

EFFECTIVE: SEPTEMBER 2007 CURRICULUM GUIDELINES

А.	Division:	vision: Education		Effective Date:			September 2007		
B.	Department / Program Area:	Commerce & 1 BBA Degree	Business Admin.	If	vision Revision, Section(s) vised:		New Cour	se	X
C:	ACCT	4850	D :	Acco	unting Theory		E:	3	
	Subject & Course No.		Descript	scriptive Title		Semester Credits			
F:	Calendar Description: This course will provide students with a critical examination of problem areas of current interest in financial accounting theory. Practical and theoretical problems of the present value model, historical costs, decision usefulness, portfolio risk, efficient securities markets, fair-value-oriented standards with application to traditional accounting, positive accounting theory, game and agency theory, executive compensation and earnings management will be examined. Economic and political issues and criteria related to standard setting, in Canada, the U.S., and internationally, will also be discussed, as well as the contribution of economics, finance and other disciplines to accounting theory.								
G:	Allocation of Contact Hours to Type of Instruction / Learning Settings Primary Methods of Instructional Delivery and/or Learning Settings: Lectures Number of Contact Hours: (per week / semester for each descriptor) Lecture: 4 Hours per week Number of Weeks per Semester: 15 Weeks X 4 Hours per week = 60 Hours		l Delivery and/or week / semester	H: I: J:	Course Prerequisites:ACCT 2310 with a grade of "C" or better, AND ACCT 2410 with a grade of "C" or better, AND FINC 2340 with a grade of "C" or better, AND ENGL 1130 with a grade of "C" or better.Course Corequisites:NilCourse for which this Course is a PrerequisiteNilMaximum Class Size:25)
L:	PLEASE INDICATE: Non-Credit College Credit Non-Transfer X College Credit Transfer SEE BC TRANSFER GUIDE FOR TRANSFER DETAILS (www.bctransferguide.ca)								

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M:	Course Objectives / Learning Outcomes						
	At the end of the course, the successful student should be able to:						
	1. describe various theories that underlie financial accounting and reporting;						
	2. explain the impact of the current system of financial accounting and reporting;						
	3. explain the impact of financial accounting and reporting on securities markets;						
	4. explain game and agency theory and their implications for accounting;						
	5. explain the criteria, and the economic and political issues involved in the standard setting process;						
	6. demonstrate awareness of ethical and professional standards and responsibilities of financial management professionals.						
N:	Course Content:						
	Accounting under ideal conditions: present value model, reserve recognition accounting, historical cost accounting.						
	 Decision usefulness approach to financial reporting: single person decision theory, rational, risk averse investor, portfolio diversification, optimal investment decisions, portfolio risk. 						
	 Efficient securities markets and their implications for financial reporting: informativeness of price, capital asset pricing model, information asymmetry. 						
	Information perspective on decision usefulness: market response, earnings response coefficients, unusual, non-recurring and extraordinary items.						
	5. Measurement perspective on decision usefulness: theories relating to the efficiency of securities markets.						
	6. Measurement perspective applications: traditional reporting, fair-value-oriented standards, financial instruments, accounting for intangibles, reporting on risk.						
	7. Economic consequences: employee stock options, government assistance, successful-efforts accounting, positive accounting theory (PAT).						
	8. Analysis of conflict: game theory (non-cooperative and cooperative), agency theory.						
	 Executive compensation: theory, incentives, compensation plans, role of risk, politics. Earnings management: motivations, patterns, "good" and "bad" side of earnings management. 						
	 11. Standard setting – economic issues: private incentives for information production, sources of market 						
	failure, regulation of economic activity and decentralization regulation.						
	12. Standard setting – political issues: public interest and interest group theories; standard setting in Canada and the U.S., International Accounting Standards Boards (IASB), conflict and compromise,						
	criteria for standard setting.						
0:	Methods of Instruction						
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	Lectures and group discussions.						
Р:	Textbooks and Materials to be Purchased by Students						
	Required: William R. Scott. <i>Financial Accounting Theory</i> , latest Canadian edition. Prentice-Hall, Toronto. Optional: Schroeder, Clark and Cathey, <i>Financial Accounting Theory and Analysis</i> : text readings and cases, latest edition. John Wiley & Sons Inc.						
	Instructor compiled materials (if applicable)						
	 Any one of the following calculators: 1. Texas Instruments BA II Plus 2. Sharp EL 733A 3. Hewlett Packard 10B 						

Q:	Means of Assessment						
	Assignments/projects/cases/tests	20-30%					
	Midterm examination	30-40% <u>30-40%</u>					
	Final examination						
		100%					
	TO OBTAIN CREDIT FOR THE COURSE.						
	Prior Learning Assessment and Recognition: specify whether course is open for PLAR						
	No.						
L							

Course Designer(s): Elizabeth Hicks

Education Council / Curriculum Committee Representative

Dean / Director: Rosilyn Coulson

Registrar: Trish Angus

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