

**MBA A717
Accounting Theory
Winter 2019 Course Outline**

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

COURSE OBJECTIVES

This MBA 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.
Tel: (905) 525-9140 Ext: 26194
Class Time and Location:

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-10: 0-13-298466-0

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

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

Avenue registration for course content, readings and case materials

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

EVALUATION

- Exam: We will have one comprehensive in-class examination. The exact scope and format of this examination will be announced later.

Students will form group consist of 2 students to complete three group projects.

- Group Seminar Projects: Each group will prepare material and lead designated seminars of case. The seminars are to consider and introduce a broad spectrum of material for class discussion. Included in the seminar projects will be **(1) a presentation, and (2) a discussion and question period.** Each group needs to

submit a soft copy of presentation materials (e.g., **power-point slides**) including the questions discussed during presentation. The total time for seminar presentation and discussion is to be a maximum of 40 minutes. All group members are expected to participate in the delivery and discussion of materials of the assigned paper. All students not presenting on a given date should be prepared to participate in classroom discussion of the topic.

- **Analyst Report Project (Value Investing Approach):** Each group will select and analyze a Canadian 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 be included. Students will submit the report and make a short presentation (no more than 40 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. Specifically, students who fail to participate in case discussions will receive a class participation mark of zero, regardless of regular class attendance (a separate component). Students unable to attend class should inform the instructor before class of the conflict.

Components and Weights

Class Participation (Individual)	15%
Case Report and Presentation (Group)	
Written report	15%
Final group presentation	10%
Analyst Report Term Project (Group)	
Written report	20%
Final group presentation	15%
Midterm Exam (Individual)	25%
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	POINTS
A+	90-100	12
A	85-89	11
A-	80-84	10
B+	75-79	9
B	70-74	8
B-	60-69	7
F	00-59	0

Communication and Feedback

Students that are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential and anonymous email to the respective Area Chair or Associate Dean:

<http://mbastudent.degroote.mcmaster.ca/contact/anonymous/>

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 Administrative Assistant.

Instructors are encouraged to conduct an informal course review with students by Week #4 to allow time for modifications in curriculum delivery. Instructors should provide evaluation feedback for at least 10% of the final grade to students prior to Week #8 in the term.

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

MISSED ACADEMIC WORK

Missed Mid-Term Examinations / Tests / Class Participation

Where students miss a regularly scheduled mid-term or class participation for legitimate reasons as determined by the Student Experience – Academic (MBA) office, the weight for that test/participation will be distributed across other evaluative components of the course at the discretion of the instructor. Documentation explaining such an absence must be provided to the Student Experience – Academic (MBA) office within five (5) working days upon returning to school.

To document absences for health related reasons, please provide to Student Experience – Academic (MBA) office the Petition for Relief for MBA Missed Term Work and the McMaster University Student Health Certificate which can be found on the DeGroot website at <http://mbastudent.degroot.mcmaster.ca/forms-and-applications/>. Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. University policy states that a student may submit a maximum of three (3) medical certificates per year after which the student must meet with the Director of the program.

To document absences for reasons other than health related, please provide Student Experience – Academic (MBA) office the Petition for Relief for MBA Missed Term Work and documentation supporting the reason for the absence.

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. Such requests must be made to the Student Experience – Academic (MBA) office at least ten (10) working days before the scheduled exam along with acceptable documentation. Instructors cannot themselves allow students to unofficially write make-up exams/tests. Adjudication of the request must be handled by Student Experience – Academic (MBA).

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

Missed Final Examinations

A student who misses a final examination without good reason will receive a mark of 0 on the examination.

All applications for deferred and special examination arrangements must be made to the Student Experience – Academic (MBA) office. Failure to meet the stated deadlines may result in the denial of these arrangements. Deferred examination privileges, if granted, must be satisfied during the examination period at the end of the following term. There will be one common sitting for all deferred exams.

Failure to write an approved deferred examination at the pre-scheduled time will result in a failure for that examination, except in the case of exceptional circumstances where documentation has been provided and approved. Upon approval, no credit will be given for the course, and the notation N.C. (no credit) will be placed on the student's transcript. Students receiving no credit for a required course must repeat the course. Optional or elective courses for which no credit is given may be repeated or replaced with another course of equal credit value. Requests for a second deferral or rescheduling of a deferred examination will not be considered.

Any student who is unable to write a final examination because of illness is required to submit the Application for Deferred MBA Final Examination and a statement from a doctor certifying illness on the date of the examination. The Application for Deferred MBA Final Examination and the McMaster University Student Health Certificate can be found on the DeGroot website at <http://mbastudent.degroot.mcmaster.ca/forms-and-applications/> Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. Students who write examinations while ill will not be given special consideration after the fact.

In such cases, the request for a deferred examination privilege must be made in writing to the Student Experience – Academic (MBA) office within five business days of the missed examination.

Special examination arrangements may be made for students unable to write at the posted exam time due to compelling reasons (for example religious, or for part-time students only, work-related reasons):

- Students who have religious obligations which make it impossible to write examinations at the times posted are required to produce a letter from their religious leader stating that they are unable to be present owing to a religious obligation.
- Part-time students who have business commitments which make it impossible to write examinations at the times posted are required to produce a letter on company letterhead from the student's immediate supervisor stating that they are unable to be present owing to a specific job commitment.

In such cases, applications must be made in writing to the Student Experience – Academic (MBA) office at least ten business days before the scheduled examination date and acceptable documentation must be supplied.

If a student is representing the University at an academic or athletic event and is available at an overlapping scheduled time of the test/examination, the student may write the test/examination at an approved location with an approved invigilator, as determined by the Student Experience – Academic (MBA) office.

In such cases, the request for a deferred examination privilege must be made in writing to the Student Experience – Academic (MBA) office within ten business days of the end of the examination period.

Note: A fee of \$50 will be charged for a deferred exam written on campus and a fee of \$100 for deferred exams written elsewhere. In cases where the student's standing is in doubt, the Graduate Admissions and Study Committee may require that the student with one or more deferred examination privileges refrain from re-registering until the examination(s) have been cleared.

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 must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

<http://sas.mcmaster.ca>

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.

Remarks

- i. Please see Avenue for any updates and course material on a daily basis.
- ii. Any attempt to submit a falsified MSAF for this course for a missed test or midterm exam constitutes academic dishonesty and charges will be filed with the Office of Academic Integrity.
- iii. We only respond to emails sent from students' McMaster email accounts. Ensure that your Mac account is activated and has space to receive emails. We reply to emails only once, and if it returns to us as "undeliverable mail" we do not attempt any further replies. Do not use the email provided by Avenue. We do not check Avenue for emails. We do not respond to emails asking questions to which the answer is readily available in the course outline or Avenue.

ACKNOWLEDGEMENT OF COURSE POLICIES

Your registration and continuous participation to the various learning activities of MBA course will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture. **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

**MBA A717
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Winter 2019 Course Schedule**

WEEK	TOPIC AND ACTIVITY	READING ASSIGNMENT
Class 1 January 7	Chapter 1: Introduction	Scott, Chapter 1
Class 2 January 14	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 January 21	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 January 28	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 February 4	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 February 11	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
February 18	No class. Mid-term recess.	

WEEK	TOPIC AND ACTIVITY	READING ASSIGNMENT
Class 7 February 25	Chapter 8: The Efficient Contracting Approach to Decision Usefulness Group Case Report and Presentations	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 4	Chapter 10: Executive Compensation Group Case Report 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 9 March 11	Chapter 11: Earnings Management Group Case Report 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 10 March 18	Midterm Exam	
Class 11 March 25	Chapter 9: An Analysis of Conflict Analyst Report Term Project and Presentations	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 12 April 1	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
Class 13 April 8	Chapter 13: Standard Setting: Political Issues Analyst Report Term Project and Presentations	Scott Chapter 13 Problems: 13-1, 13-3, 13-8, 13-12, 13-18

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

This report should be submitted individually on the last day of the class.