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## **Course Title : Advanced Accounting Theory**

**Course Code : COMA 646**

Credit Hours : 03

Total Weeks : 16

Total Hours : 48

**Course Objectives:**

The various objectives of this course are:

The purpose of this course is to apply accounting theory to business combinations, corporate equity investments, and intercompany transactions. In completing this course, students will be able to:

1. To understand advanced accounting topics.
2. To give a detailed insight in the theoretical underpinnings of the accounting, communicate in writing and orally, complex technical accounting issues with clarity and conciseness.
3. To guide students to critically evaluate the rationale of accounting standards and analyze current financial statements for public companies.
4. To increase student’s critical thinking and logical explanation of various accounting methods and procedures.
5. To demonstrate an understanding of financial statement disclosures.
6. To critically evaluate rationale of accounting reports/ statements and standards, and
7. To increase their critical thinking ability and logical explanation of various accounting methods and procedures.

**Chapter-1**

**Accounting: A Multiple Paradigm Science.**

1. An overview of Kuhn’s thesis.
2. The AAA’s (American Accounting Association) Statement of Accounting Theory and Theory Acceptance and its dominant approaches.
3. The concept of a paradigm; Ritzer’s definition of a paradigm. The basic components of a paradigm.
4. The anthropological/inductive paradigm
5. The true-income/deductive paradigm
6. The decision-usefulness/ decision-model paradigm
7. The decision-usefulness/decision-maker/aggregate-market-behaviour paradigm
8. The decision-usefulness/decision-maker/individual-user paradigm
9. The information/economics paradigm.
10. The science of accounting: Is accounting a science?
11. Deconstruction in Accounting Research.

**Chapter-2**

**The Events and Behavioural Approaches**

1. New approaches in accounting theory.
2. The nature of the events approach.
3. The value school
4. Conventional accounting model weaknesses.
5. The events approach.
6. The normative events theory of accounting.
7. Events-based accounting information systems.
8. The hierarchical model; The network model; The entity-relationship model;
9. Evaluation of the events approach; The usefulness of the events approach
10. The nature of the behavioral approach.
11. Behavioural accounting; Behavioural effects of accounting information;
12. Attitudes about corporate reporting practices
13. Linguistic effects of accounting data and techniques.
14. Functional and data fixation.
15. Information inductance.
16. The human information processing approach.
17. the lens model approach
18. probabilistic judgement
19. pre-decisional behaviour
20. the cognitive-style approach
21. Cross-cultural research in accounting.

**Chapter-3**

**The Predictive and Positive Approaches.**

1. Research based on the predictive approach.
2. Time-series analysis. Time-series properties of reported earnings.
3. Predicting future accounting earnings; Distress prediction; Studies in bankruptcy prediction
4. Ohlson’s model.
5. Advantages of discriminant analysis based models; Limitations of discriminant analysis based models.
6. Predictions of bond premiums and bond ratings.
7. Fisher’s model.
8. Corporate restructuring.
9. Forecasting financial statement information.
10. Forecasts of earnings versus statistical models. Capital markets and external accounting.
11. Capital markets and external accounting.
12. Evaluation of the market-based research in accounting.
13. information content studies
14. difference in discretionary accounting techniques
15. consequences of regulation
16. impact on related disciplines
17. Income smoothing; Gordon’s propositions on income smoothing.
18. Positive theory of accounting.

**Chapter-4**

**Current-value Accounting**

1. Arguments in favor of measuring income – I.
2. The AAA’s (American Accounting Association) normative shareholders’ valuation model.
3. Arguments in favor of measuring income – II.
4. Accounting income: Attributes of accounting income; Advantages of accounting income; Disadvantages of accounting income.
5. The nature of the economic concept of income: Fisher; Lindahl; Hicks.
6. Capital maintenance: Financial and physical capital maintenance.
7. Capitalisation (present value)
8. Economic income versus accounting income.
9. Current entry price: Measurement of current entry prices
10. Holding gains and losses
11. Backlog depreciation
12. Advantages of current-entry-price-based accounting &Disadvantages of the current-entry-price system.
13. Current exit price – I
14. Chambers’ model.
15. Continuous Contemporary Accounting (CoCoA).
16. Current exit price – II
17. Other interpretations of current values.
18. Essential versus non-essential assets.
19. SEC replacement-cost proposal.
20. The combination of values.
21. The concept of business income.

**Chapter-5**

**General Price-level Accounting**

1. The dollar’s purchasing power
2. Chambers’ model
3. General price-level gains and losses
4. Calculating general price-level gain or loss
5. Treatment of the general price-level gain or loss
6. Non-monetary items
7. Shareholder’s equity
8. Retained earnings
9. General price-level accounting versus current-value accounting
10. The monetary–non-monetary distinction
11. Monetary items
12. Problems with distinguishing between monetary and non-monetary items
13. Price-level indices
14. Index formulas
15. The Laspeyres formula
16. The Paasche formula
17. The fixed-weighted formula
18. The Fisher formula
19. Price-level accounting and purchasing power
20. Choice of a general price-level index
21. Limitations of the CPI and the IPI
22. Arguments in favour of general price-level accounting & Arguments against general price-level accounting
23. Technical problems with price-level accounting.

**Chapter-6**

**Alternative Asset-valuation and Income-determination Models**

1. Attributes that may be measured
2. Units of measure
3. Asset valuation and income determination models.
4. Present-value models
5. Different price levels
6. Criteria for comparison and evaluation: timing errors.
7. Measuring-unit errors
8. First criterion: interpretability
9. Second criterion: relevance
10. Historical-cost accounting
11. Replacement-cost accounting
12. Net-realisable-value accounting
13. Alternative accounting models
14. General price-level-adjusted historical-cost accounting
15. Exposure drafts on current-value accounting

**Chapter-7**

**The Context of the Contemporary Accounting Professionals**

1. Environmental changes
2. Genesis/origin of emerging structural changes.
3. Technical and ideological proletarianisation of accountants and its effects.
4. Alienation/Separation.
5. Institutional capitalism.
6. Class-wide rationality.
7. Academic accountants
8. Academic accountants: a flawed class.
9. Capitalist domination of information.
10. The manufactured consciousness of users
11. Manufacturing of consciousness

**Chapter-8**

**International Accounting**

1. Definitions of international accounting.
2. World accounting.
3. Concept of comparative or international accounting.
4. A second concept of international accounting.
5. Parent-foreign subsidiary accounting.
6. Amenkhienan’s list of concepts and theories.
7. Issues relevant to international business
8. Differences in financial reporting practices
9. Determinants of national differences
10. Mueller’s 10 distinct sets of business environments
11. Environmental conditions
12. Harmonisation of accounting standards & its advantages and disadvantages.
13. Actors involved in harmonization
14. The International Federation of Accounting Committee (IFAC) 12-point program.
15. The International Accounting Standards Committee (IASC).
16. Non-compliance with IASC standards.
17. Group of Experts on International Standards of Accounting and Reporting
18. Results of the Group of Experts.
19. The Organization for Economic Co-operation and Development (OECD)
20. The European Union (EU).
21. Directives of the EU.
22. Standard-setting strategies for developing countries.
23. The evolutionary approach.
24. he transfer-of-technology approach
25. Costs of transfer of accounting technology.
26. Adopting international accounting standards.
27. The situationist strategy.
28. Diversity of judgement.
29. Cognitive relativism in accounting.
30. Cultural relativism in accounting.
31. Linguistic relativism in accounting.
32. Organisational-culture relativism in accounting
33. Contractual relativism in accounting.
34. Judgement in international accounting.

**Recommended Texts:**

Fischer, P. M., Tayler, W. J., & Cheng, R. H. (2011). *Advanced Accounting,* (11th Edition). Cengage Learning.

Kieso, D. E., Waygandt, J. J., & Warfield, T. D. (2014). *Intermediate Accounting: IFRS Edition* (2nd Edition). Wiley.

Jeter, D. C., & Chaney, P. K. (2011). *Advanced Accounting*, (5th Edition ). Wiley.

Belkaoui, A. R. (2008). *Accounting Theory.*Australia: Harcourt, Brace and Company.