ACC3615 Accounting Theory

Assessment Method:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight in percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pop quizzes</td>
<td>10</td>
</tr>
<tr>
<td>Group presentations</td>
<td>20</td>
</tr>
<tr>
<td>Midterm test</td>
<td>30</td>
</tr>
<tr>
<td>Final exam</td>
<td>40</td>
</tr>
</tbody>
</table>

Aim

This module seeks to train students to: (a) develop a broad perspective on the role of accounting in corporate finance and in capital markets (b) critically evaluate accounting standards in terms of their potential effects on market participants and others (c) develop a perspective on the history of accounting standard-setting and selected international differences in accounting practice.

Objectives

On completing this module successfully, students would be able to ...

- Explain how accounting standard setting is a balance between relevance and reliability.
- Explain the role of accounting in investment, and derive implications for accounting standard setting and practice—explain how the conceptual framework for accounting standards fits into this theory.
- Explain the stewardship role of accounting and its influence on accounting standards and practice
- Explain the history of accounting standard-setting world-wide and current international differences
- Critically evaluate some current or emerging issues in accounting selected by the instructor. These could be either local or international.
Key Areas

- Relevance—the usefulness of accounting information in making decisions.
- Reliability— incentives for earnings management and standard-setting approaches to prevent it.
- Standard-setting—the conceptual framework, theories of standard setting, and international differences and emerging issues in standards.

References


Additional readings assigned by instructor.

Syllabus

1. Relevance
   - Implications of efficient markets for accounting
   - The information perspective
   - The Measurement perspective—fair value accounting

2. Reliability
   - The positive theory of accounting
   - Accounting and agency theory
   - Accounting and executive compensation
   - Earnings Management

3. Standard Setting
   - Theoretical Issues
   - The Conceptual Framework
   - History, current status and international differences
   - Selected current and emerging issues