A Message from the Chair…

The Department of Accounting and Law continues to achieve at the highest level.

The AACSB reaffirmed our separate accounting accreditation, good for the next five years. This means that our accounting programs have met the AACSB’s rigorous requirements for faculty resources, curriculum, student development and placement.

Seventy MS in Accounting students graduated this year, and more than 70 are confirmed for next year’s class. Although most are from our own undergraduate program, we also attract students from other universities, both regionally and nationally.

Three of our faculty were promoted to associate professor with tenure: Feng Gu, Myungsun Kim and Weihong Xu, the first such promotions in many years. We look forward to their continued leadership in the department.

Both of our student clubs, Beta Alpha Psi and the UB Accounting Association, won Gold awards in national competitions. Student volunteers in the VITA program completed more than 900 returns and generated over $1.35 million in tax refunds.

You make all the difference with your generous contributions that directly benefit our programs and students.

Thank you!  – Susan Hamlen

Mark Tronconi Named Accountant of the Year

The Department of Accounting and Law held its annual accounting awards banquet at the Ramada Hotel and Conference Center on April 19. Department Chair Susan Hamlen welcomed a crowd of more than 150 students, faculty, alumni and other accounting professionals and presented updates on programs and activities in the department.

The outgoing executive boards for both Beta Alpha Psi and the UB Accounting Association were recognized for their contributions during the past year, and incoming officers were introduced.

Mark A. Tronconi, BS ‘82, MBA ‘85, was the recipient of the 2012 Accountant of the Year Award. Tronconi is a tax partner and the chair of the tax department for Tronconi Segarra & Associates.

The awards ceremony included the following presentations to students: the New York State Society of CPAs Buffalo Chapter Awards to Kathryn Crawford, Daniel Litz, Katherine Salisbury, Amylin Corliss, and Matthew Silver; the Federation of Schools of Accountancy Award to Nathanael Carbery; the Michael S. Dockery Memorial Award to Alex Lent and Jessica Leung; the Lisa Friedman Memorial Award to Anna Qu; the Eddy Lin Memorial Award to Bethany Doohaluk and KPMG Awards to Riana Hersch and Mark Edinger. Beta Alpha Psi and UBAA members were also recognized for their work in organizing the 2012 Volunteer Income Tax Assistance Program.

Did you know…

that the FASB was formed in 1973 and that the GASB was formed in 1984?
UB Accounting Graduates Intern at the FASB and the GASB

Kelly Amos and Kathryn Crawford, May 2012 graduates of the MS in Accounting program, have been awarded prestigious internships with the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB). They are two of only 12 people nationwide selected for postgraduate technical assistantships (PTAs). Crawford will be one of six FASB PTAs, and Amos will be one of six GASB PTAs.

Amos served as a financial services audit intern at Deloitte in New York last summer and has accepted a job offer from the firm for after the GASB assistantship. Crawford, a recipient of the New York State Society of CPAs graduate award for academic achievement, served as an audit intern in the Buffalo office of Ernst & Young last year.

A postgraduate technical assistant internship is a one-year program during which the interns work on major agenda projects, short-term practice and implementation issues, and post-implementation review of standards issued by the FASB and the GASB. The interns become highly involved with the accounting standards-setting process and reach an in-depth understanding of the roles played by preparers, auditors and users of financial information.

Associate Professor Feng Gu Studies Goodwill Write-Offs

In a research article published in The Accounting Review (November 2011), Associate Professor Feng Gu provided insights into the cause of goodwill write-off, an accounting recognition for firms’ failure in delivering value-added performance after an acquisition. The event of goodwill write-offs is relevant for evaluating firms’ acquisition strategy as it hints at flaws in managers’ selection of target for acquisition and acquisition price paid for the target.

In his research, Gu traced the event of the write-off all the way back to the acquisition that led to the recognition of goodwill. The focus of his research is on managers’ motivation for undertaking the acquisition and the bias in managers’ decision-making. He concluded that the root cause of many goodwill write-offs is the buyers’ overpriced shares at the time of acquisition.

Realizing the inevitable correction of share overvaluation, managers have strong incentives to exploit share overpricing by acquiring businesses, often overpaying for the acquisition’s synergies. This mistake usually results from managers fixating on short-term results while ignoring long-term fundamentals and managers being overly optimistic about post-acquisition synergies. These flaws set the stage for subsequent goodwill write-offs.

Gu’s research reveals that share overpricing has a strong positive association with the amount of goodwill from an acquisition and, more importantly, predicts the extent of future goodwill write-offs.

Although managers often highlight the noncash nature of goodwill write-offs to portray the write-off as a benign accounting ritual with no real economic substance, Gu’s research shows a different story. He found that firms with goodwill write-offs experience worse-than-expected earnings and stock returns in the years after the write-off. Indeed, the event of goodwill write-offs highlights a dysfunctional investment strategy pursued by firms with overpriced shares.

From 2003-09, more than 4,600 firms have written off goodwill with a combined total loss of $970 billion. The large and far-reaching impact of goodwill write-offs poses the important question about what is behind many firms’ unsuccessful acquisitions that have led to large amounts of goodwill write-offs.

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Please mail completed form to University at Buffalo Foundation, Inc., PO Box 730, Buffalo, NY 14226-0730.
On March 22, 35 members of the Zeta Theta chapter of Beta Alpha Psi (BAP) traveled to Stamford, Connecticut, to attend the Atlantic Coast Regional Meeting. The meeting consisted of several business and accounting related seminars run by professionals and a team building session where members learned about their personality styles. Chapter operations sessions run by the organization gave members suggestions for the successful operation of chapters at their universities. UB students Riana Hersch and Nathanael Carbrey presented during a chapter operations session explaining how the Zeta Theta chapter utilizes technology to enhance their operations.

Fifteen members of the Zeta Theta chapter participated in the Best Practice Competition for the opportunity to continue on to the national contest at the Beta Alpha Psi Annual Meeting. Three teams were organized to create presentations on the following topics: Developing Strategies for Dealing with Change, Out of the Box Best Practice and Best Practices in Social Networking. All three teams worked extremely hard over the past few months to create their presentations and perfect their public speaking skills. The team that presented Developing Strategies for Dealing with Change was awarded first place and will be traveling to the annual meeting in Baltimore this summer. The Out of the Box Best Practice team came in third place and the Best Practices in Social Networking team received an honorable mention.

At the conclusion of the meeting, the Zeta Theta chapter was given the Atlantic Coast Regional Meeting Banner because they will be hosting the meeting in 2013. The Zeta Theta chapter is extremely proud of their accomplishments at the regional meeting and looks forward to success at future events.