

**ACCT 5120
ADVANCED CONCEPTS I**

**COURSE OUTLINE
FALL 2015**

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Office Hours	TBA	TBA	Thursdays from 16:00 – 18:00

Course Timing

12 classes of 3 hours per class starting September 8 ending on December 1, 2015.
Location: 3101 Canal Building.

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

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.

Course Requirements & Methods of Evaluation:

Participation	10%
Mid-term	20%
Assignments	30%
Final Exam – 4 hours	<u>40%</u>
	<u>100%</u>

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 - In-Class Preparation

One of the most important requirements for this course is a thorough preparation and analysis of the assigned problems, cases, reading material and active participation in the classroom. The learning in the class will focus more on the thought process in analyzing business and accounting situations, not just on the solutions per se. In order to derive maximum benefit from the problems and cases, it is essential that you mentally 'get inside' the case situation. Do not approach a case as you would a chapter in a book or an article in a magazine. You are not an observer, but a participant. If a case centers on a decision that needs to be made, put yourself in the shoes of the decision maker. Feel the frustration he or she feels with respect to data limitations. Feel the pressures he or she feels with respect to difficult tradeoffs, limited resources, political conflicts, or whatever. Once in class, share your ideas with others as we work jointly to resolve the issues.

In preparing the cases, the following simple rules may be useful:

- (1) Adopt a management posture in analyzing cases. **Use the assignment questions as a guide only.** Your answer should highlight what you, as a professional accountant, see as the strengths or weakness in a given situation.
- (2) Familiarize yourself with the facts of the case. Outline the industry and competitive context and the core strategic tasks that the firm should excel at.
- (3) Support your analysis with facts from the case. Most cases will not contain all data you might like to have. Nevertheless, you'll be surprised at how easily you can make accurate inferences and useful assumptions if you simply give the current management the benefit of the doubt.

Participation - In the classroom

Our expectation is that you will come to class having already thought through and analyzed the cases. This way, we can devote the bulk of the class to thinking and responding to each other's analyses to the case and only the necessary minimum to getting the facts out.

We encourage active student participation in class. We should point out that most students typically tend to underestimate rather than overestimate the worth of what they have to say. Thus, if you are ever in doubt, we encourage you to speak up rather than staying quiet.

Evaluation of Class Participation

The vast majority of professional accountants' interactions with others are oral. Depending on the specialty, they may spend very little time reading and even less time writing reports. For this reason, the development of oral skills is given a high priority in this course. The classroom should be considered a laboratory in which you can test your ability to convince your peers of the correctness of your views. Some of the characteristics of effective class participation are as follows:

- (1) Are the points that are made relevant to the discussion in terms of increasing everyone's understanding, or are they merely regurgitation of case facts?
- (2) Do the comments take into consideration the ideas offered by others earlier in the class, or are the points isolated and disjointed? The best contributions tend to be those which reflect not only excellent preparation, but good listening, and interpretative and integrative skills as well.
- (3) Do the comments show evidence of a thorough reading and analysis of the case/reading?
- (4) Does the participant distinguish among different kinds of data; that is, facts, opinions, assumptions, and inferences?

- (5) Is there willingness to test new ideas or are all comments cautious/'safe'?
- (6) Is the participant willing to interact with other class members by asking questions or challenging conclusions?

Clearly, you must participate in class if you are going to share your ideas with others. There is no need to contribute in every class. Some of the best contributors in the past have been those who participated in only three or four sessions. Their contributions, however, were insightful and persuasive. The issue is one of quality not quantity or frequency.

Given below is a description of how we propose to 'calibrate' your class contributions:

Outstanding contributor: Contributions in class reflect thorough preparation. Ideas offered are usually substantive, provide one or more major insights as well as direction for the class. Arguments, when offered, are well substantiated and persuasively presented. If this person were not a member of the class, the quality of the discussions would be diminished significantly.

Good contributor: Contributions in class reflect thorough preparation. Ideas offered are usually substantive, provide good insights and sometimes direction for the class. Arguments, when presented, are generally well substantiated and are often persuasive. If this person were not a member of the class, the quality of the discussions would be diminished considerably.

Adequate contributor: Contributions in class reflect satisfactory preparation. Ideas offered are sometimes substantive, provide generally useful insights, but seldom offer a major new direction for the discussion. Arguments are sometimes presented, and are fairly well substantiated and sometimes persuasive. If this person were not a member of the class, the quality of the discussions would be diminished somewhat.

Non-participant: This person has said little or nothing in class. Hence, there is no adequate basis for evaluation. If this person were not a member of the class, the quality of the discussions would not be changed.

Unsatisfactory contributor: Contributions in class reflect inadequate preparation. Ideas offered are seldom substantive, provide few, if any, insights; and never a constructive direction for the class. Integrative comments and effective arguments are absent. Class contributions are, at best, 'cherry-picking' efforts making isolated, obvious, and confusing points. If this person were not a member of the class, valuable air time would be saved.

Assignments

Most assignments are to be completed individually. At the discretion of the instructor, some assignments may be prepared in groups.

More information for the content of the assignments will be provided in cuLearn as the course progresses.

Mid-Term

The mid-term is scheduled on October 20, 2015 from 18:00 – 20:00. The mid-term will be written using SecureExam.

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 objective questions (multiple choice and task based simulations), problems and case studies. The final exam will be written using Secure Exam and student will have access to the CPA Handbook and the Income Tax Act.

The final exam will be held on December 15, 2015 from 18:00 – 22:00.

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.

Problems and Case Studies

The majority of the problems and case studies will be drawn from the following textbooks. At times, we will use case studies from other sources (i.e. professional associations previous exams, instructors, IVEY or Harvard Cases).

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

McDonald, J.A., Canadian Assurance Cases: Auditing in the Real World, Wiley, 2013.

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

Lento, Ryan, Canadian Financial Accounting Cases, Wiley, 2013

Topical Coverage

Class	Date/ Instructor	Topic	CPA Competency Map References	Classroom Activities
1	Sep 8 Maurice	The Annual Report and Management Discussion and Analysis Case Study	1.1.1 1.1.2 1.1.3 1.2.1 1.4.3	In-depth review of an annual report focusing on the MD&A section. Pre-Class Preparation: watch the videos on MD&A
2	Sep 15 Brouard	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	Case Studies.
3	Sep 22 Brouard	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	Case Studies
4	Sep 29 Maurice	Notes to Financial Statements. Case Study	1.3.2 1.4.1	In-depth review of an annual report's note disclosures with cross references to the disclosure requirements of the standards. Pre-Class Preparation: watch the videos on Notes.

Class	Date/ Instructor	Topic	CPA Competency Map References	Classroom Activities
5	Oct 6 Maurice	Financial Statement Analysis Case Study	1.4.1 1.4.2 1.4.4 1.4.5	Case Studies Pre-Class Preparation: watch the video on Financial Statement Analysis
6	Oct 13 Bujaki	Risk assessment and audit planning; Ethical Behaviour	4.1.1	Case Studies
	Oct 20	Mid-term		
7	Nov 3 Maurice	Consolidation, Investment in Associates and Joint Ventures	1.3.1 1.3.2	Comprehensive Consolidation Problems
8	Nov 10 Bujaki	Understanding and assessing internal control	4.1.2	Case Studies
9	Nov 17 Maurice	Financial Instruments and Hedging	1.3.1 1.3.2	Problems. Pre-Class Preparation: watch the videos Financial Instruments and Hedging.

Class	Date/ Instructor	Topic	CPA Competency Map References	Classroom Activities
10	Nov 24 Maurice	Accounting for Non-Routine Transactions	1.1.6 1.2.3 1.2.4 1.3.2	Problems and Case Studies Pre-Class Preparation: watch the videos on Non-Routine Transactions
11	Dec 1 Maurice	Accounting for NonProfit Organizations and Governments	1.3.1 1.3.2 1.1.5	Problems and Case Studies Pre-Class Preparation: watch the videos on Non-Routine Transactions
12	Dec 8 Maurice	Case Studies	Various	Case Studies

APPENDIX A – REQUIRED 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, 12th Canadian Edition, Pearson

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

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

Damodaran, Applied Corporate Finance: A Users' Manual, 3rd Edition, Wiley, 2011

Federal Income Tax Act, most current edition

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

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

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

Deferred Final Examination:

Students unable to write a final examination because of illness or other circumstances beyond their control must contact the instructor 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. Deferred exams are not granted for students who have made travel arrangements that conflict with examination schedule.

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

Students with disabilities requiring academic accommodations in this course are encouraged to contact a co-ordinator at the Paul Menton Centre for Students with Disabilities to complete the necessary letters of accommodation. After registering with the PMC, make an appointment to meet and discuss your needs with me at least two weeks prior to the first in-class test or ITV midterm exam. This is necessary in order to ensure sufficient time to make the necessary arrangements. Please refer to <http://www.carleton.ca/pmc/> for all PMC information.

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://www2.carleton.ca/sasc/advisingcentre/academic-integrity/>.

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)
- d) Other engagements:
 - Compilation of a financial forecast or projection (AUG 16)

Authoritative Literature

- a) Rules of Professional Conduct
- b) Ethical Principles
- c) *CICA 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