC). The top positions are political appointees, but the bulk of the work is performed by career and long-term personnel. It is a lot like the situation at the State Department (State), Department of Defense (DoD), and the National Security Agency (NSA).

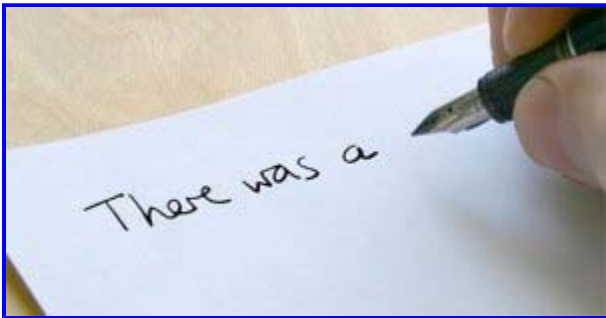
In the same way that the politics and the communal mind-set of the career and long-term personnel shape national policies over at State-DoD-NSA, the politics of the career and long-term personnel shape national policies over at Treasury-Fed-SEC.

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## [Saturday Night Accounting Limericks](#)

January 17, 2010 by [David Albrecht](#)



It's Saturday night. I'm in a somber mood. GAAP is dying, and there seems nothing better than to get punch drunk and remember all the good times. So I have broken out a bag of Sun Chips (original flavor) and a can of Diet Coke (caffeinated, of course) and am ready to blog all my troubles away.

Tonight's subject is limericks. One does not need a reason to launch into a merry recitation of favorite limericks. When drinking Diet Cokes and eating Sun chips, one is beyond all reason.

A ***limerick*** is a humorous poem that is only sometimes funny. How fitting! I'm a sometimes funny accountant.

It is sometimes said that the only good limerick is a dirty limerick. Who can forget, "There once was a girl from Nantucket," or "There once was a friar named Tuck." Because *The Summa* is G-rated, there won't be any good limericks tonight. But there will be limericks. I hope you find them humorous.

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## [Questions From A Future Blogger](#)

January 14, 2010 by [David Albrecht](#)

Accounting and/or financial blogs are a big deal. As the world evolves and becomes faster paced, long-lived jobs will disappear. We accountants will adapt by piecing together a career from many project-length opportunities. I believe it will be a matter of professional life or death for accountants to get on top of evolving current events and stay there. For there to be life, we all need to make life-long learning a lifestyle.

The ability to think will separate thrivers from survivors and hangers-on. We accountants will need to think critically (buzzword for analyze and understand what is going on), creatively (inventing solutions) and practically (applying cutting edge skills to implement solutions).

How will we get learn to think these ways and grow our thinking? Independent blogs commentaries like *The Summa*, and *re: The Auditors*, and *TaxGirl*. Blogs provide input to fuel critical thinking, seeds for creating

thinking, and energy for practical thinking.

So, I want to encourage accounting/financial blogging. Then along came this e-mail. from a *Summa* reader, asking about my blogging process. Although I don't reveal his identity, I'm already aware of his writing and his unifying message. He has a lot to contribute, and I think he should blog. So, I wrote this blog piece. His comments/questions are in **emphasized green**, answers in normal font.



**Love your blog. I'm thinking of starting one..... How many hours a week do you spend on it?**

A simple answer is 20-30 hours, but it really depends. Posts, which frequently become essays, start with a four hour time commitment and grow from there. Some of the technical essays I did on IFRS could took a week to ten days of writing for a 6,000 word essay. And this was on top of my already having mentally planned the structure of the essay. If you aren't already an expert on something, add research time.

An important factor in budgeting for time is your expectation of the blog post's permanence. Quality essays that will still be read a year later require more time to create, or else it will be GIGO.

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## [How ProfAlbrecht Grew His Worldview](#)

January 11, 2010 by [David Albrecht](#)

[On Developing a Worldview](#) is proving to be a blog essay with legs. It's time to reveal the impetus for that piece. In waning days of 2009, I received an e-mail:

Hello Professor Albrecht,

My name is Garrett D.; I am a recent graduate of an undergraduate accounting program currently serving in public practice as an audit associate in the Chicagoland area, and am interested in potentially pursuing a career in accounting academia. I have not applied to any programs as of yet, but am rather looking to acquire a fuller understanding of what it means to become an academic, and an accounting academic in particular. Hitherto, my exposure to this way of life has been limited to Stephen Zeff's biography of Henry Rand Hatfield, fairly intermittent reading of the Financial Accounting Standards Research Initiative blog, and sporadic digestion of select accounting articles and monographs. Your blog has been of interest to me for a while now, and, upon reading your most recent post, "[On Being a Blogging Professor](#)," I was struck by the emphasis you placed on developing a mature worldview as an accounting academic. Though I might be mistaken, I also recall you discussing the development of a "coherent worldview" as an accounting academic in previous posts. This "worldview development" imperative, alongside an intrinsic interest in education as a process, calling, and as a social phenomenon, is, as far as I can tell, primarily driving my interest in academia.

I am curious, if it is not too much trouble, if you will perhaps aid me in this effort to develop a coherent accounting worldview. Would you mind providing me with a recommended reading list of "accounting essentials" to add structure to my excursions within this discipline?

Thank you for your consideration.

Kind regards,  
Garrett D.

Such a well-intentioned request. I delivered [On Developing a Worldview](#), in which the focus is on the process by which a person can acquire a worldview. I promised a second essay in which I described the path I took in developing my own worldview. But I didn't promise a third essay, offering a reading list so that he could start working on his. I never said never, I just didn't say yes.

I delivered (and promised) only in part for two reasons. First, I immediately saw value in a more general response for readers of *The Summa*. I didn't want to scare anyone off by being too detailed in my first essay. Second, he was asking for something I didn't have on hand. So I shirked. After I published *On Developing a Worldview*, Garret wrote back:

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## [What am I going to do today, Friday January 8?](#)

January 8, 2010 by [David Albrecht](#)

Just like anyone else in our fast paced world of American on the Internet, I have many things tugging for my attention and too little time to do them all.

Professors potentially have many task masters, and being a blogging professor means asking for a never-ending work load.

**The purpose of today's blog piece is to show you just how busy and pressured is the life of a blogging accounting professor.**

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