



ACCT*4340 Accounting Theory

Winter 2019

Credit weight 0.5

General Course Information

Instructor: Ron Baker
Email: ron@uoguelph.ca
Office Location: MAC HALL 203
Office Hours: Appointment only
Department/School: Management

Class Schedule: Tues/Thurs 8:30-9:50

Class Location: MACS, Room 121

Final Exam: none

Pre-requisites: ACCT 4220

Co-requisites: N/A

Restrictions: ACCT 4240

Course Description

This course will draw on accounting research, primarily empirical research. Rather than covering specific GAAP rules, the course will focus on how investors react to GAAP rules, why financial information is important, and how its use/misuse affects investor decision making and management behaviour. The course is thus about accounting, instead of about how to apply accounting standards.

The course will introduce students to accounting research and the theories that inform the development of accounting practices and our understanding of the role of accounting in society. Students will critically examine contemporary issues in accounting including accounting education, earnings management, accounting for sustainability, governance and accounting information as a public good.

Course Learning Outcomes

The learning outcomes of this course are:

1. Explain the role of theory in accounting research
2. Identify and explain the more common theories used in accounting research and use the following theories to facilitate our understanding of contemporary accounting issues:
 - a. Agency theory
 - b. Institutional Theory
 - c. Legitimacy Theory
 - d. Stakeholder Theory
 - e. Contingency Theory

3. Identify and explain current issues in accounting, such as
 - a. Sustainability
 - b. Earnings management
 - c. Governance
 - d. Corporate failure
 - e. Measurement
 - f. The development and use of the conceptual framework
4. Critically examine current issues in accounting by drawing upon existing research found in the academic literature

Indicative Content

Date	Class #	Text	Article	Description
Jan 8	1	1		Introduction/Contemporary issues in accounting
Jan 10	2	1	Demski, 2007; Parker et al., 2011 (pp. 5-9)	Accounting as an Academic Discipline
Jan 15	3	2	Baker and Wick, 2019; Baker 2011	Accounting Education
Jan 17	4	2		Conceptual Framework
Jan 22	5	4	Hines, 1989	Conceptual Framework
Jan 24	6	4	Sunder, 2015	Measurement
Jan 29	7	5	Sterling, 1967	Theories in accounting
Jan 31	8	5	Inanga and Schneider, 2005	Theories in accounting
Feb 5	9	5		Theories in accounting
Feb 7	10	Exam 1		
Feb 12	11	6	Watts and Zimmerman, 1978 (112-118)	Products of financial reporting
Feb 14	12	7		Products of financial reporting
Feb 26	13	7	Baker et al., 2012	Corporate Governance
Feb 28	14	8		Capital markets research
Mar 5	15	9	Dechow and Skinner, 2000	Earnings Management
Mar 7	16	9		Earnings Management
Mar 12	17	Exam 2		
Mar 14	18	10	Laux and Leuz 2009	Fair Value accounting
Mar 19	19	10		Fair Value accounting
Mar 21	20	11	Mäkelä et al, 2017	Sustainability
Mar 26	21	12	Egan and Tweedie, 2018	Sustainability
Mar 28	22	13	Baker and Hayes, 2004	Corporate failure
Apr 2	23	Exam 3		
April 4	24	13		Course Wrap-Up

Articles (Required):

Baker, C. R., & Hayes, R. (2004). Reflecting form over substance: the case of Enron Corp. *Critical Perspectives on Accounting*, 15(6-7), 767-785.

Baker, R. (2011). [An Approach to Course Design for Introductory Financial Accounting, *Accounting Educators' Journal*, 11, pp. 63 – 77.](http://www.aejournal.com/ojs/index.php/aej/issue/view/29) <http://www.aejournal.com/ojs/index.php/aej/issue/view/29>

Baker, R., Schneider, B., and Anderson, R. (2012). [Programme devolution accountability for First Nations: to whom for what?, *Int. J. of Business and Globalisation*, 8\(3\), pp.421 – 434.](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2492613) Available at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2492613

Baker, R. and Wick, S. (2019). A narrative on integrating research and theory into undergraduate accounting curriculum, *Meditari Accountancy Research*, forthcoming. Available on Courselink.

Dechow, P. and Skinner, D. (2000). Earnings management: reconciling the views of accounting academic, practitioners and regulators, *Accounting Horizons*, 14(2), pp. 235-250.

Demski, J. S. (2007). Is accounting an academic discipline?. *Accounting horizons*, 21(2), 153-157.

Egan, M., & Tweedie, D. (2018). A “green” accountant is difficult to find: Can accountants contribute to sustainability management initiatives?. *Accounting, Auditing & Accountability Journal*, 31(6), 1749-1773.

Hines, R. D. (1989). Financial accounting knowledge, conceptual framework projects and the social construction of the accounting profession, *Accounting, Auditing and Accountability Journal*, 2(2), pp. 72-92.

Inanga, E. L. and Schneider, W. B. (2005). The failure of accounting research to improve accounting practice: a problem of theory and lack of communication. *Critical Perspectives on Accounting*, 16(3), pp. 227-248.

Laux, C. and Leuz, C. (2009). The crisis of fair-value accounting: making sense of the recent debate, *Accounting, Organizations & Society*, 34(6-7), pp. 826-834.

Mäkelä, H., Gibbon, J., & Costa, E. (2017). Social Enterprise, Accountability and Social Accounting. *Social and Environmental Accountability Journal*, 37(1), 1-5.

Parker, L.D., Guthrie, J., and Linacre, S. (2011). The relationship between academic accounting research and professional practice, *Accounting, Auditing & Accountability Journal*, 24(1), pp. 5-14.

Sterling, R. (1967). A Statement of Basic Accounting Theory: A Review Article, *Journal of Accounting Research*, 5(1), pp. 95-112.

Sunder, S. (2015). Risk in accounting. *Abacus*, 51(4), 536-548.

Watts R. L. and Zimmerman, J. L. (1978). Towards a Positive Theory of the Determination of Accounting Standards, *The Accounting Review*, 53(1) (Jan., 1978), pp. 112-134.

Course Assessment

Assessment	Weight	Description	Associated Learning Outcomes	Due Date/ location
Abstract 1:	5%	Baker 2011	4	Jan 17/in class
Abstract 2:	5%	Hines, 1989	4	Jan 29/in class
Abstract 3:	5%	Baker et al., 2012	4	Feb 28/in class
Abstract 4:	5%	Laux and Leuz 2009	4	Mar 20/in class
Abstract 5:	10%	Baker and Hayes 2004	4	Apr 5/in class
Term Exam 1:	20%	Ch. 1,2, 4, 5 + articles from classes 1 to 8	1,2,3,4	Feb 7/in class
Term Exam 2:	25%	Ch. 6,7,8,9 + articles from classes 10 to 16	1,2,3,4	Mar 12/in class

Term Exam 3:	25%	Ch. 10,11,12,13 + articles from classes 18 to 22	1,2,3,4	Apr 2/in class
Total	100%			

Course Resources

Required Texts:

Contemporary issues in accounting by Rankin, Stanton, McGowan, Ferlauto and Tilling. Wiley Publishing
IBN 978-0-7303-0026-7

The text is available as an e-book at the University Bookstore.

Other Resources:

Articles can be accessed through the University of Guelph library website or the publisher's website. All articles are available electronically.

Course Policies

Grading Policies

Three term exams are scheduled for this class. They are 1 hour and 15 minutes in length and held in your regular classroom during class time. Each term exam focuses on specific material covered as outlined in the course assessment.

Requests regarding re-weighting of marks allocated due to a poor performance on an exam will not be considered. **There is no re-weighting of exams.**

IF YOU ARE SICK AT THE TIME OF THE A TERM EXAM YOU ARE REQUIRED TO COMMUNICATE (VIA EMAIL) ANY ILLNESS TO YOUR INSTRUCTOR BEFORE THE EXAM. The email communication should be sent to your professor before the exam time and should include the following information: full name, student number, course code, section enrolled and your explanation for missing the exam. All necessary documentation (medical note) supporting your absence must be delivered to your instructor within 5 business days of the exam.

Also note: issues with marking will only be addressed at the time the exams handed back (in class).

<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-grds.shtml>

Please note that these policies are binding unless academic consideration is given to an individual student.

Course Policy regarding use of electronic devices and recording of lectures:

Electronic recording of classes is expressly forbidden without consent of the instructor. When recordings are permitted they are solely for the use of the authorized student and may not be reproduced, or transmitted to others, without the express written consent of the instructor.

University Policies

Academic Consideration

When you find yourself unable to meet an in-course requirement because of illness or compassionate reasons, please advise the course instructor in writing, with your name, id#, and e-mail contact. See the academic calendar for information on regulations and procedures for Academic Consideration:

<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-ac.shtml>

Academic Misconduct

The University of Guelph is committed to upholding the highest standards of academic integrity and it is the responsibility of all members of the University community, faculty, staff, and students to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring.

University of Guelph students have the responsibility of abiding by the University's policy on academic misconduct regardless of their location of study; faculty, staff and students have the responsibility of supporting an environment that discourages misconduct. Students need to remain aware that instructors have access to and the right to use electronic and other means of detection. Please note: Whether or not a student intended to commit academic misconduct is not relevant for a finding of guilt. Hurried or careless submission of assignments does not excuse students from responsibility for verifying the academic integrity of their work before submitting it. Students who are in any doubt as to whether an action on their part could be construed as an academic offence should consult with a faculty member or faculty advisor.

The [Academic Misconduct Policy](#) is detailed in the Undergraduate Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-amisconduct.shtml>

Accessibility

The University of Guelph is committed to creating a barrier-free environment. Providing services for students is a shared responsibility among students, faculty and administrators. This relationship is based on respect of individual rights, the dignity of the individual and the University community's shared commitment to an open and supportive learning environment. Students requiring service or accommodation, whether due to an identified, ongoing disability or a short-term disability should contact Student Accessibility Services (SAS) as soon as possible.

For more information, contact SAS at 519-824-4120 ext. 56208 or email accessibility@uoguelph.ca or see the [SAS website](#) at <http://www.uoguelph.ca/csd/>

Course Evaluation Information

Please refer to the [Course and Instructor Evaluation Website](#): <https://courseeval.uoguelph.ca/>

Drop date

The last date to drop one-semester courses, without academic penalty, is **March 9, 2018**. For regulations and procedures for Dropping Courses, see the [Academic Calendar](#):

<https://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-drop.shtml>

Additional Course Information

The course consists of readings (textbook and journal articles) and in-class discussions. Students must complete the required readings prior to class and be prepared to contribute their ideas and opinions in class. Class time will also be used to review the material, but it is assumed that the readings have been completed so the reviews can be kept to a minimum, leaving more available for discussions.

Abstracts

These are extended abstracts of assigned readings. 2 to 3 pages in length (single-spaced) they will summarize an article and must include the following sections:

- 1- Issue identification and research question (if application)
- 2- Background
- 3- Methodology
- 4- Overview of results
- 5- Strengths and weaknesses of the article
- 6- Your overall (informed and thoughtful) opinion on the issue addressed in the article.

NOTE: Abstract # 5 is worth 10% of your final grade and should be 5 to 7 pages in length, single-spaced, and include multiple references.

For ALL EXAMS you are permitted a pen/pencil and a non-programmable calculator. No notes, cell phones, etc.

Some policies of note:

No deferred term exams will be held. Should you require to be excused from a term exam for legitimate reasons (i.e. medical condition), the marks of the term exam will be allocated to the final exam.

If you are registered with the Centre for Students with Disabilities and will require some form of accommodation in the completion of the required learning activities for this course, please inform your seminar instructor during the first week of classes.

Keep a copy of all of your graded work until final marks have been recorded. You may be asked to resubmit your work at any time.