Title: Accounting Theory
Abbreviation and Number: ACCA315
School: Business
Department: Accounting

Credits: 3
Course Sequence: (X) Fall ( ) Spring ( ) Fall and Spring
Hours Per Week: (3) Lecture ( ) Seminar ( ) Laboratory ( ) Studio ( ) Kitchen
( ) Other (Specify)

Pre-requisite(s): ACCA305
Co-requisite(s): None

COURSE DESCRIPTION
Students examine the application of accounting theory as applied by the US generally accepted accounting principles (GAAP) and International Accounting Standards (IAS). Students focus on interpretation of pronouncements made by the Financial Accounting Standards Board (FASB) and their similarities with the International Accounting Standards Board (IASB).

SPECIFIC OBJECTIVES
Upon successful completion of this course students will be able to
1) identify sources of accounting concepts, assumptions and principles that are generally accepted;
2) assess the terms of agreement and disagreement in the interpretation of Accounting Principles Board (APB) opinions and Financial Accounting Standards Board (FASB) pronouncements;
3) relate financial accounting to techniques and procedures as applied in practice;
4) apply accounting principles and procedures to changing accounting environment; and
5) examine the differences and similarities between US generally accepted accounting principles (GAAP) and International Accounting Standards (IAS)

COURSE CONTENT
I. History of Accounting
   A. Double-entry system
   B. Social forces
   C. Ancient civilization
   D. Accounting in antiquity
   E. Luca Pacioli
   F. Capitalism
   G. Managerial and cost accounting
   H. Societies

II. Sources and Methodology of Accounting Principles
   A. American Institute of Certified Public Accountants (AICPA)
   B. Securities and Exchange Commission (SEC)
   C. Financial Accounting Standards Board (FASB)
   D. Conceptual framework projects
   E. International Accounting Standards (IAS)
   F. Convergence issues

III. Investment Concepts
   A. Nature
   B. Income recognition
   C. Income receipts
IV. Financial Statements
A. Income Statement
   i. Format
   ii. Earnings per share
   iii. Accounting changes
   iv. Special problems in Income Statement presentation
B. Balance Sheet and Statement of Cash Flows
   i. Nature
   ii. Importance
   iii. Evaluation
   iv. Development stage enterprises

V. Working Capital
A. Concepts
   i. Development
   ii. Modification
B. Components

VI. Property, Plant and Equipment
A. Nature
B. Depreciation
C. Disclosure of SEC
D. Replacement cost information

VII. Investments
A. Common stock
B. Preferred stock
C. Bonds
D. Intangibles

VIII. Long-Term Liabilities
A. Recognition and timing
B. Long-term debt classification
C. Troubled debt restructuring

IX. Leases
A. Criteria for classification
B. Accounting and reporting
C. Disclosure requirements and illustrations
D. Sales vs. leases
E. Leveraged leases
F. Accounting for loan origination, fees and costs

X. Equity
A. Theories
B. Recording
XI. Current Value and General Purchasing Power Accounting
   A. Financial reporting in units
   B. Statements of Financial Accounting Standards (SFAS)

XII. Financial Reporting and Disclosure Requirements
   A. Private-sector authoritative bodies
   B. Securities and Exchange Commission (SEC)
   C. Efficient market research
   D. Agency theory
   E. Human information processing

XIII. Standard Setting in a Political Environment
   A. Responsibility and power
   B. Power for the profession
   C. Inferences from court cases
   D. Criticisms of the profession
   E. Politicisation of accounting

**ASSESSMENT**
Case Studies........................................20%
Tests..................................................40%
Final Examination...............................40%
**Total.............................................100%**

**REQUIRED TEXT**

**SUPPLEMENTARY READINGS/MATERIALS**

**JOURNALS**
*Accounting and Business Research*
*Accounting Horizons*
*The Accounting Review*
*Accounting Today*
*The CPA Journal*
*Financial Analysis Journal*
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<tr>
<th>The GAAP Guidebook</th>
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<tr>
<td>Journal of Accounting</td>
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<td>Journal of Accounting Research</td>
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<td>The Practical Accountant</td>
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**WEBSITES**

www.aicpa.org  
www.fasb.org  
www.gasb.org