ACCT4851 / 5951
Current Developments in Accounting Research: Financial Accounting

(PRELIMINARY)
Course Outline
Semester 1, 2016

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PART A: COURSE-SPECIFIC INFORMATION

1 STAFF CONTACT DETAILS
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Associate Professor Richard Morris
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2 COURSE DETAILS

2.1 Teaching Times and Locations
There are 10 classes in total. Classes will be held each Monday and Thursday in QUAD 2093 (except for the first class which will be held in QUAD 2063), starting on Thursday 17 March as follows:
   Mondays  1-4pm
   Thursdays 6-9pm

2.2 Units of Credit
The course is worth 6 units of credit.

2.3 Summary of Course
The course provides an overview of empirical research on the informativeness of accounting numbers and related disclosures, as well as the rationales offered for the management of this information. Throughout the course, the primary emphasis is on the application of contemporary thinking in financial economics to problems related to the usefulness (or otherwise) of accounting and related disclosures.

2.4 Course Aims and Relationship to Other Courses
The course is intended to provide a sound understanding of the foundations of empirical research in Financial Accounting, as well a selection of current directions. In the first section we review evidence related to the value relevance of accounting information. This literature includes the classic event study methodology originating from Ball and Brown (1968), but more recently has shifted to a levels approach, whereby the primary method is to link accounting numbers and firm value, rather than the change in value around the time of the information’s release. This is also reflected in an increasing research effort directed towards the ability of accounting measures to help discover price, rather than simply examining the correlation between accounting information extant market values. This extends to critically analysing the extent to which market prices fully reflect the properties of accounting information. Here the focus is on the measurement and determinants thereof of accounting quality, including attributes of accounting such as conservatism. Apart from measurement issues, attention is given to both the causes and consequences of variation in accounting quality.
2.5 Student Learning Outcomes

As a result of satisfactorily completing this course you should be able to:

- Identify and articulate contemporary research issues and trends in the field of financial accounting;
- Critically analyse and evaluate extant and proposed financial accounting research;
- Appreciate a range of intellectual frameworks and methods for conducting financial accounting research;
- Prepare a research proposal in the context of financial accounting and possess the confidence to present and defend this proposal to peers.

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all postgraduate coursework students in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree (e.g. ‘be an effective team player’). You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree (e.g. ‘participate collaboratively and responsibly in teams’).

For more information on the Postgraduate Coursework Program Learning Goals and Outcomes, see Part B of the course outline.

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Business Postgraduate Coursework Program Learning Goals and Outcomes

1. Knowledge: Our graduates will have current disciplinary or interdisciplinary knowledge applicable in local and global contexts.
   You should be able to identify and apply current knowledge of disciplinary or interdisciplinary theory and professional practice to business in local and global environments.

2. Critical thinking and problem solving: Our graduates will have critical thinking and problem solving skills applicable to business and management practice or issues.
   You should be able to identify, research and analyse complex issues and problems in business and/or management, and propose appropriate and well-justified solutions.

3. Communication: Our graduates will be effective communicators in professional contexts.
   You should be able to:
   a. Produce written documents that communicate complex disciplinary ideas and information effectively for the intended audience and purpose, and
   b. Produce oral presentations that communicate complex disciplinary ideas and information effectively for the intended audience and purpose.

4. Teamwork: Our graduates will be effective team participants.
   You should be able to participate collaboratively and responsibly in teams, and reflect on your own teamwork, and on the team’s processes and ability to achieve outcomes.

5. Ethical, social and environmental responsibility: Our graduates will have a sound awareness of ethical, social, cultural and environmental implications of business issues and practice.
   You should be able to:
   a. Identify and assess ethical, environmental and/or sustainability considerations in business decision-making and practice, and
b. Consider social and cultural implications of business and/or management practice.

The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed (they may also be developed in tutorials and other activities):

<table>
<thead>
<tr>
<th>Program Learning Goals and Outcomes</th>
<th>Course Learning Outcomes</th>
<th>Course Assessment Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>This course helps you to achieve the following learning goals for all Business postgraduate coursework students:</td>
<td>On successful completion of the course, you should be able to:</td>
<td>This learning outcome will be assessed in the following items:</td>
</tr>
<tr>
<td>1 Knowledge</td>
<td>Critically analyse and evaluate extant and proposed financial accounting research.</td>
<td>• Class presentations and participation • Assignment • Research proposal • Exam</td>
</tr>
<tr>
<td>2 Critical thinking and problem solving</td>
<td>Critically analyse and evaluate extant and proposed financial accounting research.</td>
<td>• Class presentations and participation • Assignment • Research proposal • Exam</td>
</tr>
<tr>
<td>3a Written communication</td>
<td>Construct written work which is logically and professionally presented.</td>
<td>• Class presentations and participation • Assignment • Research proposal • Exam</td>
</tr>
<tr>
<td>3b Oral communication</td>
<td>Communicate ideas in a succinct and clear manner.</td>
<td>• Class presentations and participation • Assignment • Research proposal • Exam</td>
</tr>
<tr>
<td>4 Teamwork</td>
<td>Collaborate actively in learning activities aimed at achieving the above objectives.</td>
<td>• Class presentations and participation • Assignment • Research proposal</td>
</tr>
<tr>
<td>5a. Ethical, social and environmental responsibility</td>
<td>Not specifically addressed in this course.</td>
<td>• Assignment • Research proposal</td>
</tr>
<tr>
<td>5b. Social and cultural awareness</td>
<td>Not specifically addressed in this course.</td>
<td></td>
</tr>
</tbody>
</table>

3 LEARNING AND TEACHING ACTIVITIES

3.1 Approach to Learning and Teaching in the Course

At university, the focus is on your self-directed search for knowledge. Seminars, course readings, exams and other resources are all provided to help you learn. You are therefore required to attend all seminars, and read all required readings in order to fully grasp and appreciate the concepts of Current Developments in Accounting Research: Financial Accounting.
It is up to you to choose how much work you do in each part of the course: preparing for seminars; completing assignments; studying for exams; and seeking assistance or extra work to extend and clarify your understanding. You must choose an approach that best suits your learning style and goals in this course. Seminar questions and self-study questions are provided to guide your learning process.

3.2 Learning Activities and Teaching Strategies

The subject will be taught in a series of bi-weekly 3-hour seminars. A guide for critical evaluation of papers will be distributed; this will help you prepare your discussion notes. Further discussion questions may be distributed from time to time. A copy of all required reading is attached in this course outline. All attendees are required to have carefully read the papers listed for class discussion, and to make every effort to skim the supplementary readings. Papers will be assigned to specific individuals, who will be expected to 'lead' discussion on the assigned paper. Students will be asked, on a pre-assigned basis, to lead components of a seminar session.

4 ASSESSMENT

4.1 Formal Requirements

To be eligible for a passing grade in this course, students must:

a) Achieve composite mark of at least 50% AND

b) Satisfactorily complete all assessment tasks (or submit appropriate documentation relating to your failure to complete a task to the Lecturer-in-charge) AND

c) Achieve a satisfactory level of performance in the final exam. This usually means a minimum mark of 50%. Any student having an overall mark of 50 or more but less than 50% in the final examination will be given an UF grade (unsatisfactory fail) or be asked to sit a supplementary final exam, depending on the individual’s circumstances.

4.2 Assessment Details

The final grade will be based on the following components:

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Weighting</th>
<th>Length</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class presentations and participation</td>
<td>20%</td>
<td>TBA in class</td>
<td>TBA in class</td>
</tr>
<tr>
<td>Assignment</td>
<td>20%</td>
<td>TBA in class</td>
<td>TBA in class</td>
</tr>
<tr>
<td>Research Proposal</td>
<td>30%</td>
<td>TBA in class</td>
<td>TBA in class</td>
</tr>
<tr>
<td>Exam Fri. 28th April</td>
<td>30%</td>
<td>Time TBA</td>
<td></td>
</tr>
</tbody>
</table>

Class performance will reflect general participation, as well as, any assigned leading of paper discussions. Every student should prepare a short summary of each paper listed for class discussion; while this summary is not graded it will assist in class discussion and be good practice for preparation of the research proposal. Students will be assigned tasks to
either describe or critically evaluate a paper during particular classes, and to present their work during the relevant class.

All students are expected to actively participate in class discussions.

4.3 Assessment Format

Assignment
This will involve the writing of a critical review of salient questions of interest to standard setters and that require further research evidence. Further guidance will be provided in Class, as will the formatting and style requirements.

Research Proposal
This will involve the writing of a short proposal for extending extant research on a topic either suggested in Class or of your choice. Further guidance will be offered in class. Style and formatting requirements will be described in a separate instruction sheet.

4.4 Assignment Submission Procedure

In class, at a date to be advised in Class 1.

4.5 Late Submission

Late submission will attract a penalty of 10% of the awarded marks for each day after due date.

Quality Assurance
The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.

5 COURSE RESOURCES

Please see references cited below. All papers for required reading will be posted on moodle.

6 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students about the course offered in the School and continual improvements are made based on this feedback. In this course, we will seek feedback through course and teaching evaluations, as well as feedback provided by the Honours Co-ordinator.
7 COURSE SCHEDULE

Class 1: Thurs 17/3: Introduction to the Course

1-4pm The Development of Positive Accounting Theory

Readings for class discussion:


Background / further readings:


Ball, R., R. Bushman, and F.P. Vasvari, 2008 The debt-contracting value of accounting information and loan syndicate structure, *Journal of Accounting Research* 46(8), 247-287.


Class 2: Mon 21/3 (Week 4):  Accounting information and capital markets: three classics

Instructor:  Associate Professor Richard Morris

The predictive ability criterion and two widely-acclaimed studies of accounting earnings and how earnings announcements affect stock prices, trading volume and volatility in equity markets.

Readings for class discussion:


Background / further readings:


Class 3: Thurs 24/3 (Week 4): The role of cash flows and accruals information

What do we understand about the accruals process and its outputs.

Readings for class discussion:


Further reading:


Class 4: Mon 4/4 (Week 5):  Conservatism

The role of conservatism in Accounting; An examination of the definition, measurement, testing of conservatism.

Readings for class discussion:


Further reading:


Class 5: Thurs 7/4 (Week 5):  Earnings quality, Earnings (and cash flow) Management

How can we capture variation in accounting quality? Some issues associated with the practical difficulty of defining and measuring accounting quality.

Readings for class discussion:


Background / Further readings:


*Class 5 continued overleaf*


Class 6: Mon 11/4  Earnings (and cash flow) management
(Week 6)

This class introduces the concept of capturing accounting manipulation (or at least accounting possibly subject to manipulation) by summary measures, rather than examining specific accounting policy choices.

Readings for class discussion:


Background / further readings for Classes 5 & 6:


Class 6 continued overleaf /-


**Class 7: Thurs 14/4: The role of International Financial Reporting Standards**  
(Week 6)  
**Instructor:** Associate Professor Richard Morris

**Readings for class discussion:**


Chua, Y.L., C.S. Cheong and G. Gould, 2012, The impact of mandatory IFRS adoption on accounting quality: evidence from Australia *Journal of International Accounting Research* 11 (1) 119-146. Also read the discussion by N. Elias on pp147-154 to see the weaknesses in this paper.

**Background / further readings:**


Class 8: Mon 18/4: Accounting for Intangibles
(Week 7)

Readings for class discussion


Background / further readings:


Class 9: Thurs 21/4: Corporate Disclosure Literature & Course Wrap-up
(Week 7)

Impact of disclosure policies on cost of capital, volume, and forecast errors.

Readings for class discussion


Background / further readings:


Bratten, B., P. Choudhary and K. Schipper, 2013, Evidence that market participants assess recognized and disclosed items similarly when reliability is not an issue, The Accounting Review 88(4), 1179-1210.


Class 10: Mon 28/4:
(Week 8)

PRESENTATIONS OF RESEARCH PROPOSALS and final reports due at 9am via email

Exam: Friday 28th April, time and place TBA
PART B: KEY POLICIES, STUDENT RESPONSIBILITIES AND SUPPORT

8 PROGRAM LEARNING GOALS AND OUTCOMES

The Business School Program Learning Goals reflect what we want all students to BE or HAVE by the time they successfully complete their degree, regardless of their individual majors or specialisations. For example, we want all our graduates to HAVE a high level of business knowledge, and a sound awareness of ethical, social, cultural and environmental implications of business. As well, we want all our graduates to BE effective problem-solvers, communicators and team participants. These are our overall learning goals for you and are sought by employers.

You can demonstrate your achievement of these goals by the specific outcomes you achieve by the end of your degree (e.g. be able to analyse and research business problems and propose well-justified solutions). Each course contributes to your development of two or more program learning goals/outcomes by providing opportunities for you to practise these skills and to be assessed and receive feedback.

Program Learning Goals for undergraduate and postgraduate students cover the same key areas (application of business knowledge, critical thinking, communication and teamwork, ethical, social and environmental responsibility), which are key goals for all Business students and essential for success in a globalised world. However, the specific outcomes reflect different expectations for these levels of study.

We strongly advise you to choose a range of courses which assist your development of these skills, e.g., courses assessing written and oral communication skills, and to keep a record of your achievements against the Program Learning Goals as part of your portfolio.

<table>
<thead>
<tr>
<th>Business Undergraduate Program Learning Goals and Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Knowledge: Our graduates will have in-depth disciplinary knowledge applicable in local and global contexts.</td>
</tr>
<tr>
<td>You should be able to select and apply disciplinary knowledge to business situations in a local and global environment.</td>
</tr>
<tr>
<td>2. Critical thinking and problem solving: Our graduates will be critical thinkers and effective problem solvers.</td>
</tr>
<tr>
<td>You should be able to identify and research issues in business situations, analyse the issues, and propose appropriate and well-justified solutions.</td>
</tr>
<tr>
<td>3. Communication: Our graduates will be effective professional communicators.</td>
</tr>
<tr>
<td>You should be able to:</td>
</tr>
<tr>
<td>a. Prepare written documents that are clear and concise, using appropriate style and presentation for the intended audience, purpose and context, and</td>
</tr>
<tr>
<td>b. Prepare and deliver oral presentations that are clear, focused, well-structured, and delivered in a professional manner.</td>
</tr>
<tr>
<td>4. Teamwork: Our graduates will be effective team participants.</td>
</tr>
<tr>
<td>You should be able to participate collaboratively and responsibly in teams, and reflect on your own teamwork, and on the team’s processes and ability to achieve outcomes.</td>
</tr>
<tr>
<td>5. Ethical, social and environmental responsibility: Our graduates will have a sound awareness of the ethical, social, cultural and environmental implications of business practice.</td>
</tr>
<tr>
<td>You will be able to:</td>
</tr>
</tbody>
</table>

business.unsw.edu.au

CRICOS Code 00098G
a. Identify and assess ethical, environmental and/or sustainability considerations in business decision-making and practice, and
b. Identify social and cultural implications of business situations.

9 ACADEMIC HONESTY AND PLAGIARISM

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For UNSW policies, penalties, and information to help you avoid plagiarism see: https://student.unsw.edu.au/plagiarism as well as the guidelines in the online ELISE tutorials for all new UNSW students: http://subjectguides.library.unsw.edu.au/elise

To see if you understand plagiarism, do this short quiz: https://student.unsw.edu.au/plagiarism-quiz

For information on how to acknowledge your sources and reference correctly, see: https://student.unsw.edu.au/harvard-referencing

For the Business School Harvard Referencing Guide, see the Business Referencing and Plagiarism webpage (Business > Students > Learning support > Resources > Referencing and plagiarism).

10 STUDENT RESPONSIBILITIES AND CONDUCT

Students are expected to be familiar with and adhere to university policies in relation to class attendance and general conduct and behaviour, including maintaining a safe, respectful environment; and to understand their obligations in relation to workload, assessment and keeping informed.

Information and policies on these topics can be found in UNSW Current Students ‘Managing your Program’ webpages: https://student.unsw.edu.au/program.

10.1 Workload

It is expected that you will spend at least nine to ten hours per week studying this course. This time should be made up of reading, research, working on exercises and problems, online activities and attending classes. In periods where you need to complete assignments or prepare for examinations, the workload may be greater. Over-commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

We strongly encourage you to connect with your Moodle course websites in the first week of semester. Local and international research indicates that students who engage early and often with their course website are more likely to pass their course.

Information on expected workload: https://student.unsw.edu.au/uoc

10.2 Attendance

Your regular and punctual attendance at lectures and seminars, and in online activities, is expected in this course. University regulations indicate that if students attend less than 80% of scheduled classes they may be refused final assessment. For more information, see: https://student.unsw.edu.au/attendance

10.3 General Conduct and Behaviour

You are expected to conduct yourself with consideration and respect for the needs of your fellow students and teaching staff. Conduct which unduly disrupts or interferes with a class,
such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class. More information on student conduct is available at: https://student.unsw.edu.au/conduct

10.4 Health and Safety
UNSW Policy requires each person to work safely and responsibly, in order to avoid personal injury and to protect the safety of others. For more information, see http://safety.unsw.edu.au/.

10.5 Keeping Informed
You should take note of all announcements made in lectures, tutorials or on the course website. From time to time, the University will send important announcements to your university e-mail address without providing you with a paper copy. You will be deemed to have received this information. It is also your responsibility to keep the University informed of all changes to your contact details.

11 SPECIAL CONSIDERATION
You must submit all assignments and attend all examinations scheduled for your course. You should seek assistance early if you suffer illness or misadventure which affects your course progress.

General Information on Special Consideration for Undergraduate and Postgraduate courses:
1. All applications for special consideration must be lodged online through myUNSW within 3 working days of the assessment (Log into myUNSW and go to My Student Profile tab > My Student Services > Online Services > Special Consideration). You will then need to submit the originals or certified copies of your completed Professional Authority form (pdf - download here) and other supporting documentation to Student Central. For more information, please study carefully in advance the instructions and conditions at: https://student.unsw.edu.au/special-consideration
2. Please note that documentation may be checked for authenticity and the submission of false documentation will be treated as academic misconduct. The School may ask to see the original or certified copy.
3. Applications will not be accepted by teaching staff. The lecturer-in-charge will be automatically notified when you lodge an online application for special consideration.
4. Decisions and recommendations are only made by lecturers-in-charge (or by the Faculty Panel in the case of UG final exam special considerations), not by tutors.
5. Applying for special consideration does not automatically mean that you will be granted a supplementary exam or other concession.
6. Special consideration requests do not allow lecturers-in-charge to award students additional marks.

12 STUDENT RESOURCES AND SUPPORT
The University and the Business School provide a wide range of support services for students, including:

- Business School Education Development Unit (EDU)
  https://www.business.unsw.edu.au/students/resources/learning-support
The EDU provides academic writing, study skills and maths support specifically for Business students. Services include workshops, online resources, and individual consultations. EDU Office: Level 1, Room 1033, Quadrangle Building. Phone: 9385 5584; Email: edu@unsw.edu.au.

- **Business Student Centre**
  https://www.business.unsw.edu.au/students/resources/student-centre
  Provides advice and direction on all aspects of admission, enrolment and graduation. Office: Level 1, Room 1028 in the Quadrangle Building; Phone: 9385 3189.

- **Moodle eLearning Support**
  For online help using Moodle, go to: https://student.unsw.edu.au/moodle-support. For technical support, email: itservicecentre@unsw.edu.au; Phone: 9385 1333.

- **UNSW Learning Centre**
  www.lc.unsw.edu.au Provides academic skills support services, including workshops and resources, for all UNSW students. See website for details.

- **Library training and search support services**
  http://info.library.unsw.edu.au/web/services/services.html

- **IT Service Centre**

- **UNSW Counselling and Psychological Services**
  https://student.unsw.edu.au/wellbeing Provides support and services if you need help with your personal life, getting your academic life back on track or just want to know how to stay safe, including free, confidential counselling. Office: Level 2, East Wing, Quadrangle Building; Phone: 9385 5418; Email: counselling@unsw.edu.au

- **Student Equity & Disabilities Unit**
  http://www.studentequity.unsw.edu.au Provides advice regarding equity and diversity issues, and support for students who have a disability or disadvantage that interferes with their learning. Office: Ground Floor, John Goodsell Building; Phone: 9385 4734; Email: seadu@unsw.edu.au