



The University of Southern Queensland

## Course specification

<b>Description: Financial Accounting Theory</b>						
Subject	Cat-nbr	Class	Term	Mode	Units	Campus
ACC	3116	41325	1, 2005	EXT	1.00	Toowoomba

<b>Academic group:</b>	FOBUS
<b>Academic org:</b>	FOB008
<b>Student contribution band:</b>	2
<b>ASCED code:</b>	080101

### STAFFING

Examiner: Arabella Volkov

### REQUISITES

Pre-requisite: ACC3115

### SYNOPSIS

This course introduces students to the theory that is integral to financial accounting practice. Using established accounting theories, the factors or incentives that exist for preparers of financial reports are investigated. These factors require consideration when making financial reporting decisions or evaluating the decisions of others. The primary objective of this course is to enhance students' awareness of the issues surrounding decision making in relation to financial reporting practice. This includes an investigation of the popular theories and evidence in regard to financial reporting. These theories are applied within the framework of the five financial reporting decisions made by report preparers. The financial reporting issues addressed include the choice of accounting methods, voluntary disclosures, and environmental performance reporting.

### OBJECTIVES

On completion of this course students will be able to:

1. demonstrate effective written communication skills to a tertiary academic standard (as specified in Communication skills handbook for accounting);
2. demonstrate the ability to undertake independent research outside the prescribed course materials and communicate those research findings in assessment tasks;
3. identify the factors to consider when making financial reporting decisions or evaluating the financial reporting decisions made by others;
4. define financial reporting and outline the organisational form characteristics that indicate a need for financial reporting;
5. identify and give examples of the types of financial reporting decisions faced by preparers of financial reports;
6. explain the fundamental problem of financial reporting;
7. appraise the process under which accounting standards are developed in Australia and adoption of international accounting standards;

8. assess the theories of regulation presented in the course and apply each of these to the accounting standard setting process in Australia;
9. explain how contracts and accounting information are used to reduce agency costs;
- 10.outline the contracting determinants of unregulated financial reporting decisions;
- 11.outline the other economic determinants of unregulated financial reporting decisions;
- 12.outline the social determinants of financial reporting decisions, particularly unregulated disclosure decisions;
- 13.critically evaluate each of the accounting theories and research methods covered in this course and make a determination as to their usefulness to accounting practice;
- 14.explain the nature of the relationship between accounting earnings and share market returns;
- 15.outline the conclusions that can be drawn from capital market studies into 'information content' and 'value relevance';
- 16.assess the expected impact of alternative financial reporting choices on share prices and returns;
- 17.assess the expected impact of alternative financial reporting choices on the judgment of individual financial statement users;
- 18.critically evaluate different accounting models with respect to the fundamental problem of financial reporting;
- 19.apply the insights gained from the theories and evidence presented in this course to the particular financial reporting issues of asset valuation and environmental performance reporting; and
- 20.apply the insights gained from the theories and evidence presented in this course to the issue of whether financial reporting should be regulated.

## TOPICS

	Description	Weighting (%)
1.	Introduction to financial reporting	10.00
2.	Regulation of financial reporting	15.00
3.	The economic incentives for making financial reporting decisions	25.00
4.	The impacts of financial reporting decisions	20.00
5.	The social incentives for making financial reporting decisions	15.00
6.	Application to financial reporting issues	15.00

## TEXT and MATERIALS required to be PURCHASED or ACCESSED

ALL textbooks and materials are available for purchase from USQ BOOKSHOP (unless otherwise stated). Orders may be placed via secure internet, free fax 1800642453, phone 07 46312742 (within Australia), or mail. Overseas students should fax +61 7 46311743, or phone +61 7 46312742. For costs, further details, and internet ordering, use the 'Textbook Search' facility at <http://bookshop.usq.edu.au> click 'Semester', then enter your 'Course Code' (no spaces).

Deegan, C 2000, *Financial accounting theory*, McGraw-Hill, Sydney.

Fleet, W, Summers, J & Smith, B 2004, *Communication skills handbook for accounting*, John Wiley & Sons, Milton, Queensland.

(OR Summers, J & Smith, B 2004, *Communication skills handbook: how to succeed in written and oral communication*, John Wiley & Sons, Milton, Queensland. (revised and updated edition))

## REFERENCE MATERIALS

Reference materials are materials that, if accessed by students, may improve their knowledge and understanding of the material in the course and enrich their learning experience.

These materials are an invaluable source of information for use in assignment preparation.

Godfrey, J, Hodgson, A & Holmes, S 2003, *Accounting theory*, 5th edn, John Wiley & Sons, Brisbane.

Henderson, S, Peirson, G & Harris, K 2004, *Financial accounting theory*, Pearson Education Australia, Sydney.

International Accounting Standards Committee Foundation 2003, *International financial reporting standards (IFRS)*, London.

Palepu, K, Bernard, V & Healy, P 2000, *Business analysis and valuation: using financial statements*, 2nd edn, South Western College/Thomson Learning, Australia.

Riahi-Belkaoui, A & Jones, S 2002, *Accounting theory*, 2nd edn, Nelson Thomson Learning, South Melbourne.

Scott, WR 2003, *Financial accounting theory*, 3rd edn, Prentice-Hall, Toronto.

Sunder, S 1997, *Theory of accounting and control*, South-Western College, Cincinnati, Ohio.

Watts, R & Zimmerman, J 1986, *Positive accounting theory*, Prentice Hall International, Englewood Cliffs, New Jersey.

White, G, Sondhi, A & Fried, D 2002, *The analysis and use of financial statements*, 3rd edn, Wiley, New York.

Whittred, G, Zimmer, I, Taylor, S & Wells, P 2004, *Financial accounting: incentive effects and economic consequences*, 6th edn, Thomson, South Melbourne.

## STUDENT WORKLOAD REQUIREMENTS

ACTIVITY	HOURS
Assessment	20.00
Directed Study	52.00
Private Study	93.00

## ASSESSMENT DETAILS

Description	Marks out of	Wtg(%)	Due date
ASSIGNMENT 1	0.00	0.00	01 Mar 2005
ASSIGNMENT 2	20.00	20.00	16 May 2005
3 HOUR EXAMINATION	80.00	80.00	END S1 (see note 1)

### NOTES

1. The examination is scheduled to be held in the end-of-semester examination period. Students will be advised of the official examination date after the timetable has been finalised.

## IMPORTANT ASSESSMENT INFORMATION

- 1 Attendance requirements:

If you are an international student in Australia you are advised to attend all classes at your campus. Failure to attend may infringe the conditions of your student visa. For all other students, there are no attendance requirements for this course. However, it is the students' responsibility to study all material provided to them or required to be accessed by them to maximise their chance of meeting the objectives of the course and to be informed of course-related activities and administration.
- 2 Requirements for students to complete each assessment item satisfactorily:

To complete each of the assignments satisfactorily, students must submit a genuine attempt of the assignment/s. For an assignment to be deemed a genuine attempt, the student must have completed at least 80% of each question/s. To complete the examination satisfactorily, students must obtain at least 50% of the marks available for the examination.
- 3 Penalties for late submission of required work:

If students submit assignments after the due date without prior approval then a penalty of 20% of the total marks gained by the student for the assignment will apply for each working day late.
- 4 Requirements for student to be awarded a passing grade in the course:

To be assured of receiving a passing grade a student must demonstrate, via the assessment items that they have achieved the required minimum standards in relation to the objectives of the course. This is achieved by (i) submitting a genuine attempt of all assessment items; (ii) obtaining at least 50% in the examination; and (iii) obtaining at least 50% of the total weighted marks available for all summative assessment items.
- 5 Method used to combine assessment results to attain final grade:

The final grades for students will be assigned on the basis of the weighted aggregate of the marks obtained for each of the summative assessment items in the course.
- 6 Examination information:

This is a restricted examination. Candidates are allowed access to specific materials during the examination. The only materials that candidates may use in the restricted examination for this course are: writing materials (non-electronic and free from material which could give the student an unfair advantage in the examination); translation dictionary (with the Examiner's approval, candidates may, take an appropriate non-electronic translation dictionary into the examination. This will be subject to perusal and, if it is found to contain annotations or markings that could give the candidate an unfair advantage, it may be removed from the candidate's possession until the appropriate disciplinary action is completed). Students are not permitted to take mobile telephones, pagers or other electronic means of communication into the examination room.
- 7 Examination period when Deferred/Supplementary examinations will be held:

Any Deferred or Supplementary examinations for this course will be held during the next examination period.
- 8 University Regulations:

Students should read USQ Regulations 5.1 Definitions, 5.6. Assessment, and 5.10 Academic Misconduct for further information and to avoid actions which might contravene University Regulations. These regulations can be found at the URL <http://www.usq.edu.au/corporateservices/calendar/part5.htm>. Students should also read the Faculty of Business Guide to Policies and Procedures of the Faculty which can be found at the URL <http://www.usq.edu.au/handbook/current/buspolproc.html>.

## ASSESSMENT NOTES

- 1 Assignments: (i) The due date for an assignment is the date by which a student must despatch the assignment to the USQ. The onus is on the student to provide proof of the despatch date, if requested by the Examiner. (ii) Students must retain a copy of each item submitted for assessment. This must be produced within five days if required by the Examiner. (iii) In accordance with University's Assignment Extension Policy (Regulation 5.6.1), the Examiner may grant an extension of the due date of an assignment in extenuating circumstances. If students submit assignments after the due date and wish to claim extenuating circumstances then they shall provide validated documentary evidence with the assignment, explaining the circumstances. The Examiner shall consider the statement accompanying a late assignment and decide on the outcome. (iv) Assignments are to be submitted in the appropriate assignment folders and electronically where required by the Examiner. (v) The Examiner will normally only accept assessments that have been typed or printed on paper-based media. (vi) Students who do not have regular access to postal services or who are otherwise disadvantaged by these regulations may be given special consideration. They should contact the Examiner to negotiate such special arrangements. (vii) In the event that a due date for an assignment falls on a local public holiday in their area, such as a Show holiday, the due date for the assignment will be the next day. Students are to note on the assignment cover the date of the public holiday for the Examiner's convenience.
- 2 Course Weightings: Course weightings of topics should not be interpreted as applying to the number of marks allocated to questions testing those topics in an examination paper. The examination may test material already tested in assignments.
- 3 Dishonest Actions: (i) Any student who is alleged to have performed a dishonest action relating to any assessment in the course will have a course of action taken against him/her as outlined in the Academic Regulations. (ii) Pieces of assessment should be the work of individual students. Joint pieces of assessment are not permitted unless written approval has been obtained from the Examiner. (iii) Dishonest action in relation to assessment includes: copying or attempting to copy the work of others; use of or attempting to use information prohibited from use in that form of assessment; submitting the work of another as your own; consciously committing acts of plagiarism, ie taking and using another's thoughts or writings as one's own with intent to deceive, which occurs when paragraphs, sentences, a single sentence or significant parts of a sentence which are copied directly, are not enclosed in quotation marks and appropriately referenced in the student's work; direct quotations are not used, but text is paraphrased or summarised, and the source of the material is not acknowledged by footnoting or other reference in the text.
- 4 Deferred Work: Students who, for medical, family/personal, or employment-related reasons, are unable to complete an assignment or to sit for an examination at the scheduled time may apply to defer an assessment in a course. Such a request must be accompanied by appropriate supporting documentation. One of the following temporary grades may be awarded: IDS (Incomplete - Deferred Examination); IDM (Incomplete Deferred Make-up); IDB (Incomplete - Both Deferred Examination and Deferred Make-up).