

Grande Prairie Regional College
Department of Arts, Commerce and Education
Course Outline
ACCT 453 (3)
Financial Accounting Theory
Fall 2002

Instructor: Ken Riley
Office: C307
Office hours: T & Th. 10 – 11:30am or by appointment
Telephone: (w) 539-2017; (h) 532-7849
E-mail: kriley@gprc.ab.ca

Time and Place: Tuesday: 13:00 - 14:20
Thursday: 13:00 - 14:20
B303

Course Description:

Financial Accounting Theory explores some theoretical issues that underlie the discipline of financial accounting, as well as some practical consequences of these issues. Related fields of study, particularly economics and finance, are drawn upon to study the efficient markets hypothesis and its implications for financial reporting, applications of the present value model in accounting, agency theory and its implications for financial reporting, the accounting standard setting process, and the economic consequences of accounting decisions.

Prerequisites:

- AU ACCT 352 and FNCE 370 or
- GPRC AC 3520 and FN 3700 or
- GPRC BA 2120 and BA 2230 or
- Equivalents

Content Description:

The course will examine the present value model, the decision-usefulness approach to financial reporting, the impact of efficient market hypothesis on accounting, conflict models and their impact on accounting, issues in the standard setting process and some specific topics of current interest.

Course Materials: The required text for this course is:

Athabasca University Course package.

Other reading material may be assigned during the course.

Evaluation:

The grading system employed in this course will be:

Assignments (4)	40%
Participation:	10%
Midterm Examination	20%
Final Examination	30%

Assignments:

Students will complete the 4 assignments described in the AU course material.

Participation:

Each student is expected to find and present in class 3 articles from the business press that are examples of issues we are discussing in the course. Also as the reading load in the class is quite heavy, it is imperative that each student comes to class having completed the readings and any assignments in order to derive the maximum learning from them. Marks will be based on the contribution made to the class by the student; note that both quantity and quality of the contribution will be assessed.

Midterm Examination:

A midterm examination is scheduled for the week of October 21.

Final Examination:

A final examination will be held with time and place to be announced.

COURSE TIMELINES:

Week of:

- September 2:** General Introduction to course
- September 9:** Lesson 1:
Chapter 1 & 2: Introduction and Accounting Under Ideal Conditions
- September 16:** Lesson 2:
Chapter 3: The Decision-Usefulness Approach to Financial Reporting
- September 23:** Review Lessons 1 & 2 and submit Assignment 1.
- September 30:** Lesson 3 & 4:
Chapter 4 – Efficient Securities Market
- October 7:** Chapter 5 –The Information Perspective of Decision Usefulness
- October 14:** Lesson 5:
Chapter 6 – The Measurement Perspective on Decision Usefulness
Review Lessons 3-5 and submit Assignment 2
- October 21:** **Midterm Examination** (Ch. 1 – 6)
Lesson 6:
Chapter 7 – Economic Consequences
- October 28:** Chapter 8 - The Positive Theory of Accounting
- November 4:** Lesson 7 & 8:
Chapter 9 – An Analysis of Conflict
Chapter 10 - Executive Compensation
- November 11:** Chapter 11 – Earnings Management
- November 18:** Review Lessons 6 - 8 and submit Assignment 3
- November 25:** Lesson 9 & 10:
Chapter 12 – Standard Setting: Economic Issues
Chapter 13 - Standard Setting: Political Issues
- December 2:** Review Lessons 9 & 10 and submit Assignment 4
Presentations of readings
Course Review