

## **Course Outline 2017**

### **ACCTG 711: FINANCIAL ACCOUNTING RESEARCH (15 POINTS)**

#### **Semester 1 (1173)**

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#### **Course Prescription**

This course examines contemporary issues in financial accounting research. The course covers a wide range of financial accounting research topics and explores the current boundaries of financial accounting research. The course will focus on recent research studies that have been published in top accounting journals.

#### **Goals of the Course**

Objectives of this paper are to:

- Gain an awareness of the different types of financial accounting research
- Learn how to read and evaluate academic accounting studies
- Develop an understanding of recent financial accounting research relating to a wide range of topics
- Develop the skills needed to do more in-depth study on a current financial accounting topic.

#### **Learning Outcomes**

By the end of this course it is expected that the student will be able to:

- Identify and describe different types of financial accounting research
- Read an accounting research article and be able to explain it and critique it
- Identify and discuss examples of recent financial accounting research relating to a wide range of topics
- Complete a project related to financial accounting research.

#### **Content Outline**

Week 1-10 Readings plus seminar

#### **Learning and Teaching**

This course will be delivered at the City Campus. There will be ten 3-hour seminars held on a weekly basis. Attendance at each seminar is compulsory.

This course is based on seminar presentations. Students will lead the seminars. Each student will be assigned to a research article and will have to make a presentation where they review it (see Assessment below). However, students are required to read all articles whether presenting or not. Non-presenting students will be expected to ask and answer questions and to participate in all discussions. Participation will be assessed.

## Teaching Staff

Dr. Lily Chen

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## Learning Resources

All readings will be available on-line.

## Assessment

The final grade will be determined as follows:

Seminar presentation <sup>1</sup>	10%
Class participation <sup>2</sup>	20%
Project <sup>3</sup>	20%
Final examination <sup>4</sup>	<u>50%</u>
	100%

<sup>1</sup> Each student will present one paper during the semester. The paper will be presented individually or as a team. Each presentation should last between 25-30 minutes. In the presentation, the individual or team should provide an overview of the study. Each team should discuss the:

- 1/ Research question,
- 2/ Motivation and contribution,
- 3/ Literature review,
- 4/ Conceptual model and hypotheses,
- 5/ Research design including the sample, variables, and methods of analysis,
- 6/ Results, and
- 7/ Conclusion.

The presentation will be assessed on the content (scope and depth of coverage of the items listed above), explanation (ability to clearly explain the material), and presentation (organisation, visual aids, communication skills, time management). A 'good' presentation is one where the presenter explains the paper in his/her own words and adds value by helping the class to better understand the study. A presentation that involves re-reading substantial parts of the assigned article will receive low marks. Slides that are creative both in terms of what information is presented and how it is shown (e.g., how much on each slide, use of diagrams or figures) are an integral part of a 'good' presentation.

Presentations that exceed 30 minutes will be penalized. As it is unlikely that you will be able to cover every aspect of the paper in 30 minutes, you will need to decide on which points to emphasize. Presentation slides should be emailed to Dr Lily Chen by 5pm on the day prior to your presentation. Presenters should bring sufficient copies to distribute to the class.

<sup>2</sup> Class participation will be based on the quality and quantity of the student's verbal interactions. Students should be able to participate in general discussions, e.g., asking/answering questions, discussing the paper's strengths and weaknesses. Attendance at the seminars is compulsory and will not be considered in evaluating class participation.

3 Information about the project will be distributed in April.

Learning Outcome	Presentation	Participation	Project	Exam
1	X	X	X	X
2	X	X	X	X
3	X	X	X	X
4			X	

### **Inclusive Learning**

Students are urged to discuss privately any impairment-related requirements face- to-face and/or in written form with the Course Director.

### **Student Feedback**

Students should feel free to discuss any aspect of the course with Dr Lily Chen at any time.

## **Readings and Seminar Schedule (Note: this is preliminary and may be subject to change)**

### **Seminar 1**

Topic: Disclosure

Bartov, E., Mohanram, P. 2014. Does income statement placement matter to investors? The case of gains/losses from early debt extinguishment. *The Accounting Review* 89, 2021-2055.

Curtis, A., McVay, S., Whipple, B. 2014. The disclosure of non-GAAP earnings information in the presence of transitory gains. *The Accounting Review* 89, 933-958.

### **Seminar 2**

Topic: Contagion and earnings management

Chiu, P.-C., Teoh, S., Tian, F. 2013. Board interlocks and earnings management contagion. *The Accounting Review* 88, 915-944.

Kedia, S., Koh, K., Rajgopal, S. 2015. Evidence on contagion in earnings management. *The Accounting Review* 90, 2337-2373.

### **Seminar 3**

Topic: Managerial incentives

Hui, K., Matsunaga, S. 2015. Are CEOs and CFOs rewarded for disclosure quality? *The Accounting Review* 90, 1013-1047.

Jayaraman, S., Milbourn, T. 2015. CEO equity incentives and financial misreporting: The role of auditor expertise. *The Accounting Review* 90, 321-350.

### **Seminar 4**

Topic: Consequences of low-quality accounting

Amel-Zadeh, A., Zhang, Y. 2015. The economic consequences of financial restatements: Evidence from the market for corporate control. *The Accounting Review* 90, 1-29.

Li, V. 2016. Do false financial statements distort peer firms' decisions? *The Accounting Review* 91, 251-278.

### **Seminar 5**

Topic: Cross-country studies

Srinivasan, S., Wahid, A., Yu, G. 2015. Admitting mistakes: Home country effect on the reliability of restatement reporting. *The Accounting Review* 90, 1201-1240.

Lamoreaux, P., Michas, P., Schultz, W. 2015. Do accounting and audit quality affect world bank lending? *The Accounting Review* 90, 703-738.

### **Seminar 6**

Topic: Internal controls

Rice, S., Weber, D., Biyu, W. 2015. Does SOX 404 have teeth? Consequences of the failure to report existing internal control weaknesses. *The Accounting Review* 90, 1169-1200.

Feng, M., Li, C., McVay, S., Skaife, H. 2015. Does ineffective internal control over financial reporting affect a firm's operations? Evidence from firms' inventory management. *The Accounting Review* 90, 529-557.

### **Seminar 7**

Topic: Audit firms

Boone, J., Khurana, I., Raman, K. 2015. Did the 2007 PCAOB disciplinary order against Deloitte impose actual costs on the firm or improve its audit quality? *The Accounting Review* 90, 405-441.

Swanquist, Q., Whited, R. 2015. Do clients avoid "contaminated" offices? The economic consequences of low-quality audits. *The Accounting Review* 90, 2537-2570.

### **Seminar 8**

Topic: Accounting conservatism

Basu, S. 1997. The conservatism principle and the asymmetric timeliness of earnings. *Journal of Accounting and Economics* 24, 3-37.

Lawrence, A., Sloan, R., Sun, Y. 2013. Non-discretionary conservatism: Evidence and implications. *Journal of Accounting and Economics* 56, 112-133

### **Seminar 9**

Topic: Corporate social responsibility

Kim, Y., Park, M., Wier, B. 2012. Is earnings quality associated with CSR? *The Accounting Review* 87, 761-796.

Gao, F., Lisic, L., Zhang, I. 2014. Commitment to social good and insider trading. *Journal of Accounting and Economics* 57, 149-175.

### **Seminar 10**

Topic: Integrated reporting

Barth, M., Cahan, S., Chen, L., Venter, E. 2016. The economic consequences associated with integrated report quality: Early evidence from a mandatory setting. Working paper. Available at SSRN: <http://ssrn.com/abstract=2699409>.

Serafeim, G. 2015. Integrated reporting and investor clientele. *Journal of Applied Corporate Finance* 27, 34-51.