



# COURSE OUTLINE

## Advanced Concepts I

### Acct 5120

Sections A (full time) & B (full time)

## Summer 2019

### Instructors

*Financial Accounting & Assurance*  
Rebecca Renfroe, MAcc, CPA, CMA  
Office: DT 1704  
Office Hours: By appointment  
Email: rebecca.renfroe@carleton.ca

*Taxation*  
Francois Brouard, DBA, FCPA, FCA  
Office: DT 1725  
Office Hours: By appointment.  
Email: francois.brouard@carleton.ca

### Time/Location

Section A – Mon/Wed 8:35 – 11:25 CB 3400  
Section B – Mon/Wed 14:35 – 17:25 CB 2400

### 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%
Final Exam – 4 hours	60%
	<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

All final grades are subject to the Dean's approval.

## 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
- 2/3 for in-class quizzes on the analysis of accounting issues

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 discuss 3 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,
- 1/3 will be participation on the case discussions
- 1/3 will be for participating in the internal control assignment discussions

## Assignments

Assignments are to be completed individually (with the exception of the assurance assignments which are specifically identified as team-based). All assignments will be counted towards the final grade. More information for the content of the assignments will be provided on 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 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 problems and case studies. The final exam must be written using an Exam software. Any paper submissions will not be marked.

The final exam will be held June 21<sup>st</sup>, 2019 at 9:00am, be four hours in length, and held in Room #HS1301 in the Health Sciences building.

## Development of Enabling Competencies

One of the objectives of the MAcc. 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 additional report and in-class presentation in the assurance section.
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 Summer 2019

	Section A 8:30      B 14:30 CB3400    CB2400	Topics
S1	May 6	Introduction to Course Introduction to CPA Competency Map, Exam software Financial reporting 1
S2	May 8	Financial reporting 2
S3	May 13	Financial reporting 3
S4	May 15	Assurance – Class 1
S5	May 22	Taxation - Class Tax1
S6	May 27	Assurance – Class 2
S7	May 29	Financial reporting 4
S8	June 3	Financial reporting 5
S9	June 5	Taxation - Class Tax2
S10	June 10 ** AT102	Financial reporting 6
S11	June 12	Financial reporting 7
S12	June 17	Financial reporting 8
	June 21 9h00-13h00 HS1301	<b>Final exam</b>

\*\* June 10<sup>th</sup> class will combine both sections 8:30 am in AT 102.

## TOPICAL COVERAGE

### Financial Reporting

Class	Date	Topic	CPA Competency Map References	Student Class Preparation
S1	May 6	<p>The Annual Report, Management Discussion and Analysis, Notes to the Financial Statements</p> <p>Financial Statement Analysis</p> <p>Peeling an IFRS standard: IAS 16 – Property, Plant and Equipment</p> <p>Introduction to the CPA Competency Map</p> <p>Introduction to Exam software</p>	<p>1.1.1</p> <p>1.1.2</p> <p>1.1.3</p> <p>1.1.4</p> <p>1.1.6</p> <p>1.2.1</p> <p>1.2.2</p> <p>1.2.3</p> <p>1.2.4</p> <p>1.3.1</p> <p>1.3.2</p> <p>1.4.1</p> <p>1.4.2</p> <p>1.4.3</p> <p>1.4.4</p>	<p>Watch the MD&amp;A and Notes to the Financial Statements Video.</p> <p>Watch Financial Statement Analysis Video.</p> <p>Print IAS 16 – Property, Plant and Equipment and bring to class.</p> <p>Load Exam software on your laptop.</p>

<b>Class</b>	<b>Date</b>	<b>Topic</b>	<b>CPA Competency Map References</b>	<b>Student Class Preparation</b>
S2	May 8	IAS 38 – Intangible Assets  IAS 37 – Provisions and Contingencies  IAS 2 – Inventories  IAS 41 - Agriculture	1.2.1 1.2.2 1.2.3 1.2.4 1.3.1 1.3.2	Read debrief notes and watch videos.
S3	May 13	IFRS 15 – Revenue from Contracts from Customers	1.2.1 1.2.2 1.2.3 1.2.4 1.3.1 1.3.2	Read debrief note and watch videos.

<b>Class</b>	<b>Date</b>	<b>Topic</b>	<b>CPA Competency Map References</b>	<b>Student Class Preparation</b>
S7	May 29	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.	1.2.1 1.2.2 1.2.3 1.2.4 1.3.1 1.3.2	Read debrief notes and watch videos.
S8	June 3	IFRS 3 – Business Combinations  IFRS 10 - Consolidation  IAS 28 – Associates and Joint Ventures  IFRS 11 – Joint Operations	1.2.1 1.2.2 1.2.3 1.2.4 1.3.1 1.3.2	Read debrief notes and watch videos.

<b>Class</b>	<b>Date</b>	<b>Topic</b>	<b>CPA Competency Map References</b>	<b>Student Class Preparation</b>
S10	June 10	IFRS 9 – Financial Instruments  IAS 36 – Impairment	1.2.1 1.2.2 1.2.3 1.2.4 1.3.1 1.3.2	Read debrief notes and watch videos.
S11	June 12	Accounting for NonProfit Organizations / Governments  IAS 19 – Employee Benefits	1.1.5 1.2.1 1.2.2 1.2.3 1.2.4 1.3.1 1.3.2	Read debrief notes and watch videos.
S12	June 17	IFRS 2 – Share Based Payments  IAS 23 – Borrowing Costs  IAS 8 – Accounting Policies	1.2.1 1.2.2 1.2.3 1.2.4 1.3.1 1.3.2	Read debrief notes and watch videos.



## TAXATION

Class	Date	Topic	CPA Competency Map References	Student Class Preparation
S5 Tax 1  FB	May 22	Calculation of taxable income and taxes payable for individuals and corporations in routine situations.  Exploration of in-depth taxation issues.	6.1.1 6.2.1 6.2.2 6.3.1 6.3.2 6.4.1 6.5.1 6.5.2	See Note on initial preparation for ACCT5120 (Taxation)  <u>Before class:</u> Prepare Taxation Quiz (submit in advance)  Details are posted on CULearn.
S9 Tax 2  FB	June 5	Calculation of taxable income and taxes payable for individuals and corporations in routine situations  Exploration of in-depth taxation issues.	6.1.1 6.2.1 6.2.2 6.3.1 6.3.2 6.3.3 6.4.1	<u>Before class:</u> Prepare Case Keith Tabasco Prepare Case NITA inc. Prepare Case Tatouin inc.  Details are posted on CULearn.  <u>After class:</u> Prepare cases in Assignment (tax) This assignment will be graded.

## ASSURANCE

<b>Class</b>	<b>Date</b>	<b>Topic</b>	<b>CPA Competency Map References</b>	<b>Student Class Preparation</b>
S4	May 15	Risk assessment and audit planning; Ethical Behaviour	4.1.1	<p>Working individually, examine the financial statements assigned before class. Details of the required will be posted on CULearn.</p> <p>Prepare Case - Charles Tucker – Extracts, Introduction and Scenario 1 for discussion in class.</p>
S6	May 27	Understanding and assessing internal control	4.1.2	<p>Working in groups of three, undertake a brief internal control observation. Details of the required are posted on CULearn.</p> <p>Your group presentation of the internal control observation (approximately 10 minutes) will be graded.</p> <p>Prepare Case Dekale Limited for discussion in class.</p> <p>Prepare and hand in an individual response to the case posted on cuLearn. Details of the required will be posted on cuLearn.</p> <p>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, Pearson, most current edition

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, as listed in the CPA Canada Competency Map (2019) Section 7, will be covered in ACCT 5120.

### SECTION 7-1: 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 7-4: 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 7-6: TAXATION

### General Income Tax Concepts

- a) Integration concept
- b) Legal forms and structures – sole proprietorship, corporation, partnership, trust

### Individual's and Corporation's Income Tax Profile

- a) Individual residency (full year, part-year and deemed residents)
- b) Corporate types (private, CCPC, public)
- c) Corporate residency

### Sources and Computation of Net Income

- a) Office or employment income
  - General principles of income from employment
  - Common employment taxable benefits
  - Common employment deductions
- b) Business and property income
  - General principles of income from business or property
  - Reconciling income - Common Schedule 1 adjustments
  - Dividends (eligible, non-eligible, capital)
  - General principles and definitions related to Capital cost allowance (CCA) (UCC, recapture, terminal loss)
  - Acquisition and disposition of depreciable capital property
  - Short taxation year, ½ year rule
- c) Other sources of income (e.g. pension)
- d) Taxable capital gains and allowable capital losses
  - General rules, definitions, and computation
  - Listed personal property (LPP) and Personal-use property (PUP)
  - Principal residence
  - Capital gains reserves
  - Business investment loss
- e) Other deductions (e.g. moving expenses, child care expense, RRSPs)

## **Sources and Computation of Taxable Income**

- a) Taxable income adjustments for an individual
  - Loss carry overs
  - Capital gain deduction
  - Stock option deductions
- b) Taxable income adjustments for a corporation
  - Donations
  - Loss carry overs
  - Dividends

## **Computation of Taxes Payable**

- a) Tax payable for a corporation
  - General tax rate, provincial abatement, small business deduction, general tax reduction
  - RDTOH, refundable Part I tax, Part IV tax, dividend refund
- b) Tax payable for an individual
  - Non-refundable tax credits
  - Refundable tax credits

## **Stakeholder Relationships**

- a) Related persons
- b) Associated corporations
- c) Connected corporations and Affiliated persons

## **Income Tax Compliance**

- a) Basic compliance requirements (e.g. T1, T2, T3, T4)
- b) Filing deadline for income tax returns and objections
- c) Directors liability
- d) Instalments and final tax payments, interest and penalties

Other taxation topics will be covered in ACCT5123 – Advanced Taxation.



## ADDITIONAL INFORMATION

### Course Sharing Websites

Materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

### Required calculator in BUSI course examinations

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

### 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, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor 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.

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59
A = 85-89	B = 73-76	C = 63-66	D = 53-56
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52
F = Below 50			

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

### Academic Regulations

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

### Requests for Academic Accommodation

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

### Pregnancy obligation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: <https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

### **Religious obligation**

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: <https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

### **Academic Accommodations for Students with Disabilities**

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or [pmc@carleton.ca](mailto:pmc@carleton.ca) for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with your instructor as soon as possible to ensure accommodation arrangements are made. [carleton.ca/pmc](http://carleton.ca/pmc)

### **Survivors of Sexual Violence**

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and its survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: <https://carleton.ca/sexual-violence-support/>

### **Accommodation for Student Activities**

Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation must be provided to students who compete or perform at the national or international level. Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. <https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

For more information on academic accommodation, please contact the departmental administrator or visit: [students.carleton.ca/course-outline](http://students.carleton.ca/course-outline)

### **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; a grade of Failure on the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, 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: <https://carleton.ca/registrar/academic-integrity/>

**Centre for Student Academic Support**

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: [carleton.ca/csas](http://carleton.ca/csas)

**Important Information:**

- Students must always retain a hard copy of all work that is submitted.
- All final grades are subject to the Dean's approval.
- For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, in order to respond to your inquiries, please send all email from your Carleton CMail account. If you do not have or have yet to activate this account, you may wish to do so by visiting <http://carleton.ca/ccs/students/>

**Important dates and deadlines**

<https://sprott.carleton.ca/students/mba/dates-deadlines-policies/>