

Aims & Objectives

AIMS:

1. To describe the standard-setting process and the forces affecting standard-setting.
2. To critically discuss issues in accounting standard-setting and practice in Singapore
3. To evaluate research findings on accounting issues--how reliable are they and what do they imply for accountants?

OBJECTIVES:

After successfully finishing this module, you will be able to ...

1. deliver expert professional opinions on accounting gray areas, both in writing and orally
2. display **professional competence** by:
 1. anticipating important changes in accounting regulations and predicting their likely impact on investors, companies and accountants
 2. 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)
3. (for Honors students) decide whether to undertake an honors thesis in financial accounting, and if yes, make an informed choice of a 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.

Teaching Modes

We teach the module in a seminar format, with one 3-hour seminar classes each week. In each teaching session, the lecturer will lead a discussion of the week's study materials in the first 2 hours, while the final hour will be devoted to practice problems and student presentations.

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

- The economics of standard-setting
- The politics of standard-setting
- The Conceptual Framework
- History, current status and international differences
- Selected current issues

Assessment

This is a 100% continuous assessment (CA) module. The weight for different components is as follows:

Component	Weight
Class participation	15
Group Project	20
Midterm test (open-book)	30
Final test (open-book)	35

Text & Readings

Scott, W. R., “Financial Accounting Theory” 7th edition, Pearson

Class Schedule AY 2014/2015 Semester 2

Week	Topic	Readings	Instructor
1	Introduction	Scott chapter 1 & 2	Miao Bin Oliver Li
2	The Decision Usefulness Approach to Financial Reporting	Scott chapter 3	
3	Market Efficiency	Scott chapter 4	
4	The Value Relevance of Accounting Information	Scott chapter 5	
5	The Measurement Approach to Decision Usefulness	Scott chapter 6	
6	Measurement Applications	Scott chapter 7	
7	The Efficient Contracting Approach to Decision Usefulness	Scott chapter 8	
8	Game Theory	Scott chapter 9	
9	Executive Compensation	Scott chapter 10	
10	Earnings Management I	Scott chapter 11	
11	Earnings Management II	Scott chapter 11	
12	Standard Setting	Scott chapter 12 & 13	