



EFFECTIVE: MAY, 2008 CURRICULUM GUIDELINES

A. Division: Education	Effective Date: May, 2008
B. Department / Program Area: Commerce & Business Admin. / BBA Degree	Revision: <input checked="" type="checkbox"/> New Course <input type="checkbox"/> If Revision, Section(s) Revised: P, Q Date of Current Revision: September 2007
C: ACCT 4850	D: Accounting Theory
E: 3	

Subject & Course No.	Descriptive 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	H: 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.							
	I: Course Corequisites: Nil							
	J: Course for which this Course is a Prerequisite Nil							
	K: Maximum Class Size: 30							
L: PLEASE INDICATE: <table style="margin-left: 20px;"> <tr> <td style="border: 1px solid black; width: 30px; height: 20px;"></td> <td>Non-Credit</td> </tr> <tr> <td style="border: 1px solid black; width: 30px; height: 20px;"></td> <td>College Credit Non-Transfer</td> </tr> <tr> <td style="border: 1px solid black; width: 30px; height: 20px; text-align: center;">X</td> <td>College Credit Transfer</td> </tr> </table> <p style="margin-left: 20px;">SEE BC TRANSFER GUIDE FOR TRANSFER DETAILS (www.bctransferguide.ca)</p>				Non-Credit		College Credit Non-Transfer	X	College Credit Transfer
	Non-Credit							
	College Credit Non-Transfer							
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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:

1. Accounting under ideal conditions: present value model, reserve recognition accounting, historical cost accounting.
2. Decision usefulness approach to financial reporting: single person decision theory, rational, risk averse investor, portfolio diversification, optimal investment decisions, portfolio risk.
3. Efficient securities markets and their implications for financial reporting: informativeness of price, capital asset pricing model, information asymmetry.
4. 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.
9. Executive compensation: theory, incentives, compensation plans, role of risk, politics.
10. 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.

O: Methods of Instruction

Lectures and group discussions.

P: Textbooks and Materials to be Purchased by Students

Required: William R. Scott. *Financial Accounting Theory*, latest Canadian edition. Prentice-Hall, Toronto.
Optional (at discretion of instructor): Schroeder, Clark and Cathey, *Financial Accounting Theory and Analysis: 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. Hewlett Packard 10B

Q: Means of Assessment

Assignments/projects/cases/tests	30%
Midterm examination	35%
Final examination	<u>35%</u>
	100%

STUDENTS MUST WRITE BOTH THE MIDTERM EXAMINATION AND THE FINAL EXAMINATION TO OBTAIN CREDIT FOR THE COURSE.

Prior Learning Assessment and Recognition: specify whether course is open for PLAR

No.

Course Designer(s): **Elizabeth Hicks**

Education Council / Curriculum Committee Representative

Dean / Director: **Rosilyn Coulson**

Registrar: **Trish Angus**

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Date: September 2007