

**ACCT 5120**  
**ADVANCED CONCEPTS I**

**COURSE OUTLINE**  
**SUMMER 2017 (SECTIONS A & B)**

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**Calendar Description:**

An in-depth exploration of selected topics in financial accounting, assurance and taxation.

**Course Description:**

This course builds upon and integrates knowledge previously gained in financial reporting, audit / assurance and taxation in an undergraduate program. It dives deeper into technical and complex issues, helps develop professional judgement, and focuses on the ability to integrate the various competencies together. It hones the skills required to be a professional accountant.

## Course Objectives:

1. Develop an in-depth understanding of advanced accounting topics under IFRS, APSE and accounting for Not-for-Profit Organizations.
2. Develop an in-depth understanding of audit engagement planning including risk assessment and materiality, and an in-depth understanding of review and compilation engagements.
3. Develop an in-depth understanding of selected taxation issues for individuals and corporations.

## Prerequisites

There are no prerequisites to this course. By virtue of being admitted to the MAcc program, you have demonstrated coverage of the entry requirements to the program.

## Deferred Final Examination

Students unable to write a final examination because of illness or other circumstances beyond their control must contact the instructor and the MAcc office in writing to request a deferred exam. Permission may be granted when the absence is supported by a medical certificate and or appropriate document/s to support the reason for the deferral.

## Drop Course Policy

The deadline for academic withdrawal is the last day of classes (each term).

## Course Requirements & Methods of Evaluation:

Participation and engagement	15%
Assignments	25%
Final Exam – 4 hours	60%
	<u>100%</u>

In order to pass this course, you must obtain a grade of greater than 50% in each of the Assurance, Taxation and Financial Reporting components of the final exam. If you obtain less than 50% in any of the three main areas, your maximum grade in the course will be a C.

The grading scale used to calculate your final grade will be the one listed in the Carleton University Graduate Calendar:

A+	90 - 100	B+	77 – 79	C+	67 – 69	D+	57 – 59
A	85 – 89	B	73 – 76	C	63 – 65	D	53 – 56
A-	80 – 84	B-	70 – 72	C-	60 – 62	D-	50 – 52

## **Participation and engagement**

The participation and engagement component of the course will be assessed separately for the Financial Reporting, Assurance and Taxation Components.

The Financial Reporting component ( $15\% \times 8/12 = 10\%$ ) will be assessed as follows:

- 1/3 will be for simply attending class
- 1/3 for in-class Securexam submissions of accounting issue
- 1/3 for Securexam submissions of your case preparations. We will be doing 5 cases that will require advance preparation on your part. You will have the option of submitting your case analysis for each of these cases.

The Taxation component ( $15\% \times 2/12 = 2.5\%$ ) will be assessed as follows:

- 1/3 will be for simply attending class,
- 1/3 will be for taxation quiz submission, and
- 1/3 will be for case preparations. We will be doing 2 cases. A short quiz at the beginning of the second Taxation class (Tax 2) will assess your preparation.

The preparation and quizzes will be marked mostly on an effort basis.

The Assurance component ( $15\% \times 2/12 = 2.5\%$ ) will be assessed as follows:

- 1/3 will be for simply attending class,
- 1/3 will be participation on the case discussions
- 1/3 will be for participating in the internal control assignment discussions

## **Assignments**

Assignments are to be completed individually (with the exception of the assurance assignments which are specifically identified as team-based). All assignments will be counted towards the final grade. More information for the content of the assignments will be provided in cuLearn as the course progresses. The financial reporting assignments will be worth 2/3 of your assignment grade whereas the assurance and taxation assignments will be worth 1/6 of your assignment grade respectively.

## **Final Exam**

The final exam will be comprehensive in nature and will cover the whole course. Only non-programmable calculators (without alpha storage capabilities) will be permitted for use during examinations. Translation dictionaries are allowed as long as they are in print format and do not contain any handwritten notes. Electronic translation dictionaries are not allowed. The format of the final exam will consist of problems and case studies. The final exam must be written using Securexam. Any paper submissions will not be marked.

The final exam will be held on Tuesday June 20, 2017 from 8:30am – 12:30pm in room 132AP.

## Development of Enabling Competencies

One of the objectives of the M.Acc. is the development of the following enabling competencies and this course will develop these competencies as follows:

Competencies	
1. Professional and Ethical Behaviour	Professional and Ethical Behaviour and Problem Solving and Decision Making will be developed on a weekly basis through the discussion and analysis of case studies.
2. Problem Solving and Decision Making	
3. Communication (written and oral)	Communication will be assessed through your in-class participation, written assignments and the term project – report and in-class presentation.
4. Self-Management	Self-Management will be assessed by in-class participation and will reflect on your ability to keep up with the course materials on an on-going basis.
5. Teamwork and Leadership	Teamwork and leadership will be assessed through the group project.

### ACCT 5120 – ADVANCED CONCEPTS I – SUMMARY SCHEDULE Summer 2017

	Section A	Section B	Topics
S1	May 1	May 1	Introduction to Course, CPA Competency Map, Secureexam Financial reporting
S2	May 3	May 3	Financial reporting
S3	May 8	May 8	Financial reporting
S4	May 9	May 9	Financial reporting
S5	May 15		Assurance
		May 15	Taxation
S6		May 17	Assurance
	May 17		Taxation
S7	May 24	May 24	Financial reporting
S8	May 29	May 29	Financial reporting
S9	May 31	May 31	Financial reporting
S10	June 5		Assurance
		June 5	Taxation
S11		June 7	Assurance
	June 7		Taxation
S12	June 12	June 12	Financial reporting
	June 20	June 20	<b>Final Exam</b>

## Topical Coverage

### FINANCIAL REPORTING

Class	Date	Topic	Student Class Preparation
1	May 1	The Annual Report, Management Discussion and Analysis, Notes to the Financial Statements  Financial Statement Analysis  Peeling an IFRS standard: IAS 16 – Property, Plant and Equipment  Introduction to the CPA Competency Map  Introduction to Securexam	Watch the MD&A and Notes to the Financial Statements Video.  Watch Financial Statement Analysis Video.  Print IAS 16 – Property, Plant and Equipment and bring to class.  Load Securexam on your laptop.
2	May 3	IAS 38 – Intangible Assets  IAS 37 – Provisions and Contingencies  IAS 2 – Inventories  IAS 41 - Agriculture	Read debrief note and watch videos.

<b>Class</b>	<b>Date</b>	<b>Topic</b>	<b>Student Class Preparation</b>
3	May 8	IFRS 15 – Revenue from Contracts from Customers	Read debrief note and watch videos.
4	May 9	IAS 20 – Government Grants IAS 17 – Leases IAS 10 – Events after the Reporting Date IAS 12 – Income Taxes IFRS 5 – Assets Held for Sale and Disc. Ops. Case 1	Read debrief note and watch videos.  Prepare Case 1
7	May 24	IFRS 3 – Business Combinations IFRS 10 - Consolidation IAS 28 – Associates and Joint Ventures IFRS 11 – Joint Operations Case 2	Read debrief note and watch videos.  Prepare Case 2

<b>Class</b>	<b>Date</b>	<b>Topic</b>	<b>Student Class Preparation</b>
8	May 29	IFRS 9 – Financial Instruments  IAS 36 – Impairment  Case 3	Read debrief note and watch videos.  Prepare Case 3
9	May 31	Accounting for NonProfit Organizations  IAS 19 – Employee Benefits  Case 4	Read debrief note and watch videos.  Prepare Case 4
12	Jun 12	IFRS 2 – Share Based Payments  IAS 23 – Borrowing Costs  IAS 8 – Accounting Policies  Case 5	Read debrief note and watch videos.  Prepare Case 5

## TAXATION

<b>Class</b>	<b>Date</b>	<b>Topic</b>	<b>CPA Competency Map References</b>	<b>Student Class Preparation</b>
5/6	May 15/17  Sec A - May 17 Sec B - May 15	Calculation of taxable income and taxes payable for individuals and corporations in routine situations. Exploration of in-depth taxation issues.	6.1.1 6.1.2 6.2.1 6.2.2	See Note on initial preparation for ACCT5120 (Taxation)  Prepare Taxation Quiz (submit in advance)
10/11	Jun 5/7  Sec A - Jun 7 Sec B - Jun 5	Calculation of taxable income and taxes payable for individuals and corporations in routine situations Exploration of in-depth taxation issues.	6.1.4 6.1.5 6.2.4 6.2.5 6.2.6 6.3.1	Prepare Case Keith Tabasco Prepare Case Taccord inc.



**ASSURANCE**

<b>Class</b>	<b>Date</b>	<b>Topic</b>	<b>CPA Competency Map References</b>	<b>Student Class Preparation</b>
5/6	May 15/17  Sec A - May 15 Sec B - May 17	Risk assessment and audit planning; Ethical Behaviour	4.1.1	Working in groups of three, examine the financial statements assigned to you before class. Details of the required are posted on CULearn. Your group presentation (approximately 10 minutes) of the risk factors for your company will be graded.  Prepare Case Charles Tucker – Extracts, Introduction and Scenario 1 for discussion in class.
10/11	Jun 5/7  Sec A - Jun 5 Sec B - Jun 7	Understanding and assessing internal control	4.1.2	Working in the same groups of three, undertake a brief internal control observation. Details of the required are posted on CULearn. Your group presentation of the internal control observation (approximately 10 minutes) will be graded.  Prepare Case Dekale Limited for discussion in class.  Prepare and hand in an individual response to the Fun & Fitness case. This assignment will be graded.



## **APPENDIX A – REFERENCE MATERIALS FOR MASTERS IN ACCOUNTING PROGRAM**

CPA Canada Handbook – Accounting  
CPA Canada Handbook – Assurance  
Available on-line in the Library

Arens, Elder, Beasley, Splettoesser, Auditing – The Art and Science of Assurance Engagements, 12<sup>th</sup> Canadian Edition, Pearson

Beam, Laiken, Barnett, Introduction to Federal Income Taxation in Canada, Wolters Kluwer, most current edition

Blocher et Al., Cost Management - A Strategic Management Emphasis, 6th Edition, McGraw-Hill.

Damodaran, Applied Corporate Finance: A Users' Manual, 3<sup>rd</sup> Edition, Wiley, 2011

Federal Income Tax Act, most current edition

Kieso, Weygandt, Warfield, Young, Wieck, McConomy, Intermediate Accounting I and II, Wiley, 10<sup>th</sup> Canadian Edition

Merchant & Van de Stede, Management Control Systems, Prentice Hall

Ross, Westerfield, Jordan, and Roberts, Corporate Finance, 6<sup>th</sup> Canadian edition, McGraw-Hill Ryerson, 2011

## **Appendix B: CPA Canada Knowledge Topics Covered in ACCT 5120**

Most of the following knowledge topics will be covered in ACCT 5120

### **SECTION 1: FINANCIAL REPORTING**

#### **Introduction to Accounting**

- Objectives and fundamental accounting concepts and principles (qualitative characteristics of accounting information, basic elements)
- Ethical professional judgment
- Objectives of financial reporting
- Methods of measurement
- Difference between accrual accounting compared to cash accounting
- Framework of standard setting (IFRS and ASPE)
- Financial statement users and their broad needs, standard setting, and requirement for accountability
- Accounting information systems
- The role of IT in the reporting of information, including: real-time access, remote access to information, dashboard, spreadsheet, report generator, and XBRL (eXtensible Business Reporting Language)
- Emerging trends in accounting standards and recent updates
- Legislation that has an impact on accounting (SOX, Bill 198)

#### **Financial Statements — Process, Design and Preparation**

- The accounting cycle
- Internal control and cash (bank reconciliation, control over cash receipts and disbursements)
- Interim reporting
- Reportable segments
- Financial statements in accordance with applicable standards
- Routine disclosure requirements (notes to financial statements)
- Complex disclosure requirements (notes to financial statements)
- Role and composition of the MD&A

#### **Issues Regarding Items in Financial Statements (under various GAAPS)**

The appropriate accounting treatment for the following:

- Uncommon capital assets (e.g., natural resources, exchanges of assets, decommissioning costs)
- Pension plans and other employee future benefits
- Assets held for sale and discontinued operations
- Fair value and cash flow hedges
- Foreign currency translation
- Business combination
- Consolidated statements on date of acquisition
- Consolidated financial statements subsequent to acquisition date
- Joint ventures: proportionate consolidation or equity method
- Complex financial instruments (e.g., perpetual debt, convertible debt, derivatives)

#### **Financial Statement Analysis**

- Vertical and horizontal analysis
- Ratios and benchmarking
- Financial statement results for various users

- Pro forma statements
  - Impact of financial results on the whole organization
- Financial Accounting for Not-for-Profit (NFP) Organizations**

- Fund accounting
- Capital assets, and donated goods and services
- Contributions and restrictions

## SECTION 4: AUDIT AND ASSURANCE

### Fundamental Concepts

- Concept of assurance
  - Economic purposes of assurance engagement
  - The expectation gap (i.e., gaps between the outcomes delivered by the assurance engagement and the expectations of the users)
- The audit concept
  - Social and economic purposes of auditing
  - Distinction between statutory and voluntary audits

### Regulatory Framework for Assurance

- Auditing and assurance standard-setting process, including the following:
  - Formulation of auditing and assurance standards in Canada
  - Documents for comment/exposure drafts
  - Directions in assurance research
- Monitoring of the auditing profession; i.e., Canadian Public Accountability Board (CPAB): under Canadian Securities Administrators Rule 52-108, accounting firms that audit reporting issuers must be participants in CPAB's oversight program
- Regulatory process in Canada; i.e., the Canadian Securities Administrators (CSA), an umbrella organization of Canada's provincial and territorial securities regulators, whose objective is to improve, coordinate, and harmonize regulation of the Canadian capital markets
- Implications of regulatory reporting and assurance

### Audit and Assurance Process

- Client acceptance and continuation (CAS 210)
- Association (5020)
- Audit planning (CAS 300)
- Risk assessment process
  - Business risk
  - Going concern (CAS 570)
  - Risk of material misstatement (CAS 315)
  - Responsibilities relating to fraud (CAS 240)
  - Materiality (CAS 320)

### Types of Engagements

- Review engagements:
  - A review of general-purpose financial statements (8100, 8200, AUG 20, AUG 47). Note CSRE2400 takes effect for periods ending on or after December 14, 2017 and replaces Sections 8100, 8200, AUG 20, and AUG 47 at that time).
- Other engagements:
  - Compilation of a financial forecast or projection (AUG 16)

### **Authoritative Literature**

- a) CPA Code of Professional Conduct
- b) Ethical Principles
- c) *CPA Canada Handbook* — Assurance:
  - Other Canadian standards
    - o Review engagements (all specifically referred to above)
    - o Related services (all specifically referred to above)

## **SECTION 6: TAXATION**

### **Sources and Computation of Taxable Income**

- a) Sources and types of income
  - Office or employment
  - Employee or self-employed, personal services business
  - Business or property income
- b) Capital cost allowance (CCA)
  - General principles and definitions
  - Special rules
- c) Cumulative eligible capital (CEC)
  - General rules
  - Calculation of CEC
  - Acquisition and disposition of eligible capital property
  - Acquisition — non-arm's length
  - Special rules
- d) Taxable capital gains and allowable capital losses
  - General rules, definitions, and computation
  - Identical property rule
  - Proceeds of disposition — allocation
  - Inadequate consideration, gifting
  - Election — disposition of Canadian securities
  - Business investment loss
  - Capital gains reserves
  - Principal residence
  - Listed personal property
  - Small business share rollover
  - Personal use property
  - Special rules
  - Dispositions to affiliated persons
  - Options and convertible property
  - Adjusted cost base — inclusions and deductions
  - Corporate dividend — transfer of property
- e) Other sources of income inclusions and deductions
  - Indirect payments
  - Interest-free or low-interest loans
  - Maintenance
  - Retiring allowance and termination payments
  - Support payments
  - Annuity payments
  - Transfer of retirement income and sheltered amounts
  - Moving expenses
  - Child care expenses
  - Disability support deduction

### **Computation of Taxes Payable**

- a) Tax payable for a corporation
  - Including small business deduction, general tax reduction, RDTOH, refundable Part I tax and Part IV tax
- b) Tax payable for an individual
  - Tax payable under Part 1.2
  - Non-refundable tax credits
  - Refundable tax credits
  - Alternative minimum tax
- c) Computation of taxable income deductions (e.g., donations, loss carry-overs, dividends, etc.)
  - Rules applicable to all taxpayers
  - Scientific research and experimental development
  - Non-resident taxpayers
  - Financially troubled businesses

## **Course Sharing Websites**

Student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

## **Policy on Mobile Devices**

The use of mobile devices IS NOT PERMITTED in this class. It is disruptive to the instructor and class members. If you carry such a device to class, please make sure it is turned off. If an emergency situation requires you to keep it turned on, please discuss this with your instructor prior to class.

## **Group Work**

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your instructor may assign one or more group tasks/assignments/projects in this course.

*Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.*

## **Person with Disabilities**

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or [pmc@carleton.ca](mailto:pmc@carleton.ca) for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your Letter of Accommodation at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). Requests made within two weeks will be reviewed on a case-by-case basis. After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website ([www.carleton.ca/pmc](http://www.carleton.ca/pmc)) for the deadline to request accommodations for the formally-scheduled exam (if applicable).

## **Religious Observance**

Students requesting academic accommodation on the basis of religious observance should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory academic event. Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student.

Students or instructors who have questions or want to confirm accommodation eligibility of a religious event or practice may refer to the Equity Services website for a list of holy days and Carleton's Academic Accommodation policies, or may contact an Equity Services Advisor in the Equity Services Department for assistance.



## **Pregnancy**

Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a *letter of accommodation*. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

## **Academic Integrity**

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another’s ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include expulsion; suspension from all studies at Carleton; suspension from full-time studies; a refusal of permission to continue or to register in a specific degree program; academic probation; and a grade of Failure in the course, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <http://carleton.ca/studentaffairs/academic-integrity/>.