

**MBA A702  
Intermediate Financial Accounting II  
Winter 2023 Course Outline**

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

**COURSE DESCRIPTION**

This course explores the issues of accounting measurement and financial reporting introduced in A600 and A610 in more depth. Based on establishing theoretical foundations for financial accounting, this course uses problem solving to consider a variety of topics essential to understanding contemporary financial statements and relating the usefulness of accounting information to different constituencies. Topics include an in-depth coverage of financial statements, the reporting and valuation of current and long-term liabilities, shareholders' equity and special accounting issues such as complex financial instruments, leases, income taxes and pension.

**INSTRUCTOR AND CONTACT INFORMATION**

Class Location: RJC  
Name: Prof. Justin Y. Jin, PhD, CPA, CA  
E-mail: [jinjus@mcmaster.ca](mailto:jinjus@mcmaster.ca)  
Office: DSB 319  
Office Hours: To be arranged  
Course Website: <http://avenue.mcmaster.ca>

**COURSE ELEMENTS**

Credit Value:	3	Leadership:	Yes	IT skills:	No	Global view:	Yes
Avenue:	Yes	Ethics:	No	Numeracy:	Yes	Written skills:	No
Participation:	Yes	Innovation:	Yes	Group work:	Yes	Oral skills:	Yes
Evidence-based:	Yes	Experiential:	No	Final Exam:	Yes	Guest speaker(s):	No

**COURSE DESCRIPTION**

This course is taught primarily through lectures and in-class problem solving, but also includes readings, and guest speakers. The course deals with the Liabilities and Share Holder's Equity

portion of the Balance Sheet. Students will learn how to recognize, measure and present liabilities and their effect on the related accounts and financial statements.

***Prerequisite:***

It is assumed that all students have a basic knowledge of accounting principles comparable to the materials covered in A611/12 (Financial Accounting). If you do not, you should catch up as quickly as possible. (You may choose to review Appendix 1-A, pp. 35-55, in the first reference text.)

## LEARNING OUTCOMES

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

- Define liabilities and identify how they are measured
- Account for cases of unearned revenue such as loyalty programs and product warranties
- Account for contingencies and uncertain commitments
- Value and measure long-term debt instruments
- Account for common and preferred share issuances
- Account for derivative and hedging instruments
- Identify and apply the presentation and disclosure requirements for income taxes
- Account for pensions and benefit plans
- Classify and account for the different lease types
- Identify differences in accounting standards for private enterprises and IFRS

## REQUIRED COURSE MATERIALS AND READINGS

Intermediate Accounting **13th Canadian Edition**, Volume 2

[Donald E. Kieso](#), [Jerry J. Weygandt](#), [Terry D. Warfield](#), [Nicola M. Young](#), [Irene M. Wiecek](#), [Bruce J. McConomy](#)

Avenue registration for course content, readings and case materials

<http://avenue.mcmaster.ca>

## EVALUATION

Exams: There will be two examinations. The midterm exam and final exam are close-book exams. **The final exam is non-cumulative.**

- Class Participation/Contribution: Students are responsible for all materials covered and readings assigned. Be prepared to answer certain questions that had been emphasized in prior classes or from the reading assignments.

***Participation***

You are expected to be prepared for each class by reading the assigned material and be a willing participant in discussions.

***Group Case Report Project***

Students will form group that consists of 2-3 students to complete group case report project. Each group will select and analyze a firm. Students will submit the report.

***Midterm exam***

This will be close-book exam on all topics covered prior to the exam date. It is likely that part of this exam will involve finding and developing information from an annual report. If you cannot take the exam at the scheduled time, you must have a doctor's notes.

***Components and Weights***

Participation	<b>10%</b>
Group Case Report	<b>20%</b>
Midterm Exam (individual)	<b>35%</b>
Final exam - non-cumulative (individual)	<b>35%</b>
<b>Total</b>	<b>100%</b>

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/examinationindex.html>

***Grade 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*

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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 Integrity*

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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](http://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

### *Authenticity/Plagiarism Detection*

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**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](http://www.mcmaster.ca/academicintegrity).

### *Courses with an On-Line Element*

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**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.

### *On-Line Proctoring*

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**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*

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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.

### *Missed Academic Work*

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#### ***Missed Mid-Term Examinations / Tests / Class Participation***

Please do not use the online McMaster Student Absence Form (MSAF) as this is for Undergraduate students only. The MBA program will not accept an MSAF.

When students miss regularly scheduled term work which contributes 10% or more to the final grade, for legitimate reasons as determined by the Student Experience – Academic Office (SEAO), the activity necessary to compensate for the missed work will be determined by the course instructor. The compensatory activities assigned will vary with the nature of the course and the missed requirement. They include, but are not restricted to, an alternative assignment, a rescheduled midterm exam, or re-weighting the marks for the missed component to other mark components. Documentation explaining such missed work must be provided to the SEAO within five (5) working days of the scheduled date for completion of the work.

Acceptable reasons for missed work, along with the [Petition for Missed Term Work and the MBA Student McMaster University Student Health Certificate](#), can be found on the DeGroote MBA Student website ([mbastudent.degroote.mcmaster.ca](http://mbastudent.degroote.mcmaster.ca)). Please direct any questions about acceptable documentation to the MBA Academic Advisors ([askmba@mcmaster.ca](mailto:askmba@mcmaster.ca)).

University policy states that a student may submit a maximum of three (3) [Petition for Missed Term Work](#) per academic year, after which the student must meet with the Director of the program.

If term work is missed without an approved reason, students will receive a grade of zero (0) for that component.

#### ***Missed Final Examinations***

Students must be available for the duration of the posted exam period regardless of their personal exam schedule. This is to ensure student availability throughout the entire exam period in the event that an exam must be rescheduled due to unforeseen circumstances (university closure, power outage, storm policy, etc.). A student who misses a final examination without valid reason will receive a mark of 0 on the examination.

Students who have missed a final exam for a valid reason can apply to the SEAO to write a deferred examination by submitting an [Application for Deferring a Final Exam](#) with supporting documentation. The application must be made within five days of the scheduled exam date or the application may be denied.

The [Application for Deferring a Final Exam](#) and the [MBA Student McMaster University Student Health Certificate](#) can be found on the DeGroote MBA Current Student website ([mbastudent.degroote.mcmaster.ca](http://mbastudent.degroote.mcmaster.ca))

Deferred examination privileges, if granted, are normally satisfied during the examination period at the end of the following semester. In select cases, the deferred

examination may be written at a time facilitated by the SEAO and agreed to by the course instructor.

Requests for a second deferral or rescheduling of a deferred examination will not be considered.

Failure to write an approved deferred examination at the pre-scheduled time will result in a zero (0) mark 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.

### *Academic Accommodation for students with disabilities*

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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>

### *Academic Accommodation for Religious, Indigenous or Spiritual Observances (RISO)*

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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*

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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.

### *Potential Modification to the Course*

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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.

### *Acknowledgement of Course Policies*

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Your registration and continuous participation (e.g. on A2L, in the classroom, etc.) to the various learning activities of MBA XXXX 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.



<b>COURSE SCHEDULE</b>
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**A702**  
**Intermediate Financial Accounting II**  
**Winter 2023 Course Schedule**

<b>WEEK</b>	<b>TOPIC</b>	<b>READING</b>
1 January 9-13	Chapter 13 Non-Financial and Current Liabilities	E13-2, E13-3, E13-5, E13-6, E13-12, E13-18, E13-21
2 January 16-20	Chapter 13 and 14 Non-Financial and Current Liabilities Long-Term Financial Liabilities	E14-1, E14-2, E14-4, E14-5, E14-6, E14-11, E14-13, E14-20
3 January 23-27	Class Exercises for Chapters 13 and 14	
4 January 30-February 3	Chapters 15 Shareholders' Equity	E15-1, E15-2, E15-3, E15-5, E15-7, E15-11, E15-12
5 February 6-10	Chapter 16 Complex Financial Instruments	E16-2, E16-3, E16-4, E16-5, E16-7, E16-9, E16-10, E16-12, E16-13, E16-18, E16-19, E16-20.
6 February 13-17	Chapter 16 Complex Financial Instruments	E16-2, E16-3, E16-4, E16-5, E16-7, E16-9, E16-10, E16-12, E16-13, E16-18, E16-19, E16-20.
7 February 20-24	Midterm recesses	

<b>WEEK</b>	<b>TOPIC</b>	<b>READING</b>
8 February 27-March 3	Midterm Exam – in class	Covers Chapters 13, 14, 15, 16
9 March 6-10	Chapter 17 Earnings Per Share	E17-2, E17-4, E17-6, E17-8, E17-10, E17-12, E17-14, E17-15, P17-7.
10 March 13-17	Chapter 18 Income Taxes	E18-3, E18-6, E18-7, E18-8, E18-9, E18-10, E18-11, E18-12, E18-15, E18-16, E18-20.
11 March 20-24	Chapter 18 Income Taxes	E18-3, E18-6, E18-7, E18-8, E18-9, E18-10, E18-11, E18-12, E18-15, E18-16, E18-20.
12 March 27-31	Chapters 19 Pensions and Other Employee Future Benefits	E19-1, E19-2, E19-3, E19-4, E19-7, E19-8, E19-10, E19-11, E19-12.
13 April 3-7	Chapter 20 Leases	E20-3, E20-4, E20-5, E20-6, E20-7, E20-9, E20-10, E20-11, E20-12, E20-14.
14 April 10-14	Chapter 20 Leases & Group Case Presentations Due April 14 Noon.	E20-3, E20-4, E20-5, E20-6, E20-7, E20-9, E20-10, E20-11, E20-12, E20-14.
	Final Exam (TBD)	