



Grande Prairie Regional College

Department of Business

COURSE OUTLINE – FALL 2009

ACC 453 (GPRC) / ACCT 453 (AU) 3 (3-0-0)

Financial Accounting Theory

Instructor	Emily Fraser	Phone	539-2947 (Office) 513-3899 (Home)
Office	C210	E-mail	efraser@gprc.ab.ca
Office Hours	Tuesday and Thursday 10:00am – 12:00 noon or by appointment	Class Time	Tuesday and Thursday 1:00 – 2:20pm

Prerequisite(s)/corequisite(s):

- AU: ACCT 352 and FN 370 or
- GPRC: BA 2120 and 2230 or
- GPRC: AC 3520 AND FN 3700 or
- Equivalent Intermediate Financial Accounting and Corporate Finance courses

Required Text/Resource Materials:

Scott, W. R. (2006). *Financial accounting theory* (4th ed.). Toronto, ON: Pearson Education Canada, Inc. Resource materials available online include selected Readings and sections from the Canadian Institute of Chartered Accountants CICA handbook.

Description:

ACCT 453 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 on to study the efficient markets hypotheses and agency theory and their implications for financial reporting, applications of the present value model in accounting, the accounting standard setting process, and the economic consequences of accounting decisions.

Credit/Contact Hours:

This is a 3 credit course with 3 lecture hours per week.

Delivery Modes:

For each topic there will be a classroom lecture/discussion and a demonstration of related accounting procedures. Relevant readings from the textbook, CICA handbook, ethics reading handbook and accounting journals will be assigned. End of chapter problems will help assess your knowledge and understanding of the material. Although you are not expected to complete every problem, you should attempt to answer all the questions for which solutions are provided.

Regular classroom attendance is expected. You should study assigned readings both before and after they are discussed in class and apply your understanding by completing the required homework problems.

This course is likely to make more demands on your time than an intermediate accounting course so plan your schedule accordingly. Do not fall behind in the assigned readings and problems because it will be difficult to catch up. If you are having difficulty following the course schedule please contact me as soon as possible.

Objectives:

Upon completion of this course the student will be able to:

- Describe the various theories and models that underlie financial accounting and reporting such as the present value model, portfolio theory, efficient securities market theory, and information economics.
- Explain and illustrate the relevance of these theories to financial accounting and reporting using real-life examples.

Transferability:

Students planning to transfer this course to a Professional Accounting designation (i.e., CMA, CGA, CA) are advised that they will be required to achieve a grade higher than the minimum passing grade. See <http://business.athabascau.ca/profAcct/> for details. Students are strongly advised to check with the receiving institution and/or association to ensure transferability.

Grading Criteria:

To receive credit in ACCT 453 **you must complete all course work, achieve a minimum grade of 50% on the final examination** and an overall grade of at least a 50% or better for the entire course. The weightings for each requirement are as follows:

Assignments (2 @ 2.5%)	5%
Research Paper	15%
Mid-Term Exam (3 hrs)	30%
Final Examination (3 hrs) (Cumulative)	50%

Assignment and Exam Policies:

1. ALL course work must be done in order to pass the course. If you fail to write an examination or submit an assignment, you will not pass the course.
2. Assignments are to be handed in at the beginning of class on the due date. Your research paper topic must be approved by your instructor by October 1, 2009. The research paper is due on December 4, 2009.
3. Exams will be written as scheduled. The mid-term exam is tentatively scheduled for October 20, 2009. Final examinations will be scheduled by the Registrar during the period Wednesday, December 9, 2009 to Friday, December 18, 2009. **DO NOT PLAN ANY ACTIVITIES DURING THIS PERIOD.**

Statement on Plagiarism:

Plagiarism and cheating are serious academic offences, which will be dealt with severely in this course. Students shall not submit work or ideas of another person as their own, in any aspect of the course. Please ensure you read and understand the GPRC policy on plagiarism as published in the Calendar. You should also read Athabasca University's *Academic Misconduct Policy* which can be found at:

<http://www.athabascau.ca/policy/registry/academicmisconductpolicy.htm>

The instructor reserves the right to use electronic plagiarism detection services.

Course Schedule/Timeline:

<u>Week</u>	<u>Topic</u>	<u>Readings/Assignments</u>
1	Lesson 1: Accounting Under Ideal Conditions	Chapters 1 & 2.
2	Lesson 2: Decision Usefulness Approach to Financial Reporting	Chapter 3. Reading 2-1. ERH: Units A1, A3, A4 & C4, CICA Handbook: Sections 1000, 1100 and 1400.
3	Lesson 3: Efficient Securities Markets.	Chapter 4, Readings 3-1, 3-2 & 3-3. ERH: Units C1 & B4 CICA Handbook: Sections 1505 and 4250.
4	Lesson 4: Information Perspective and Decision Usefulness	Chapter 5. CICA Handbook: Section 3480. Research Paper Topic Due October 1
5-6	Lesson 5: Measurement Perspective on Decision Usefulness.	Chapters 6 and 7. Readings 5-1, 5-2 & 5-3. CICA Handbook: Sections 3025, 3051, 3063, 3461, 3855 (w/some exceptions), & 3861.
7	MIDTERM EXAM	Lessons 1 – 5 Tentatively Scheduled for October 20

7	Lesson 6: Economic Consequences and Positive Accounting Theory	Chapter 8. Reading 6-1.
8	Lesson 7: An Analysis of Conflict	Chapter 9. Readings 7-1, & 7-2. ERH: Unit B3
9-11	Lesson 8: Conflict Between Contracting Parties: Some Illustrations	Chapters 10 and 11. Chp. 11: Problems 9 and 10
12	Lesson 9: Standard Setting: Economic Issues	Chapter 12. Reading 9-1 & 9-2.
13	Lesson 10: Standard Setting: Political Issues	Chapter 13. ERH: Units C-1, C-2 & C-3 Research Paper Due Dec 4
14	FINAL EXAM	Date TBA as soon as available

ADDENDUM

Accounting 453 Financial Accounting Theory

2009 Assignment Timeline

Weighting: 2 @ 2.5% of course grade totaling 5%.

Assignment #1(a): Chapter 2: Problem 14 page 43 (25 marks) **Due Sept 17.**

Assignment #1(b): Chapter 5: Problem 8 page 149. (15 marks.) **Due Oct 6.**

Assignment #1 (c): Chapter 6: Problem 12 page 191 (20 marks) **Due Oct 15**

Assignment #2(a): Chapter 9: Problem 13 page 296. (20 marks) **Due Nov 5**

Assignment #2(b): Chapter 10 Problem 9 page 334 (20 marks) **Due Nov 12**

Assignment #2(c): Your author suggests that earnings management can be useful if kept within bounds. Discuss 2 arguments for the usefulness of earnings management. (15 marks). How can accountants reduce the extent of bad earnings management? Provide 2 examples. (5 marks) **Due Nov 19**