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| 1. Course code:
 | ACC616 | 1. Course title:
 | ACCOUNTING THEORY |
| 1. College: College of Business Administration
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| 1. Department: ACCOUNTING
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| 1. Program: Master
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| 1. Course credits: 3-credit hour
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| 1. Course NQF Level: 9
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| 1. NQF Credits: TBA
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| 1. Prerequisite: None
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| 1. Lectures Timing & Location: Online
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| 1. Course web page: Blackboard
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| 1. Course Instructor: Dr. Khaled Al-Tarawneh
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| 1. Office Hours and Location: TBA
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| 1. Course coordinator: Dr. Khaled Al-Tarawneh
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| 1. Academic year: 2020-2021
 |
| 1. Semester:
 |  | **First** | X | **Second** |  | **Summer** |
| * Textbook(s):
* Deegan, C. &Unerman, J. (2011). *Financial Accounting Theory* (2ndEuropean Edition). London: McGraw-Hill. ISBN: 0077126734 (D&U)
* Schroeder, R. G., Clark, M., & Cathey, J. M. (2018). Financial accounting theory and analysis: Text and cases.(13thedition). Hoboken, NJ :John Wiley & Sons, Inc.ISBN: 9781118582794 (S&C).
* Belkaoui, Ahmed (2004). Accounting Theory (5th edition). University of Illinois at Chicago. ISBN: 1844800296.Library code: HF5635.B41672004.
 |
| * References from the Library (<http://www.ac-knowledge.net/uobv3/>):
* Henderson, S., G. Peirson, K. Herbohn, T. Artiach and B. Howieson (2017). *Issues in Financial Accounting*(16thedition). Pearson Education Australia.
* Scott, William (2015). *Financial Accounting Theory* (7th edition). Prentice Hall, Inc. ISBN: 0132984660.
* Evans, Thomas (2003). *Accounting Theory: Contemporary Accounting Issues*.

 South-Western Publishing Co. ISBN: 0324107846. |
| 1. Other learning resources used (e.g. e-Learning, field visits, periodicals, software, etc.):

Articles:* Baker, C. R. (2017). The Influence of Accounting Theory on the FASB Conceptual Framework. *Accounting Historians Journal*, 44(2), 109-124. doi: 10.2308/aahj-10555

, 7-16.* Available in the kuo, N., Takao, K., & Yasunobu, K. (2016). The Definitions of Net Income and Comprehensive Income and Their Implications for Measurement. *Accounting Horizons*, 30(4), 511-516. doi: 10.2308/acch-51544
* Sinha, S. K. (2008). Positive Accounting Theory: A Critique. *ICFAI Journal of Accounting Research*, 7(4library website: <http://libcat.uob.edu.bh/>
* Benston, George J., and Al L. Hartgrave. “Enron: What happened and What We Can Learn from it,” Journal of Accountancy and public Policy, 21 (2) Summer 2002), pp. 105-127.
* Johnson M. and Meckling W., “Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure,” Jornal of Financial Economics (October 1976), p. 308.
* Fama, Eugene, and Kenneth A. French. “The CAPM is wanted, Dead or Alive.” Journal of Finance (December, 1996), pp 1947-1958.
* Whittington, G. (2008) “Fair Value and the IASB/FASB Conceptual Framework: an Alternative View, “ ABACUS, 44 (2), pp. 139-168.
* Watts,R and Zimmerman, J. (1978), “Towards a Positive Theory of the Determination of Accounting Standards,” The Accounting Review, 53, (1), 112-134.
* IASB (2010) Staff Draft of Proposed IFRS on Fair Value Measurement, London, IFRS Foundation.
* Watts,R and Zimmerman, J. (1990), “Positive Accounting Theory: a ten years perspective, The Accounting Review, 65 (1), 131-56.
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| 1. Course description (as per the published):

Theory and theorization in general and in accounting in particular. The Kuhn-Popper's debate including the paradigm dimension. Deductive and inductive accounting theories. Various approaches to and images of accounting theories. The general structure of financial accounting theory. Including a conceptual framework for financial accounting. Normative and positive accounting theories. The social, ethical and valuation approaches as exemplars of normative accounting theory. Income smoothing and earnings management as exemplars of positive accounting theory. |
| 1. Course Intended Learning Outcomes (CILOs):
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| CILOs | *Mapping to PILOs* |
| Learning goals  | A. Knowledge | B. Communication | C. Responsibility | D. Research |
| Learning objectives | A1. Knowledge | A2. Current issues | B1. Writing communication | B2. Oral communication | C1. Research ethics | C2. Global impact | D1. Critical analysis | D2. Research practice |
| 1.Critically explain the development of theoretical basis for accounting practices. | ✓ |  |  |  |  | ✓ |  |  |
| 2. Explain how accounting theories shape reporting practices of economic entities. | ✓ |  |  |  |  |  |  | ✓ |
| 3. Discuss controversial accounting issues. |  | ✓ |  |  |  | ✓ | ✓ |  |
| 4. Develop research skills to design and conduct a research project. |  |  | ✓ |  | ✓ |  |  | ✓ |
| 5. Effectively develop financial information analytical and communications skills. |  |  | ✓ | ✓ | ✓ |  | ✓ | ✓ |

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| 1. Course assessment:
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| *Assessment Type* | *Details/ Explanation of Assessment in relation to CILOs* | *Number* | *Weight* | *Date(s)* |
| Research Assessment |  |  | 15 % |  |
| Engagement Activities  |  |  | 15 % |  |
| Practical | Article Critique |  | 10 % |  |
| Case Studies |  |  |  % |  |
| Research Projects | Individual Project | 1 | 20 % |  |
| Final Examination(Respondus) |  |  | 40 % |  |
| Total |  |  | 100% |  |

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| 1. Description of Topics Covered
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| *Topic Title* *(e.g. chapter/experiment title)* | *Description* |
| 1. The Development of Accounting Theory

(Ch.1 Schroeder and Ch. 2 Deegan) | This topic explains for students in chronological order the evolution of the phrase “Generally Accepted Accounting Principles” (GAAP) and the logic behind switching from the old GAAP based on pronouncement and opinions to the new GAAP based on conceptual statements (SFACs) and standard statements (SFASs) utilizing revolutionary and evolutionary processes. Students will also understand why practitioners and regulators (i.e. FASB, IASB) might consider various theories of accounting.  |
| 1. *The Pursuit of the Conceptual Framework*

(Ch.2 Schroeder) | This topic clarifies to students early authoritative and semi authoritative attempts to develop the Conceptual Framework of Accounting. It also shows the FASB’s original conceptual framework and the difference between Principle-based and Rules-based accounting standards. Finally, it explores the latest convergence attempts by the FASB and IASB for developing a common framework.  |
| 1. Approaches to the Formulation of Accounting Theory

(Schroeder Ch.4) | This topic explains the various approached that have been applied over time to formulate accounting theory. The non-theoretical, the deductive, the inductive, the ethical, the sociological, and the economic approaches are all explained in terms of their contributions to the formulation of an accounting theory. It also explains *Research Methodologies and Theories on the Uses of Accounting Information including fundamental analysis, the efficient market hypothesis, the capital asset pricing model, and agency theory.*  |
| The Structure of Accounting Theory (ch.7 Belkaoui) | This topic defines the general boundaries of accounting theory regardless of the approaches and methodologies used in formulating accounting theory. It shows the elements and relationships that govern the development of accounting techniques. It explains the accounting postulates, the theoretical concepts, the accounting general principles and policies, and the truth in accounting.  |
| 1. *Income Concepts (Earning quality, management and smoothing)*

(Schroeder ch. 5) | This topic explains the nature of accounting income, its recognition and measurement, and problems associated with its measurement related to subjectivity, flexibility of accounting choices and the effect of inflation. This topic also illustrates the various concepts of capital maintenance under various measurement methods. It also shows the authoritative guidance on special recognition circumstances. |
| 1. Research Perspectives in Accounting

(Deegan Ch 12) | This topic defines the critical perspectives in accounting and shows the difference between critical accounting research and social and environmental accounting research. It also shows the possible impact of critical accounting research on social practice. It also illustrates the role of the state and accounting in supporting existing social structures.  |

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| 1. Weekly Schedule
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| *Week* | *Date* | *Topics covered* | *CILOs* | *Teaching Method* | *Assessment* |
| *1* | *10 Feb.* | The Development of Accounting Theory | *1&2* | Lecture, discussion, and seminar approach |  |
| *2* | *17 Feb.* | The Development of Accounting Theory | *1&2* |  |  |
| *3* | *24 Feb.* | *The Pursuit of the Conceptual Framework****Case 1: Accounting in Crisis: Enron***  | *2,3,4* | Lecture, discussion, and seminar approach |  |
| *4* | *3 March* | *The Pursuit of the Conceptual Framework* | *2,3,4* | Lecture, discussion, and seminar approach |  |
| *5* | *10 March* | Approaches to the Formulation of Accounting Theory  | *3,4* | Lecture, discussion, and seminar approach |  |
| *6* | *17 March* | Approaches to the Formulation of Accounting Theory ***Case 2: Agency theory and its explanation for the development of accounting theory*** | *3,4* | Lecture, discussion, and seminar approach |  |
| *7* | *24 March* | The Structure of Accounting Theory | *2,3 ,4* | Lecture, discussion, and seminar approach |  |
| *8* | *31 March* | *Income Concepts (Earning quality, management and smoothing)* | *2 , 4* | Lecture, discussion, and seminar approach |  |
| *9* |  | *Break* |  |  |  |
| *10* | *14 Apr.* | *Income Concepts (Earning quality, management and smoothing)****Case 3: The Sunbeam case*** | *2 , 4* | Lecture, discussion, and seminar approach |  |
| *11* | *21 Apr.* | Research Perspectives in Accounting | *1, 2, 5* | Lecture, discussion, and seminar approach |  |
| *12* | *28 Apr.* | Research Perspectives in Accounting | *1, 2, 5* | Lecture, discussion, and seminar approach |  |
| *13* | *5 May* | *Presentations* |  |  |  |
| *14* | *12 May* | *Presentations* |  |  |  |
| *15* | *19 May* | *Presentations* |  |  |  |
| *16* |  |  |  |  | *Final* |