

AIMS & OBJECTIVES

AIMS:

1. To understand the theory and methodology underlying the economics-based empirical literature in accounting
2. To evaluate research findings on accounting issues
3. To critically discuss issues in accounting standard-setting and practice

OBJECTIVES:

After successfully finishing this module, you will be able to

1. deliver expert professional opinions on accounting issues, both in writing and orally
2. display professional competence by
 - i. anticipating important changes in accounting regulations and predicting their likely impact on investors, companies and accountants
 - ii. displaying up-to-date knowledge and professional judgment in talking about current issues in accounting (for example in a job interview or in networking conversations with senior accountants)
 - iii. (for Honors students) decide whether to undertake an honors thesis in financial accounting, and if yes, make an informed choice of topic

PREREQUISITES

ACC3601 Corporate Accounting and Reporting is a **prerequisite** for this module.

ACC3606 Advanced Corporate Accounting and Reporting is a **co-requisite** for this module. This means that you cannot take ACC3615 unless you have either (a) already taken ACC3606 previously or (b) are concurrently taking ACC3606 in the same semester.

Accounting theory is an advanced capstone module. The module builds on your detailed knowledge of the accounting standards including areas covered in ACC3606 such as financial instruments, consolidation and foreign currency translation.

Preclusions: Students who have passed FNA3129 are not allowed to take ACC3615.

ASSESSMENT

Class participation (15%); Group project (20%); Mid-term (25%) and Final (40%).

TEXT & READINGS

Scott, W. R., Financial Accounting Theory 6th Edition, Pearson – Prentice Hall

SYLLABUS

Week	Lecture
1	Introduction
2	Rational Decision Making
3	Efficient Market Hypothesis and Capital Asset Pricing Model
4	The Information Approach - Accounting Earnings and Stock Prices I
5	The Information Approach - Accounting Earnings and Stock Prices II
6	The Information Approach - Accounting Earnings and Stock Prices III
7	The Measurement Approach – Are securities Markets Fully Efficient?
8	The Measurement Approach – Ohlson’s Model
9	Positive Accounting Theory
10	Game Theory
11	Applications of Positive Accounting Theory: Earnings Management
12	Rationale for Regulation