



# Rotman Commerce UNIVERSITY OF TORONTO

## COURSE OUTLINE

### RSM 320 H1S

Intermediate Financial Accounting III

Winter 2017

#### COURSE SCOPE AND MISSION

This course covers broader areas in financial reporting, drawing upon regulatory documents, corporate communications, and the context within which reporting organizations operate. Topics include: reporting quality, employee future benefits, employee compensation disclosure and analysis, income tax accounting, narrative reporting (including analysis of the CEO letter), internet reporting, and other related topics. Emphasis is on both the content and the context of financial reporting, including an organization's 'tone at the top' and the adoption of international standards.

The central importance of financial accounting and financial accountability was reinforced recently by historian Jacob Soll in his book entitled *The Reckoning: Financial Accountability and the Rise and Fall of Nations* (2014). He claims that:

"...Accounting is at the basis of building businesses, states, and empires. It has helped leaders craft their policies and measure their power. However, when practiced poorly or neglected, accounting has contributed to cycles of destruction, as we saw all too clearly in the 2008 financial crisis." (p. xi)

"...Over and over again, good accounting practices have produced the levels of trust necessary to found stable government and vital capitalist societies, and poor accounting and its attendant lack of accountability have led to financial chaos, economic crimes, civil unrest, and worse." (p. xii)

"Without double-entry accounting, neither modern capitalism nor the modern state could exist..." (p. xiv)

#### **RSM 320 WINTER 2017 CLASS MEETING SCHEDULE [→→]"DISCUSSION QUESTIONS" EACH CLASS ARE AN INTEGRAL PART OF THE COURSE AND COURSE OUTLINE]**

| CLASS MEETING | Joel Amernic<br>#500 Rotman;<br><a href="mailto:amernic@rotman.utoronto.ca">amernic@rotman.utoronto.ca</a> ;<br>Telephone: 416-978-3796<br>Office Hours: Tuesday and<br>Wednesday 11:00am to 12:00pm<br>Website: portal.utoronto.ca |                                | Ralph Tassone<br>#532 Rotman;<br><a href="mailto:ralph.tassone@rotman.utoronto.ca">ralph.tassone@rotman.utoronto.ca</a> ;<br>Telephone: 416-978-3986<br>Office Hours: Tuesday 4:00pm to 5:00pm<br>Thursday 1:00pm to 2:00pm<br>Website: portal.utoronto.ca |                             |
|---------------|---|--------------------------------|--|-----------------------------|
|               | Tuesday   | Wednesday                      | Thursday   | Thursday                    |
|               | L0101<br>WO20<br>12 noon-2 pm   | L0201<br>RT142<br>12 noon-2 pm | L0301<br>SS1074<br>4 - 6 pm  | L0401<br>SS2125<br>2 - 4 pm |
| CLASS 1       | January 10  | January 11                     | January 5  | January 5                   |
| CLASS 2       | January 17  | January 18                     | January 12   | January 12                  |
| CLASS 3       | January 24  | January 25                     | January 19   | January 19                  |
| CLASS 4       | January 31  | February 1                     | January 26   | January 26                  |
| CLASS 5*      | February 7  | February 8                     | February 2   | February 2                  |
| CLASS 6       | February 14   | February 15                    | February 9   | February 9                  |
| CLASS 7       | February 28   | March 1                        | February 16  | February 16                 |
| CLASS 8       | March 7   | March 8                        | March 2  | March 2                     |

|             |          |          |          |          |
|-------------|----------|----------|----------|----------|
| CLASS 9**   | March 14 | March 15 | March 9  | March 9  |
| CLASS 10    | March 21 | March 22 | March 16 | March 16 |
| CLASS 11    | March 28 | March 29 | March 23 | March 23 |
| CLASS 12*** | April 4  | April 5  | March 30 | March 30 |

\*ASSIGNMENT #1 DUE BY 12 NOON FEBRUARY 10TH FOR ALL SECTIONS [→→VIA PORTAL]

\*\*ASSIGNMENT #2 DUE BY 12 NOON MARCH 17TH FOR ALL SECTIONS [→→VIA PORTAL]

\*\*\*ASSIGNMENT #3 IS DUE BY 12 NOON APRIL 5TH FOR ALL SECTIONS [→→HARD COPY]

FURTHER DETAILS WILL BE PROVIDED ON THE PORTAL

→NOTE #1: READING WEEK: FEBRUARY 21-24, 2017; NO CLASSES

## COURSE PREREQUISITE

- RSM221 H1: Intermediate Financial Accounting II (formerly MGT224H1)

## COURSE OBJECTIVES

The specific objectives of the course are as follows:

- Understand the various requirements and components of financial reporting
- Explore the implications of accounting choices on financial reporting with emphasis on the quality of earnings and tone at the top
- Apply accounting techniques and methods for the topics covered in the course
- Identify some of the key differences between International Financial Reporting Standards (IFRS) and Accounting Standards for Private Enterprises (ASPE)
- Recognize the integration of the material and concepts discussed in the course

## COURSE MATERIAL

### Lecture Slides/Agendas and Handouts

- Lecture slides/agendas will be made available on the Portal at least one day before class; download and bring them each week.
- All other materials discussed in the lecture will be made available on the Portal either before or after class as appropriate. Students are reminded to check the Portal on a regular basis. DISCUSSION QUESTIONS, available on the portal, are an integral part of each class; download and bring them each week, as well as other indicated material.

### Required Readings

The main required readings for this course are as follows:

- Intermediate Accounting (Volume 2), John Wiley and Sons Canada Limited, Eleventh Canadian Edition, 2016, by Kieso, Weygandt, Warfield, Young, Wiecek and McConomy (referred to herein as Kieso).
- Articles, cases, websites and any other additional reading material used during class or posted on the Portal. See particularly the material in DISCUSSION QUESTIONS files.
- Journal articles available electronically via the University of Toronto Library website at [www.library.utoronto.ca](http://www.library.utoronto.ca).
- Selections from the CPA Canada Standards and Guidance Collection – Accounting, including IFRS, (referred herein as HB) accessible online at <https://www.rotman.utoronto.ca/FacultyAndResearch/BIC/Research/DatabasesBySubject> (click on “CPA Canada Standards and Guidance Collection”)

### Useful Websites for Reference

- System for Electronic Document Analysis and Retrieval (SEDAR): [www.sedar.com](http://www.sedar.com) (Canadian Public Companies)
- Electronic Data Gathering Analysis and Retrieval (EDGAR): [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml) (U.S. Public Companies)
- Ontario Securities Commission (OSC): [www.osc.gov.on.ca](http://www.osc.gov.on.ca)

- o Canadian Securities Administrators (CSA): [www.securities-administrators.ca](http://www.securities-administrators.ca)
- o U.S. Securities and Exchange Commission (SEC): [www.sec.gov](http://www.sec.gov)
- o Canadian Standards in Transition: <http://www.cica.ca/applying-the-standards/ifrs//index.aspx>
- o Chartered Professional Accountants of Ontario (CPA Ontario): <http://www.cpaontario.ca>
- o Chartered Professional Accountants of Canada <https://cpacanada.ca/>
- o International Federation of Accountants (IFAC): [www.ifac.org](http://www.ifac.org)

## EVALUATION AND GRADES

Grades are a measure of the performance of a student in individual courses. Each student shall be judged on the basis of how well he or she has command of the course materials. The total allocation of a student's final grade in this course is as follows:

| <b>Work</b>   | <b>Mark Allocation</b> |
|---|------------------------|
| Assignment #1 (Individual)<br>DUE: 12 NOON FEBRUARY 10TH<br>FOR ALL SECTIONS (VIA<br>PORTAL)      | 15%                    |
| Assignment #2 (Individual)<br>DUE: 12 NOON MARCH 17TH<br>FOR ALL SECTIONS (VIA<br>PORTAL)         | 20%                    |
| Assignment #3 ( <b>Teams of Three</b> )<br>DUE: 12 NOON APRIL 5TH FOR<br>ALL SECTIONS (HARD COPY) | 25%                    |
| Final Exam (3 hours)  | 40%                    |
| <b>Total</b>  | <b>100%</b>            |

## METHODS OF EVALUATION

### Overall

It is important that students are thoroughly familiar with the concepts introduced as all assignments and the final exam will be cumulative and will thus cover material from the beginning of the course to the class immediately prior to the exam or assignment due date.

### Assignments

This course uses a performance assessment and grading approach consistent with the idea of students demonstrating the ability to develop well supported and well-argued responses to situations (i.e. a competency based approach). This means that students should resist memory dumping and resist applying answer templates without critical consideration.

The detailed instructions for each assignment will be posted on the Portal. Assignments #1 and #2 will be submitted on the Portal, marked electronically and will be returned to students on the Portal.

### Individual Assignments (Assignments #1 and #2)

Each assignment will cover material up to and including the lecture before the due date and will be posted on the Portal at least one week prior to the due date. A variety of questions may be included, including technical questions, financial statement analysis questions, and cases.

For the financial statement analysis questions, marks are assigned based upon the quality of the student's response to the question as a whole. This involves evaluating how a student has interpreted questions that require interpretation, how the student designed his or her approach and the maturity of his or her analyses etc. This also presumes that the student's knowledge of technical issues can support his or her interpretations and analyses.

The response to case questions should be written in a case format and will be marked using a competency based marking key.

### Team Assignment (Assignment #3)

The team assignment will be completed in **teams of three** and submitted in hard copy. Please note that clear, concise, and correct writing will be considered in the evaluation of the assignment. That is, you may lose marks for writing that impedes communication, has poor organization, has weak paragraph development, shows excessive wordiness, has hard-to-follow sentence structure, has spelling mistakes and grammatical errors. Students who require additional support and/or tutoring with respect to their writing skills are encouraged to visit the Academic Success Centre ([www.asc.utoronto.ca](http://www.asc.utoronto.ca)) or one of the College Writing Centres ([www.writing.utoronto.ca/writing-centres](http://www.writing.utoronto.ca/writing-centres)). These centres are teaching facilities (not editing services) where trained staff can assist students in developing their academic writing skills. There is no charge for the instruction and support.

Learning to work together in teams is an important aspect of your education and preparation for your future careers. That said, project-based teamwork is often new to students and you are therefore reminded of the following expectations with respect to behaviour and contributions to your team project.

1. Read the document entitled, "Working in Teams: Guidelines for Rotman Commerce Students" which is available on the RC portal under the Academic Services tab.

2. When working in a team, Rotman Commerce students are expected to:

- Treat other members with courtesy and respect;
- Honour the ground rules established by the team;
- Contribute substantially and proportionally to the final project;
- Ensure enough familiarity with the entire contents of the group project/assignment so as to be able to sign off on it as original work;
- Meet the project timeline as established by the team.

3. Resolving conflicts:

Conflicts are part of the team's process of learning how to work together. When handled well, it can generate creativity and bring-multiple perspectives to the solution.

Student teams are expected to work through their misunderstandings as soon as they arise (and prior to submission of the final project). When teams are unable to arrive at a solution that works for all members, the team must meet with the Rotman Commerce Team Coach\*\* as soon as

possible. The Coach will listen to the team and help develop options for improving the team process. All members of the project team must commit to, and, utilize their action plans.

\*\* For an appointment with a Rotman Commerce Team Coach, please contact Nouman Ashraf at [nouman.ashraf@rotman.utoronto.ca](mailto:nouman.ashraf@rotman.utoronto.ca) Nouman is highly skilled at facilitating team dynamics and collaboration. Note that the Team Coach's role is to provide guidance, support and advice on team matters – not to formally evaluate or assess teamwork for academic purposes.

### Discussion Questions

Please download and bring to each class the appropriate Discussion Questions.

### Practice Questions

Practice Questions are available for each class, and will include computational questions. Practice Questions Solutions will also be posted on the portal. Although no grades are assigned to the problem questions and thus they are **optional**, they are an important part of the course since your effectiveness and efficiency in making good judgments regarding financial reporting and related issues is dependent upon your good knowledge of technical material.

### Final Exam

The final exam will encompass all materials covered in the course. The final exam is 3 hours in length and will occur during the Faculty of Arts & Science final exam period. Further details regarding the final exam will be communicated to students before the final exam period.

## **POLICIES AND PROCEDURES**

### Missed Assignments

#### **Missed Tests and Assignments (including midterm examinations)**

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may submit a request for special consideration. Provided that notification and documentation are provided in a timely manner, and that the request is subsequently approved, no academic penalty will be applied.

In such cases, students must notify Rotman Commerce on the date of the missed test (or due date in the case of course work) and submit supporting documentation (e.g. [Verification of Student Illness or Injury form](#)) to the Rotman Commerce Program Office within **48 hours** of the originally scheduled test or due date. Students who do not provide Rotman Commerce or the instructor with appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed test or course deliverable.

**Note that the physician's report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. Rotman Commerce will not accept a statement that merely confirms a report of illness made by the student and documented by the physician.**

If a student misses an assignment, a make-up assignment will not be arranged. However, provided the student follows the process detailed above, the weighting will be adjusted as follows:

- Individual Assignments: the weight of the individual assignment will be allocated to the final exam.
- Team Assignment: if a team member is unable to effectively contribute to the team assignment for reasons entirely beyond his or her control, the team member must consult instructor regarding possible weighting reallocation to the final exam.

### Late Assignments

Students who, for reasons beyond their control, are unable to submit an assignment on time must obtain approval from the instructor for an extension **before** the assignment due date. Supporting documentation will be required as per the policy on missed assignments above.

### Remarking Policy

Students may submit assignments for remarking however the **entire assignment will not be remarked** to ensure consistency for all students. If a student wants a specific part of an assignment to be remarked, the student must email or submit to the instructor the assignment along with a detailed submission regarding which parts of the assignment are to be remarked (including the student's justification as to why he or she believes additional marks are warranted). **Please note that a request for remark can result in an increased mark, a decreased mark or no change at all.** If a student wants feedback about how to improve, the student must also identify specific sections of the assignment to read and provide additional comments. The instructor will notify students about the status of the remark request as soon as possible.

### Accessibility Needs

The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible:

[accessibility.services@utoronto.ca](mailto:accessibility.services@utoronto.ca) or <http://www.accessibility.utoronto.ca/>

### Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarships at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the U of T degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

*The University of Toronto's Code of Behaviour on Academic Matters*

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm> outlines the behaviours that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.

- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other UofT resources such as College Writing Centres or the Academic Success Centre.

### Email

At times, the course instructor may decide to communicate important course information by email. As such, all UofT students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up AND properly entered on the ACORN system. For more information please visit <http://help.ic.utoronto.ca/category/3/utmail.html>

Forwarding your utoronto.ca email to a Hotmail, Gmail, Yahoo or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Hotmail, Gmail or Yahoo accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

### Blackboard and the Course Page

The online course page for this course is accessed through Blackboard. To access the course page, go to the UofT Portal login at <https://portal.utoronto.ca/> and log in using your UTORid and password. Once you have logged in, look for the My Courses module where you'll find the link to all your course websites. If you don't see the course listed here but you are properly registered for the course in ACORN, wait 48 hours. If the course does not appear, go to the Information Commons Help Desk in Robarts Library, 1st floor, for help, or explore the Portal Information and Help at <http://www.portalinfo.utoronto.ca/content/information-students> and review the Frequently Asked Questions.

### Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted (note: students who have been previously granted permission to record lectures as an accommodation for a disability are, of course, excepted). This includes tape recording, filming, photographing PowerPoint slides, Blackboard materials, etc.

If permission is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in anyway. It is absolutely forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.

## CLASS SCHEDULE

| CLASS MEETING | CLASS TOPIC (be sure to bring SLIDES to each class)   | REQUIRED READINGS (be sure to bring SLIDES and DISCUSSION QUESTION files to each class)  | DISCUSSION QUESTIONS (DQ) & PRACTICE QUESTIONS (PQ)  |
|---------------|---|--|--|
| 1             | Course Introduction, The Scope and Dynamism of Financial Reporting, Quality Financial Reporting and Quality of Earnings | <p><b>Review Course Outline</b></p> <p><b>Introduction to: Quality Financial Reporting and Quality of Earnings (see the DQ file in the CLASS 1 folder on the portal)</b></p> <ul style="list-style-type: none"> <li>-The Importance of Accounting: Some Perspectives</li> <li>-Both the underlying foundation of financial reporting (the Conceptual Framework) and the specific standards (IFRS standards; US GAAP; etc.) are never “settled”→→example: The IASB’s May 2015 Conceptual Framework <i>Exposure Draft</i></li> <li>- Amernic, Craig and Tourish, “Tone at the Top”, <i>CA Magazine (UK)</i>, June 2010, pages 58-59</li> <li>-The Scope of Financial Reporting [see also “TORONTO, December 9, 2015 – Goldcorp Inc. captures top honour at CPA Canada’s Awards of Excellence in Corporate Reporting <a href="https://www.cpacanada.ca/en/connecting-and-news/news/media-centre/2015/december/corporatereportingawards">https://www.cpacanada.ca/en/connecting-and-news/news/media-centre/2015/december/corporatereportingawards</a></li> <li>-An Example of Practical Application of the Quality of Earnings Concept: “Air North”</li> <li>-Also see portal, including DQs for this class</li> </ul> | DQ: As assigned (see portal)<br>PQ: Download for this course Potash Corporation of Saskatchewan’s 2015 annual financial statements (including notes) |
| 2             | Transition to IFRS; Non-Financial Liabilities   | As assigned; see portal DQ file for this CLASS<br>Kieso Chapter 13 (pages 790-794; 807-822; 827-830)   | DQ: As assigned; see portal<br>PQ: See portal for selections from Kieso  |
| 3             | Income Taxes I  | As assigned; see portal DQ file for this CLASS<br>Kieso Chapter 18 (pages 1088-1108)   | DQ: As assigned; see portal<br>PQ: See portal for selections from Kieso  |
| 4             | Income Taxes II   | As assigned; see portal DQ file for this CLASS<br>Kieso Chapter 18 (pages 1109-1136)   | DQ: As assigned<br>PQ: See portal for selections from Kieso  |



## CLASS SCHEDULE

|            |  |   |   |
|------------|--|---|---|
| 5          | Employee Compensation I                    | As assigned; see portal DQ file for this CLASS<br>Kieso Chapter 19 (pages 993-999; 1014-1022)           | DQ: As assigned<br>PQ: See portal for selections from Kieso   |
| 6          | Employee Future Benefits II                | As assigned; see portal DQ file for this CLASS  | DQ: As assigned   |
| 8          | Reporting Compensation II                  | As assigned; see portal DQ file for this CLASS<br>Kieso Chapter 19                                      | DQ: As assigned<br>PQ: See portal for selections from Kieso<br>PQ: See portal for selections from Kieso |
| 9          | Reporting of Complex Financial Instruments | As assigned; see portal DQ file for this CLASS<br>Kieso Chapter 16 (pages 970-993, 999-1001, 1002-1013) | DQ: As assigned<br>PQ: See portal for selections from Kieso   |
| 10         | Statement of Cash Flows                    | As assigned; see portal DQ file for this CLASS<br>Kieso Chapter 22                                      | DQ: As assigned<br>PQ: See portal for selections from Kieso   |
| 11         | Other Measurement and Disclosure Issues    | As assigned; see portal DQ file for this CLASS<br>Kieso Chapter 23 (pages 1454-1458; other TBA)         | DQ: As assigned<br>PQ: See portal for selections from Kieso   |
| 12         | Course Review                              | As assigned; see portal DQ file for this CLASS  | DQ: As assigned<br>PQ: As assigned  |
| FINAL EXAM |  |   |   |