

**Commerce 4AF3
Accounting Theory
Winter 2021 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
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Office Hours: TBA.
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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, 8th edition

William R. Scott

Patricia O'Brien

Publisher: Pearson

ISBN-13: 9780134166681

<https://catalogue.pearsoned.ca/educator/product/Financial-Accounting-Theory/013416668X.page>

<https://www.pearson.com/us/higher-education/program/Scott-Financial-Accounting-Theory-8th-Edition/PGM132792.html>

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

Class Participation (Individual)	10%
Midterm Exam (Individual)	30%
Paper Presentation (Group)	10%
Analyst Report Term Project (Group)	20%
Final Exam (Individual)	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

Activity	Delivery	Description	Tool(s)
Lecture Core Content	Asynch	Recorded lecture vids (~10min. each)	Voiceover PPT in Echo360
Readings	Asynch	Tied to weekly discussion prompts	Readings linked in Avenue, from coursepack, or in assigned textbook
Tutorials	Synch	1hr. live session with TA; discuss readings and participate	Zoom or WebEx
Group Discussions	Both	Synch: Breakout rooms during lecture Asynch: Microsoft Teams private groups	Synch: Zoom or WebEx Asynch: Microsoft Teams
Live Lectures	Synch	1hr. live session; opportunity to elaborate on content, present challenges, engage discussion	Zoom or WebEx

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. All students must receive feedback regarding their progress prior to the final date by which a student may cancel the course without failure by default.

For Level 1 and Level 2 courses, this feedback must equal a minimum of 20% of the final grade. For Level 3 courses and above, this feedback must equal a minimum of 10% of the final grade.

Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

Requesting Relief for Missed Academic Work

In the event of an absence for medical or other reasons, students should review and follow the Academic Regulation in the Undergraduate Calendar “Requests for Relief for Missed Academic Term Work” and the link below;

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

Academic Integrity

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. **It is your responsibility to understand what constitutes academic dishonesty.**

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.

For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/), located at <https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/>

The following illustrates only three forms of academic dishonesty:

- plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
- improper collaboration in group work.
- copying or using unauthorized aids in tests and examinations.

Authenticity/Plagiarism Detection

Some courses may use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit

their work electronically either directly to Turnitin.com or via an online learning platform (e.g. A2L, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software.

All submitted work is subject to normal verification that standards of academic integrity have been upheld (e.g., on-line search, other software, etc.). For more details about McMaster's use of Turnitin.com please go to www.mcmaster.ca/academicintegrity.

Courses With an On-Line Element

Some courses may use on-line elements (e.g. e-mail, Avenue to Learn (A2L), LearnLink, web pages, capa, Moodle, ThinkingCap, etc.). Students should be aware that, when they access the electronic components of a course using these elements, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course.

The available information is dependent on the technology used. Continuation in a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

Online Proctoring

Some courses may use online proctoring software for tests and exams. This software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins

Conduct Expectations

As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the "Code"). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online.**

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students' access to these platforms.

Academic Accommodation of Students with Disabilities

Students with disabilities who require academic accommodation must contact [Student Accessibility Services](#) (SAS) at 905-525-9140 ext. 28652 or sas@mcmaster.ca to make arrangements with a Program Coordinator. For further information, consult McMaster University's [Academic Accommodation of Students with Disabilities](#) policy.

Academic Accommodation For Religious, Indigenous or Spiritual Observances (RISO)

Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the [RISO](#) policy. Students should submit their request to their Faculty Office *normally within 10 working days* of the beginning of term in which they anticipate a need for accommodation or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

Copyright and Recording

Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

Extreme Circumstances

The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labour disruptions, etc.). Changes will be communicated through regular McMaster communication channels, such as McMaster Daily News, A2L and/or McMaster email.

Research Using Human Subjects

All researchers conducting research that involves human participants, their records or their biological material are required to receive approval from one of McMaster's Research Ethics Boards before (a) they can recruit participants and (b) collect or access their data. Failure to comply with relevant policies is a research misconduct matter. Contact these boards for further information about your requirements and the application process.

McMaster Research Ethics Board (General board): <https://reo.mcmaster.ca/>

Hamilton Integrated Research Ethics Board (Medical board): <http://www.hireb.ca/>

Acknowledgement of Course Policies

Your enrolment in Commerce 4AF3 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

COURSE SCHEDULE

**Commerce 4AF3
Accounting Theory
Winter 2021 Course Schedule**

WEEK	TOPIC AND ACTIVITY	READING ASSIGNMENT
Class 1 Jan. 11-15	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. 18-22	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. 25-29	Chapter 4: Efficient Securities Markets EBITDA and Three Factors Model	Scott, Chapter 4 Problems: 4-1, 4-2, 4-3, 4-6, 4-7, 4-9, 4-10, 4-13, 4-15
Class 4 Feb. 1-5	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. 8-12	Chapter 6: The Measurement Approach to Decision Usefulness	Scott, Chapter 6 Problems: 6-1, 6-4, 6-5, 6-6, 6-8, 6-10, 6-13
Class 6 Feb. 15-19	Mid-term recess	
Class 7 Feb. 22-26	Chapter 7: Measurement Applications Chapter 8: The Efficient Contracting Approach to Decision Usefulness	Scott, Chapter 7 Problems: 7-2, 7-4, 7-7, 7-9, 7-12, 7-13, 7-17(a) (b), 7-19 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 8 March 1-5	Midterm Exam	

WEEK	TOPIC AND ACTIVITY	READING ASSIGNMENT
Class 9 March 9-12	Skip - Chapter 9: An Analysis of Conflict Valuation Models Feltham and Ohlson papers	Skip: 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 10 March 15-19	Chapter 10: Executive Compensation	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 11 March 22-26	Chapter 11: Earnings Management	Scott Chapter 11 Problems: 11-1, 11-2, 11-3, 11-6, 11-7, 11-11, 11-13, 11-15, 11-16
Class 12 March 29-April 2	Analyst Report Term Project and Presentations	
Class 13 April 5-9	Analyst Report Term Project and Presentations	
Class 14 April 12-14	Final Examination Review	Can C01 students (Thursday class) attend the Monday or Tuesday classes?
Wednesday, April 14	Classes End	
Thursday, April 15 to Friday, April 30	Final Examination	