



**MAcc**



**ACCT 5120  
ADVANCED CONCEPTS I**

**COURSE OUTLINE  
FALL 2017 (SECTION D)**

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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%
Mid-Term Exam (Assurance and Taxation)	20%
Final Exam (Financial Reporting)	40%
	<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 2 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,
- 2/3 will be participation in the case and assignment discussions in class

## Assignments

Assignments are to be completed individually. 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 split into two parts: (1) assurance and tax on Wednesday October 4 from 18:00 – 19:20 (80 minutes) and (2) financial reporting on Saturday December 16 from 10:00 – 12:40 (160 minutes). 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 short case studies. The final exam must be written using Securexam. Any paper submissions will not be marked.

## 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 Fall 2017

Class	Date	Topic
1	September 6	Taxation
2	September 13	Assurance
3	September 20	Assurance
4	September 27	Taxation
EXAM 1	<b>October 4 (18h00)</b>	<b>Mid-term Exam (Assurance and Taxation)</b>
5	October 11	Financial reporting
6	October 18	Financial reporting
	October 25	Fall Break – No Classes
7	November 1	Financial reporting
8	November 8	Financial reporting
9	November 15	Financial reporting
10	November 22	Financial reporting
11	November 29	Financial reporting
12	December 6	Financial reporting
EXAM 2	<b>December 16 (10am)</b>	<b>Final Exam (Financial Reporting)</b>

## Topical Coverage

### FINANCIAL REPORTING

<b>Class</b>	<b>Date</b>	<b>Topic</b>	<b>Student Class Preparation</b>
1	Oct 12	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 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	Oct 19	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	Nov 2	IFRS 15 – Revenue from Contracts from Customers	Read debrief note and watch videos.
4	Nov 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
5	Nov 16	IFRS 3 – Business Combinations IFRS 10 - Consolidation IAS 28 – Associates and Joint Ventures IFRS 11 – Joint Operations	Read debrief note and watch videos.

<b>Class</b>	<b>Date</b>	<b>Topic</b>	<b>Student Class Preparation</b>
6	Nov 23	IFRS 9 – Financial Instruments  IAS 36 – Impairment	Read debrief note and watch videos.
7	Nov 30	Accounting for NonProfit Organizations  IAS 19 – Employee Benefits	Read debrief note and watch videos (note that the NPO videos are in the Class 7 folder in cuLearn).
8	Dec 7	Introduction to the CPA Competency Map  IFRS 2 – Share Based Payments  IAS 23 – Borrowing Costs  IAS 8 – Accounting Policies  Case 2	Read debrief note and watch videos.  Prepare Case 2

## TAXATION

<b>Class</b>	<b>Date</b>	<b>Topic</b>	<b>CPA Competency Map References</b>	<b>Student Class Preparation</b>
Tax 1	Sep 6	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)  Details are posted on CULearn.  Prepare Taxation Quiz (submit in advance)
Tax 2	Sep 27	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 NITA inc. Prepare Case Tatouin inc.



**ASSURANCE**

<b>Class</b>	<b>Date</b>	<b>Topic</b>	<b>CPA Competency Map References</b>	<b>Student Class Preparation</b>
1	Sep 13	Risk assessment and audit planning; Ethical Behaviour	4.1.1	<p>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 (approx..10 minutes) of the risk factors for your company will be assessed as part of participation and engagement grade.</p> <p>Prepare Case Charles Tucker – Extracts, Introduction and Scenario 1 for discussion in class.</p>
2	Sep 20	Understanding and assessing internal control	4.1.2	<p>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 (approx. 10 minutes) will be assessed as part of participation and engagement grade.</p> <p>Prepare Case Dekale Limited for discussion in class.</p> <p>Prepare and hand in an individual response to the Coffeehouse Express Limited case. This assignment will be graded.</p>

## **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, Johnstone, Mescall, Robson, 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**

- a) 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)
- b) The audit concept
  - Social and economic purposes of auditing
  - Distinction between statutory and voluntary audits

### **Regulatory Framework for Assurance**

- a) 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
- b) 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
- c) 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
- d) Implications of regulatory reporting and assurance

### **Audit and Assurance Process**

- a) Client acceptance and continuation (CAS 210)
- b) Association (5020)
- c) Audit planning (CAS 300)
- d) 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**

- c) 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).
- d) 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