

Department:	Accounting	Degree	Master of Science in Accounting (MSA)
Course Title:	Current Issues in Accounting	Course Code:	ACCT 621
Prerequisite:	None	Credit Hours:	3

Brief Description:

This unit provides students with critical exposure to current issues in financial accounting and reporting. It is designed to develop students' analytical and critical thinking and investigation skills that are required to undertake more advanced research. Topics vary and are selected to introduce students into the most current debate in the literature of accounting and its practical implications.

Course Objectives:

On completion of this unite, students should be able to:

1. Identify and analyze current issues in accounting and financial reporting;
2. Critically assess measurement and institutional issues and theoretically relate their effects on financial reporting practices to develop advanced research issues;
3. Demonstrate improvement in written communication skills;
4. Demonstrate improvement in oral communication skills.
5. Demonstrate knowledge of approaches to do research proposal in accounting.

Course Content

This course aims to achieve the above objectives by critical examination of current issues relevant to the role of financial accounting and reporting based on the relevant theories and institutional environment. The course also considers the manner in which research can assess and inform such activities in financial accounting and reporting and how firmly grounded in the knowledge derived from research. Topics vary among which are: theories in accounting, the conceptual framework for accounting, standards setting and regulations, issues of measurements, earnings quality, accounting conservatism, fair value accounting, intellectual capital, accounting for derivative instruments, issues of financial disclosure, corporate social and sustainability reporting and issues in financial accounting and capital market research.

Course Delivery

The course is made up of a combination of lectures, workshops, case-based learning and student presentations. Students are encouraged to explore current issues and problems in complex contexts using social, ethical, economical, political and global perspectives and to develop analysis and investigation skills that are required to undertake more advanced research. It is important all students appreciate that the dialogue involves all class members.

Matrix of Measurement and Assessment Tools and Learning Objectives										
			Objectives							
			Knowledge		Critical thinking		written Comm.		Oral Comm.	
Assessment tools	Grade	Week (Time period)	Obj. No.	Grade	Obj. No.	Grade	Obj. No.	Grade	Obj. No.	Grade
Midterm Exam	20	8 th	1- 2	20						
Presentation	5	During the semester							4	5
Cases	15	During the semester					3	15		
Research Proposal	20	End of the semester			5	20				
Final Exam	40	Final exams Period	1- 2	40						
Total objectives' grades	100			60		20		15		5
Percentage allocated	100%			60%		20%		15%		5%

Topics		
Week	Exp. Hours	
1	3	Introduction: Issues in Accounting and Accounting Theories
2	3	The Conceptual Framework for Financial Reporting
3	1.5	International Accounting
3	1.5	Standard Setting
4	3	Measurement
5	3	Theories in Accounting
6	1.5	Products of the Financial Reporting Process
6	1.5	Corporate Governance and Transparency
7	1.5	Earnings Quality
7	1.5	Accounting Conservatism
8	3	Midterm exam
9	1.5	Fair Value of Accounting
9	1.5	Management Compensation
10	3	Accounting for Derivative instruments
11	1.5	Corporate Social Responsibility
11	1.5	Sustainability and Environmental Accounting
12	1.5	Theories and Accounting Research
12	1.5	Capital Market Research and Accounting
13	3	Research Proposal Development
14	3	Research Proposal Development

Assessments

- 1- **Exams:** Two Exams will be given during regular class sessions. The Midterm & Final exams are designed to ensure student's comprehension of the examined issues.
- 2- **Presentations:** Each student will be individually required to select one issue to present during class involvement.

Marking guide for presentation:

- **For the selected topic:** Coverage of the topic, Oral communication skills, Understanding of the topic, Delivery and Presentation of the materials.
 - **For the selected paper: Description of the selected paper:** Research Question, Motivation and Contribution, Theoretical Framework and Hypotheses, Research Design, Findings.
- 3- **Cases:** During the semester, number of cases will be given to students and they will be required to discuss these cases during the class sessions and submit a written report. Cases are related to the topics covered during the semester.
 - 4- **Research Proposal:** Individual student will be required to submit a research proposal at the end of the semester. Research proposal is expected to be built on accounting theoretical concepts in addressing an empirical accounting issues.

Marking criteria for the Research Proposal are around:

1. Research Proposal Layout.
2. Research problem;(e.g. Clarity, Importance, articulation ...).
3. Literature review;(e.g. Applicability, Key articles, Recent articles, Gaps identification ...).
4. Motivation and contribution; (e.g. Practical and Scientific implication).
5. Theoretical framework and hypotheses; (e.g. Applicability, Design ...).
6. Research design including the sample, variables, and method of analysis; (e.g. Design, suitability...).
7. References. (e.g. style adopted, verification....).

Note 1: To ensure full engagements in class discussion, individual student is required to prepare for the lectures in advance, therefore other assignments might be assigned during the semester.

Note 2: Students should observe the check list for criteria to be used in the evaluation of the research proposal.

Reading Examples:

We will use different sources as readings for this course. Some Examples are provides below:

Main Text Book

Rankin, M., Ferlauto, K., McGowan, S. and Stanton, P. (2017). " *Contemporary Issues in Accounting*" 2nd Edition. Brisbane: Wiley.

Other readings

The role of accounting information

Armstrong, C. S., W. R. Guay, and J. P. Weber, 2010, The role of information and financial reporting in corporate governance and debt contracting, *Journal of Accounting and Economics*, Vol. 50, pp. 179-234.

Brickley, J. A., and J. L. Zimmerman, 2010, Corporate governance myth: Comments on Armstrong, Guay and Weber, *Journal of Accounting and Economics*, Vol. 50, pp. 235-

Issues in financial accounting research

Larcker, D. F., and T. O. Rusticus, 2007, Endogeneity and empirical accounting research, *European Accounting Review*, Vol. 16, pp. 207-215.

Larcker, D. F., and T. O. Rusticus, 2010, On the use of instrumental variables in accounting research, *Journal of Accounting and Economics*, Vol. 49, pp. 186-205.

Tucker, J. W., 2010, Selection bias and econometric remedies in accounting and finance research, *Journal of Accounting Literature*, Vol. 29, pp. 31-57.

Tucker, J. W., 2007, Is openness penalized? Stock returns around earnings warnings, *The Accounting Review*, Vol. 82, pp. 1055-1087.

Barth, M. E., and G. Clinch, 2009, Scale effects in capital markets-based accounting research, *Journal of Business Finance & Accounting*, Vol. 36, pp. 253-288.

Barth, M. E., and S. Kallapur, 1996, The effects of cross-sectional scale differences on regression results in empirical accounting research, *Contemporary Accounting Research*, Vol. 13, pp. 527-567.

Corporate governance

Brown, P., W. Beekes, and P. Verhoeven, 2011, Corporate governance, accounting and finance: A review, *Accounting and Finance*, Vol. 51, pp. 96-172.

Bebchuk, L. A., and M. S. Weisbach, 2010, The state of corporate governance research, *The Review of Financial Studies*, Vol. 23, pp. 939-961.

Bowen, R. M., S. Rajgopal, and M. Venkatachlam, 2008, Accounting discretion, corporate governance, and firm performance, *Contemporary Accounting Research*, Vol. 25, pp. 351-405.

Baber, W. R., A. K. Gore, K. T. Rich, and J. X. Zhang, 2013, Accounting restatements, governance and municipal debt financing, *Journal of Accounting and Economics*, Vol. 56, pp. 212-227.

Larcker, D. F., and D. J. Taylor, 2011, Corporate governance and the information content of insider trades, *Journal of Accounting Research*, Vol. 43, pp. 453-486.

Ettredge, M., K. Johnstone, M. Stone, and Q. Wang, 2011, The effects of firm size, corporate governance quality, and bad news on disclosure compliance, *Review of Accounting Studies*, Vol. 16, pp. 866-889.

Disclosure and regulation

Bischof, J., and H. Daske, 2013, Mandatory disclosure, voluntary disclosure, and stock market liquidity: Evidence from the EU bank stress tests, *Journal of Accounting Research*, Vol. 51, pp. 997-1029.

Einhorn, E., 2005, The nature of the interaction between mandatory and voluntary disclosures, *Journal of Accounting Research*, Vol. 43, pp. 593-621.

Einhorn, E., and A. Ziv, 2008, Intertemporal dynamics of corporate voluntary disclosure, *Journal of Accounting Research*, Vol. 46, pp. 567-589.

Lawrence, A., 2013, Individual investors and financial disclosure, *Journal of Accounting and Economics*, Vol. 56, pp. 130-147.

Lehavy, R., F. Li, and K. Merkley, The effect of annual report readability on analyst following and the properties of their earnings forecasts, *The Accounting Review*, Vol. 86, pp. 1087-1115.

Kross, W. J., and I. Suk, 2012, Does Regulation FD work? Evidence from analysts' reliance on public disclosure, *Journal of Accounting and Economics*, Vol. 53, pp. 225-248.

Accounting conservatism

Watts, R. L., 2003, Conservatism in accounting Part I: Explanations and implications, *Accounting Horizons*, Vol. 17, pp. 207-221.

Watts, R. L., 2003, Conservatism in accounting Part II: Evidence and research opportunities, *Accounting Horizons*, Vol. 17, pp. 287-301.

Wang, R. Z., C. O-Hogartaigh, and T. van Zijl, 2009, Measures of accounting conservatism: A construct validity perspective, *Journal of Accounting Literature*, Vol. 28, pp. 165-203.

Basu, S., 1997, The conservatism principle and the asymmetric timeliness of earnings, *Journal of Accounting and Economics*, Vol. 24, pp. 3-37.

Beaver, W. H., and S. G. Ryan, 2005, Conditional and unconditional conservatism, *Review of Accounting Studies*, Vol. 10, pp. 269-309.

Collins, D. W., P. Hribar, and X. Tian, 2014, Cash flow asymmetry: Causes and implications for conditional conservatism research, *Journal of Accounting and Economics*, Vol. 58, pp. 173-402.

Management compensation

Banker, R. D., M. N. Darrough, R. Huang, and J. M. Plehn-Dujowich, 2013, The relation between CEO compensation and past performance, *The Accounting Review*, Vol. 88, pp. 1-30.

Garvey, G., and T. Milbourn, 2006, Asymmetric benchmarking in compensation: Executives are rewarded for good luck but not penalized for bad, *Journal of Financial Economics*, Vol. 82, pp. 197-225.

Tafkov, I. D., 2013, Private and public relative performance information under different compensation contracts, *The Accounting Review*, Vol. 88, pp. 327-350.

Choi, J., Hecht, G., and Taylor, W. 2012, Lost in translation: The effect of incentive compensation on strategy surrogation, *The Accounting Review*, Vol. 87, pp. 1135-1164.

Hecht, G., I. Tafkov, and K. Towry, 2012, Performance spillover in a multi-task environment, *Contemporary Accounting Research*, Vol. 29, pp. 563-589.

Armstrong, C. S., I. D. Gow, and D. F. Larcker, 2013, The efficacy of shareholder voting: Evidence from equity compensation plans, *Journal of Accounting Research*, Vol. 51, pp. 909-950.

Financial Reporting Environment

Beyer, A., Cohen, D. Lys, T., & Walther, B. 2010. The Financial Reporting Environment: Review of the Recent Literature. *Journal of Accounting & Economics*, Vol. 30, p 296-343.

IFRS adoption and international accounting

Brochet, F., Jagolinzer, A. D., & Riedl, E. J. (2013). Mandatory IFRS Adoption and Financial Statement Comparability. *Contemporary Accounting Research*, Vol. 30 Issue 4, p 1373-1400.

Ahmed, A. S., Neel, M., & Wang, D. (2013). Does Mandatory Adoption of IFRS Improve Accounting Quality? Preliminary Evidence. *Contemporary Accounting Research*, Vol. 30 Issue 4, p 1344-1372.

Yip, R., & Young, D. (2012). Does Mandatory IFRS Adoption Improve Information Comparability? *The Accounting Review*, Vol. 87, No. 5, p 1767-1789.

Christensen, H. B., Hail, L., & Leuz, C. (2013). Mandatory IFRS reporting and changes in enforcement. *Journal of Accounting & Economics*, Vol. 56, p 147-177.

Horton, J., Serafeim, G., & Ioanna S. (2013). Does Mandatory IFRS Adoption Improve the Information Environment? *Contemporary Accounting Research*, Vol. 30 Issue 1, p 388-423.

Kim, J-B., Tsui, J., & Yi, C. (2011). The voluntary adoption of International Financial Reporting Standards and loan contracting around the world. *Review of Accounting Studies*, 16 (4): 779-811.

Earnings quality

Kothari, S., Leone, A., & Wasley, C. (2005). Performance matched discretionary accrual measure. *Journal of Accounting & Economics*, Vol. 39, p 163-197.

Dechow, P., & Dichev, I. (2002). The Quality of accruals and earnings. The role of accrual estimation errors. *The Accounting Review*, Vol 77, p 35-59.

Givoly, D., Hayn, C., & Katz, S. (2010). Does public ownership of equity improve earnings quality? *The Accounting Review*, Vol. 85, p 195-225.

Zang, A. (2012). Evidence on the trade-off between real activities manipulation and accrual-based earnings management. *The Accounting Review*, Vol. 87, p 675-703.

Cohen, D., Dey, A., & Lys, T. (2008). Real and accrual-based earnings management in the pre-and post-Sarbanes Oxley periods. *The Accounting Review*, Vol. 83, p 757-787.

Dichev, I. D. Graham, J. R. Harvey, Campbell, R., & Rajgopal, S. (2013). Earnings quality: Evidence from the field. *Journal of Accounting & Economics*, Vol. 56, p1-33.

Accounting information and Capital markets

Nichols, D. C., & Wahlen, J. M. (2004). How Earnings Numbers Relate Do to Stock Returns? A Review of Classic Accounting Research with Updated Evidence. *Accounting Horizons*, Vol. 18, Issue 4, p263-286.

Chen, P., & Zhang, G. (2007). How do accounting variables explain stock price movements? Theory and evidence, *Journal of Accounting & Economics*, Vol. 43, No. 2–3, p 219–244

Lev. B. (1979). The Impact of Accounting Regulation on the Stock Market: The Case of Oil and Gas Companies. *The Accounting Review*, Vol. 54, No. 3, p 485-503.

Healy. P. (1985). The effect of bonus schemes on accounting decisions. *Journal of Accounting & Economics*, Vol. 7, p 85-107.

Ertimur, Y., Sletten, E., & Sunder, J. (2014). Large shareholders and disclosure strategies: Evidence from IPO lockup expirations. *Journal of Accounting & Economics*, Vol. 58, p79-95.

Ball, R. & Brown, P. (1968). An Empirical Evaluation of Accounting Income Numbers. *Journal of Accounting Research*, Vol. 6, No. 2, p 59-178.

Corporate Social Responsibility

Kim, Y., Park, M. S., & Wier, B. (2012). Is Earnings Quality Associated with Corporate Social Responsibility? *The Accounting Review*, 87(3), p 761-796.

Dhaliwal, D., Li O. Z., Tsang, A.H., & Yang, Y.G. (2011). Voluntary non-financial disclosure and the cost of equity capital: the case of corporate social responsibility reporting. *Accounting Review*, 86(1): 59–100.

El Ghoul, S., Guedhami, O., Kwok, C.C. Y., & Mishra, D. R. (2011). Does corporate social responsibility affect the cost of capital? *Journal of Banking and Finance*, 35(9):2388–2406.

Goss, A., & Roberts, G.S. (2011). The impact of corporate social responsibility on the cost of bank loans. *Journal of Banking and Finance*, 35(7): 1794–1810.

Richardson, A., & Welker, M. (2001). Social disclosure, financial disclosure and the cost of equity capital. *Accounting, Organizations and Society*, 26(7), 597-616.

Clarkson, P., Li, Y., Richardson, G., & Vasvari, F. (2011). Does it really pay to be green? Determinants and consequences of proactive environmental strategies. *Journal of Accounting and Public Policy*, 30(2), 122-144.

Approved by Dept. Chair:
Dr. Ahmad Al-Salman

Date of Approval:
30-9-2019

Extra Information: (Updated every semester and filled by course instructor)

Course

Instructor:

Office No:

Extension:

Email:

Office Hours:

<https://www.studocu.com/en/document/western-sydney-university/advanced-accounting/book-solutions/book-solution-contemporary-issues-in-accounting-michaela-rankin-kimberly-ferlauto-chapter-2-8-10-11/662684/view>