

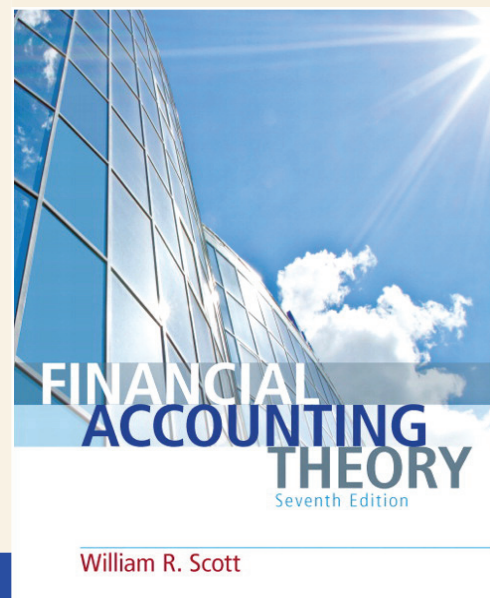
PEARSON CANADA PROUDLY PRESENTS

Financial Accounting Theory, 7/e

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Written in a friendly style with clear explanations, Financial Accounting Theory provides a thorough presentation of financial accounting theories.

This new edition continues to include considerable coverage of accounting standards oriented to IASB standards as well as major U.S. accounting standards. While the text discussion concentrates on relating standards to the theoretical framework of the book, the coverage provides students with exposure to the contents of the standards themselves.

KEY FEATURES

The joint IASB/FASB Conceptual Framework retains its role as an important component of this book. As it is further developed, this framework will be an important aspect of the financial accounting environment.

Continues to maintain that motivating responsible manager behaviour and improving the working of managerial labour markets is an equally important role for financial reporting in a markets-oriented economy as for enabling good investment decisions and improving the working of securities markets.

The author has retained the outline of the events leading up to the 2007-2008 securities market meltdowns, since these events have raised significant questions about the validity of many economic models, and continue to have significant accounting implications. Ramifications of these events are interwoven throughout the book.

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Chapter 1	Introduction
Chapter 2	Accounting Under Ideal Conditions
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Below is a comprehensive list of major changes made to the seventh edition of Financial Accounting Theory:

- Thorough **review of recent academic accounting research**, with updated explanations and discussion of important papers added throughout the text. The text represents the current state of academic accounting theory as published in major research journals up to about mid-2013.
- Increased attention to **contract theory** (replacing positive accounting theory), with Chapter 8 rewritten to fully explain the roles of reliability and conservatism of accounting information in securing efficient corporate governance, borrowing, and stewardship.
- Extensive **discussion and evaluation of criticisms of securities market efficiency** and investor rationality following the 2007-2008 securities market meltdowns. Much accounting research relies on these concepts. The important assumptions of rational expectations, common knowledge, and market liquidity that underlie market efficiency theory are explained and discussed.
- **New and proposed accounting standards**, including for financial instruments, derecognition, consolidation, leases, and loan loss provisioning, are described and evaluated. Discussion of the Conceptual Framework is updated throughout the book (Chapter 7).
- **Discussion of standards convergence** and the possibility of U.S. adoption of International Accounting Standards is updated to take recent developments into account (Chapter 13).
- **Recent research** using sophisticated computer software to evaluate the information content of the written and spoken word is explained and evaluated. The text includes coverage of research papers using this methodology to study the informativeness of Management Discussion and Analysis (Chapter 3) and of executive conference calls (Chapter 11).
- **New problem material** is added throughout the text, including numerical problems of present value accounting, decision theory, and agency. Other new problems are based on embedded value, earnout contracts, outside directors, bail-in bonds, delegated monitoring, ESO repricing, and Sarbanes/Oxley Act. Discussions and problem materials derived from recent accounting scandals (Groupon, Olympus Corp., and Satyam Computer Services) are also added.
- Discussion of whether **information risk is diversifiable**, and thus of the extent to which firms benefit from superior accounting disclosure, is updated in the light of recent research (Chapter 12).
- The **lengthy explanation of portfolio theory**, included in all previous editions, is moved to the Instructor's Manual, replaced by a much shorter explanation of portfolio diversification (Chapter 3).
- **Discussion and illustration of Management Discussion and Analysis** (Chapter 3) and of Reserve Recognition Accounting (Chapter 2) is updated.
- **Chapter 8: Media Training**. The last chapter in the Practical PR section provides the rationale and techniques behind media training spokespeople.

Instructor Supplements

Instructor's Solutions Manual

The Instructor's Solutions Manual includes suggested solutions to all the end-of-chapter Questions and Problems. It also offers learning objectives for each chapter and suggests teaching approaches that could be used. In addition, it comments on other issues for consideration, suggests supplementary references, and contains some additional problem material taken from previous text editions.

PowerPoint® Lecture Slides

PowerPoint presentations offer a comprehensive selection of slides covering theories and examples presented in the text. They are designed to organize the delivery of content to students and stimulate classroom discussion.

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