

**Commerce 4AF3
Accounting Theory
Winter 2020 Course Outline**

**Accounting and Financial Management Services
DeGroote School of Business
McMaster University**

COURSE OBJECTIVES

This course is designed to give an overview of topics relevant to current accounting theory, research, standard setting and practice through relevant readings and by detailed examination of various accounting models.

INSTRUCTOR AND CONTACT INFORMATION

Name: Justin Jin, PhD, CPA, CA
E-mail: jinjus@mcmaster.ca
Office: DSB319
Office Hours: TBA.
Tel: (905) 525-9140 Ext: 26194
Class time and location: Monday 11:30 AM – 2:30 PM, BSB 138

Course Website: <http://avenue.mcmaster.ca/>

COURSE ELEMENTS

| | | | | | | | |
|-----------------|-----|---------------|-----|----------------|-----|----------------|-----|
| Credit Value: | 3 | Leadership: | Yes | Global View: | Yes | IT Skill: | No |
| Avenue: | Yes | Numeracy: | Yes | Written Skill: | Yes | Ethics: | Yes |
| Participation: | Yes | Innovation: | Yes | Group Work: | Yes | Oral Skill: | Yes |
| Evidence-Based: | Yes | Experiential: | No | Final Exam: | Yes | Guest Speaker: | No |

COURSE DESCRIPTION

This course is about accounting, not how to account. Accounting students have been exposed to the methodology and practice of accounting need to critically examine the broader implications of financial accounting for the fair and efficient working of our economy. The objective is to give the students an understanding of current financial accounting and reporting environment, taking into account the diverse interests of both external users and management. Various professional and conceptual topics will integrate research from Accounting, Finance, and Economic journals. The journals used will be from both the academic and professional literatures. To accomplish these implied objectives, a combination of class formats will be used including lectures, the trading floor, seminars, case analysis and expert guest lecturers. Lectures will be used to develop the foundation: the accounting process and accounting models considered alternatives to GAAP. Seminars will be led by the course participants, usually in groups of three or four members, to present and develop topics related to accounting theory and the accounting environment. Case study will be used to link the research topics and develop linkages from the theoretical to the practical.

LEARNING OUTCOMES

Upon completion of this course, students will be able to complete the following key tasks:

- Analyze the advantages/disadvantages of the various accounting models;
- Assess business health/performance as implied by the various accounting models;
- Conduct an assessment of a given situation from a political economy perspective;
- Begin to understand the many perspectives from which accounting can be studied.

REQUIRED COURSE MATERIALS AND READINGS

Financial Accounting Theory, 7th Edition, William R. Scott, 2015.

ISBN-13: 978-0-13-298466-9

<http://www.mypearsonstore.ca/bookstore/financial-accounting-theory-9780132984669>

Please buy a HARDCOVER or Loose Leaf Book. Do Not buy an E-Book.

Avenue registration for course content, readings and case materials

- <http://avenue.mcmaster.ca>

EVALUATION

- Exams: We will have midterm exam and final exam. The exact scope and format of the exams will be announced later. The final exam is **non-cumulative**.

Students will form group consist of 6-7 students to complete a group project.

- Analyst Report Project (Value Investing Approach): Each group will select and analyze a firm (the firm must be identified by the end of third class). Each group will complete an analyst report in which a trading recommendation must be made (in terms of buy, sell, or hold) and information and analysis used to input this decision

must also included. Students will submit the report and make a short presentation (no more than 30 minutes).

- **Class Participation:** Name cards are used to help give credit for your participation. You must have a name card with your **full first and last name** clearly written and displayed in front of you for every class. Participation in discussion aids in assimilation of concepts and is an essential part of your professional development. Classes are more interesting and intellectually stimulating if there is participation from everyone. In order for you to gain maximum benefit from discussions, it is essential that you complete assigned text material and/or readings in advance, as well as attempt assigned problems. Therefore class participation marks will be awarded on the basis of each student's contribution to discussions, and relevant questions and comments during lectures. Class participation is not equivalent to class attendance. Students unable to attend class should inform the instructor before class of the conflict.

Components and Weights

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|--|------|
| Class Participation (Individual) | 10% |
| Midterm Exam (Individual and Close-Book) | 30% |
| Analyst Report Term Project (Group) | |
| Written report | 15% |
| Final group presentation | 15% |
| Final Exam (Individual and Close-Book) | 30% |
| Total | 100% |

NOTE: The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy at the following URL:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf>

Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

| LETTER GRADE | PERCENT | LETTER GRADE | PERCENT |
|--------------|----------|--------------|---------|
| A+ | 90 - 100 | C+ | 67 - 69 |
| A | 85 - 89 | C | 63 - 66 |
| A- | 80 - 84 | C- | 60 - 62 |
| B+ | 77 - 79 | D+ | 57 - 59 |
| B | 73 - 76 | D | 53 - 56 |
| B- | 70 - 72 | D- | 50 - 52 |
| | | F | 00 - 49 |

Communication and Feedback

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Area Administrative Assistants. Instructors are required to provide evaluation feedback for at least 10% of the final grade to students prior to Week #9 in the term. Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

Students who wish to have a course component re-evaluated must complete the following form:

http://www.mcmaster.ca/policy/Students-AcademicStudies/Form_A.pdf

In order for the component to be re-read:

- the component must be worth 10% or more of the final grade in the course
- students pay a fee of \$50 in Gilmour Hall #209 and the receipt is then brought to Student Experience - Academic Office (formerly the APO) in DSB 104
- the Area Chair will seek out an independent adjudicator to re-grade the component
- an adjustment to the grade for the component will be made if a grade change of three points or greater on the 12 point scale (equivalent to 10 marks out of 100) has been suggested by the adjudicator as assigned by the Area Chair
- if a grade change is made, the student fee will be refunded

ACADEMIC DISHONESTY

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, located at;

www.mcmaster.ca/academicintegrity

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations

In this course we will be using a web-based service (Turnitin.com) to reveal plagiarism. Students will be expected to submit their work electronically to Turnitin.com and in hard copy so that it can be checked for academic dishonesty. Students who do not wish to submit their work to Turnitin.com must still submit a copy to the instructor. No penalty will be assigned to a student who does not submit work to Turnitin.com. All submitted work is subject to normal verification that standards of academic integrity have been upheld (e.g., on-line search, etc.). To see the Turnitin.com Policy, please go to;

www.mcmaster.ca/academicintegrity

REQUESTING RELIEF FOR MISSED ACADEMIC WORK

1. Students may request relief from a regularly scheduled midterm, test, assignment or other course component in the following ways:

- a) **for absences from classes lasting up to three (3) days; or**
- b) **for absences from classes lasting more than three (3) days.**
- c) **for conflicts arising from Student Experience - Academic Office approved events**

a) **For absences from classes lasting up to three (3) days**

Students must use the MSAF (McMaster Student Absence Form). This is an on-line, self-reporting tool, for which submission of medical or other types of supporting documentation is normally not required. Students may use this tool to submit a maximum of one (1) request for relief of missed academic work per term as long as the weighting of the component is worth less

than **25%** of the course weight. Students must follow up with their course instructors regarding the nature of the relief within two days of submitting the form. Failure to do so may negate the opportunity for relief. It is the prerogative of the instructor of the course to determine the appropriate relief for missed term work in his/her course. Details are described below.

If the value of the component is worth **25%** or more, students must report to their Faculty Office (the Student Experience – Academic Office for Commerce students) to discuss their situation and will be required to provide appropriate supporting documentation.

Please visit the following page for more information about MSAF:

http://academiccalendars.romcmaster.ca/content.php?catoid=13&navoid=2208#Requests_for_Relief_for_Missed_Academic_Term_Work

b) For absences from classes lasting more than three (3) days

Students cannot use the MSAF. They **MUST** report to their Faculty Office (the Student Experience – Academic Office for Commerce students) to discuss their situation and will be required to provide appropriate supporting documentation.

Students who wish to submit more than one request for relief of missed academic work per term cannot use the MSAF. They must report to the Student Experience – Academic Office and discuss their situation with an academic advisor. They will be required to provide supporting documentation and possibly meet with the Manager.

c) For conflicts arising from Faculty Office approved events

Students unable to write a mid-term at the posted exam time due to the following reasons: religious; work-related (for part-time students only); representing university at an academic or varsity athletic event; conflicts between two overlapping scheduled mid-term exams; or other extenuating circumstances, have the option of applying for special exam arrangements. Please see the DeGroot Missed Course Work Policy for a list of conflicts that qualify for academic accommodation

<http://ug.degroot.mcmaster.ca/forms-and-resources/missed-course-work-policy/>

Such requests must be made to the Student Experience – Academic Office at least ten (10) working days before the scheduled exam along with acceptable documentation.

Non-Commerce students must submit their documentation to their own Faculty Office and then alert the Student Experience – Academic Office of their interest in an alternate sitting of the midterm.

Adjudication of all requests must be handled by the Student Experience – Academic Office. Instructors cannot allow students to unofficially write make-up exams/tests.

The MSAF cannot be used during any final examination period.

If a mid-term exam is missed without a valid reason, students will receive a grade of zero (0) for that component.

POLICY FOR APPROVED MISSED ACADEMIC WORK

Students who cannot write a test, and have advanced knowledge and permission as described above, will be given the opportunity to write an alternate version of the test and an alternate time.

Students who did not write a test, and subsequently provide an MSAF submission, or documentation for which they have been approved by the Student Experience – Academic Office, will have the weight of the missed work reallocated across other course components. The student must follow up with the instructor to understand this process and decision.

Students who submit an MSAF, or have been approved by the Student Experience – Academic Office, for an assignment deadline, will be given an extension of 3 days for the assignment. Please note, the student will ultimately be required to submit the assignment.

STUDENT ACCESSIBILITY SERVICES

Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements with a Program Coordinator. Academic accommodations must be arranged for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail sas@mcmaster.ca

For further information, consult McMaster University's Policy for Academic Accommodation of Students with Disabilities;

<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicAccommodation-StudentsWithDisabilities.pdf>

POTENTIAL MODIFICATIONS TO THE COURSE

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

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| COURSE SCHEDULE |
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**Commerce 4AF3
Accounting Theory
Winter 2020 Course Schedule**

| WEEK | TOPIC AND ACTIVITY | READING ASSIGNMENT |
|-----------------------|--|---|
| Class 1 Jan. 6-10 | Chapter 1: Introduction | Scott, Chapter 1 Problems: 1-2, 1-3, 1-5, 1-6, 1-7, 1-8, 1-10, 1-12 |
| Class 2 Jan. 13-17 | Chapter 2: Accounting under Ideal Conditions Chapter 3: The Decision Usefulness Approach to Financial Reporting | Scott, Chapters 2 and 3 Problems: 2-5, 2-6, 2-10, 2-12 (a), 2-13, 2-15, 2-18, 2-25 Problems: 3-1, 3-2, 3-3, 3-5, 3-7, 3-8, 3-10, 3-11, 3-17 |
| Class 3 Jan. 20-24 | Chapter 4: Efficient Securities Markets | Scott, Chapter 4 Problems: 4-1, 4-2, 4-3, 4-6, 4-7, 4-9, 4-10, 4-13, 4-15 |
| Class 4 Jan. 27-31 | Chapter 5: The Value Relevance of Accounting Information | Scott, Chapter 5 Problems: 5-2, 5-3, 5-4, 5-6, 5-7, 5-9, 5-12, 5-13, 5-15, 5-20, 5-22 |
| Class 5 Feb. 3-7 | Chapter 6: The Measurement Approach to Decision Usefulness | Scott, Chapter 6 Problems: 6-1, 6-4, 6-6, 6-8, 6-10, 6-13 |
| Class 6 Feb. 10-14 | Chapter 7: Measurement Applications | Scott, Chapter 7 Problems: 7-2, 7-4, 7-7, 7-9, 7-12, 7-13, 7-17(a) (b), 7-19 |
| Class 7 Feb. 17-21 | Mid-term recess | |

| WEEK | TOPIC AND ACTIVITY | READING ASSIGNMENT |
|----------------------------------|--|--|
| Class 8 Feb. 24-28 | Midterm Exam (Close-Book) | |
| Class 9 March 2-6 | Chapter 8: The Efficient Contracting Approach to Decision Usefulness | Scott Chapter 8 Problems: 8-1, 8-2, 8-4, 8-6, 8-9, 8-12, 8-14, 8-17, 8-18, 8-19 |
| Class 10 March 9-13 | Chapter 9: An Analysis of Conflict | Scott Chapter 9 Problems: 9-1, 9-2, 9-3, 9-6, 9-8, 9-9, 9-11, 9-14, 9-18, 9-21 |
| Class 11 March 16-20 | Chapter 10: Executive Compensation Analyst Report Term Project and Presentations | Scott Chapter 10 Problems: 10-2, 10-3, 10-4, 10-5, 10-7, 10-9, 10-10, 10-12, 10-15, 10-18, 10-20, 10-21 |
| Class 12 March 23-27 | Chapter 11: Earnings Management Analyst Report Term Project and Presentations | Scott Chapter 11 Problems: 11-1, 11-2, 11-3, 11-6, 11-7, 11-11, 11-13, 11-15, 11-16 |
| Class 13 March 30- April 3 | Chapter 12: Standard Setting: Economic Issues Analyst Report Term Project and Presentations | Scott Chapter 12 Problems: 12-1, 12-5, 12-8, 12-9, 12-10, 12-12, 12-16 |
| April 7 | Classes End | |
| | Final Exam (TBD) | |

Group Evaluation Form

You are asked to evaluate the effort of your team members throughout the semester. You have 100 points assign amongst the other members in your group. If you believe everyone put in more or less equal effort, you can assign 100 points to your group members (Group member names should exclude yourself). Otherwise, if you believe some people put in more (or less) effort than others, you can assign that group member more (or less) than 100 points. If you choose to assign non-equal points (more than 100 or less than 100) to each member, please explain why you assign more/less points to each member. In this group evaluation form, you only evaluate other group members; you don't evaluate yourself.

Your Name: _____

Student ID: _____

| Group Member Name | Points Assigned | Reasons for Assigning Non-Equal Points |
|--------------------------|------------------------|---|
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This report should be submitted individually on the last day of the class.