

SIMON FRASER UNIVERSITY  
Faculty of Business Administration

DETAILED COURSE OUTLINE

**COURSE: Business 421**  
**TITLE: Accounting Theory**

**Fall, 2006**  
**I.M. Gordon**

**TEXTS:** S = Scott, W.R., Financial Accounting Theory, 4th Edition (Scarborough: Pearson, 2005).  
P = Duplicated readings available in the SFU bookstore.

<b>WEEK</b>	<b>TOPIC</b>	<b>REQUIRED READINGS<sup>1</sup></b>
1	- Introduction to course - History and objectives of accounting	S: Ch. 1 P: Murphy
2	- Accounting under Ideal Conditions; - Decision Usefulness Approach to Financial Reporting	S: Chs. 2 & 3 P: Thomas; Sharma & Iselin
3	- Efficient Securities Markets	S: Ch. 4 P: Wyatt; Dietrick & Harrison
4	- Information Perspective on Decision Usefulness	S: Ch. 5 P: Nichols & Wahlen; Stewart
5	- Measurement Perspective on Decision Usefulness	S: Ch. 6 P: Schiller; Hague & Willis

**THE FIRST WRITTEN ASSIGNMENT IS DUE BY NOON ON FRIDAY, WEEK 6**  
**SEE RESEARCH ASSIGNMENTS HANDOUT FOR DETAILS<sup>2</sup>**

6	- Measurement Perspective Applications	S: Ch. 7 P: Barlev & Haddad; AAA FAS Cttee.
7	- Economic Consequences and Positive Accounting Theory; - Criticisms of Positive Accounting Theory	S: Ch. 8 P: Zeff; Beresford; Gordon & Boland
8	- Social Responsibility	P: Ramanathan; Neu; Deegan & Gordon; Laufer; Freedman & Jaggi

9	- An Analysis of Conflict (Game Theory)	S: Ch. 9 P: Thornton, 1984 & 1985; Cohen & Holder-Webb
10	- Executive Compensation	S: Ch. 10 P: Craighead, et al.; Hill, et al. Klassen

**THE SECOND WRITTEN ASSIGNMENT IS DUE BY NOON ON FRIDAY, WEEK 10<sup>3</sup>  
SEE RESEARCH ASSIGNMENTS HANDOUT FOR DETAILS**

11	Earnings Management	S: Ch. 11 P: Magarh & Weld; Fischer & Rosenzweig Hanna
12	- Standard Setting in a Political Environment	S: Chs. 12 & 13 P: Zeff, 2002; Skinner
13	Overview & Review	P: Nobes Copeland

**GRADES:** (The grading scheme may be altered at the discretion of the instructor.)

Group Presentations	25%
Research Assignments	25%
Final Examination	<u>50%</u>
TOTAL	<u>100%</u>

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<sup>1</sup>. For the purposes of examinations, students are responsible for *all material* assigned as readings or discussed in seminars.

<sup>2</sup>. Late penalties will be assessed for papers not handed in by the deadline.

<sup>3</sup>. Late penalties will be assessed for papers not handed in by the deadline.

RESEARCH PAPERS ARE TO BE PLACED IN THE LOCK BOX LABELLED "IRENE GORDON"  
ACROSS FROM THE FACULTY OF BUSINESS ADMINISTRATION RECEPTION AREA [WMX 3302]  
BY NOON ON THE APPROPRIATE FRIDAYS.