



LANDMARK UNIVERSITY

## COURSE COMPACT

*ALPHA SEMESTER 2016/2017*

College: Business and Social Sciences

**Department:** Accounting & Finance

Programme: BSc (Hons) in Accounting

Course Code: **ACC 312**

Units: 3

**Course Title:** Financial Accounting Theory

Semester: Alpha Semester: Aug. 2016 to Jan./Feb 2017

**Time of Lecture:** 3 Hours per week for 15 weeks (45 Hours)

**Course Lecturers:**

Name: *Dr Frank D. Awonusi BA(Hons), MSc PhD, FCMI, FCEA PGCE*

Position: Lecturer in Accounting

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Name: *Mr Samuel Ajayi BA(Hons) MA*

Position: *Lecturer in Banking and Finance*

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### **Course Content and Description**

The course examines the introduction to Financial Accounting Theory, the role of theory in financial accounting, , accounting methodology and need for a consistent theory, the elements and structure of an accounting theory and the construction and validation of accounting theory. The course further looks at the Elements and Structure of Accounting Theory, the Traditional Approaches to the formulation of accounting theory and discussion of some contemporary controversies in accounting and accounting theory, Other course contents include the Regulatory Approach to the formulation of accounting theory including Nigerian accounting standard board – role, structure and process leading to the issue of standards; detailed application of standards issues by NASB, comparison of local and international accounting standards – SAS and IAS; and Statement of accounting standards, (SAS) and international accounting standards (IAS). Other areas to be considered include Usefulness of Accounting Information to investors and Creditors including (a) Income Statement (b) Balance Sheet (c) Notes to Accounts (d) Statement of Accounting Policies (e) Chairman’s Report (f) Director’s Report (g) Auditor’s Report (h) Audit Committees Report (i) Cash flow Statement (j) Value Added Statement (k) Five-year Financial Summary. To be examined here include (i) Generally Accepted Accounting Principles (GAAP): an examination of legislative and quasi- legislative requirement for financial

## Course Justification

The course will help students to understand the role of theory in financial accounting as well as the elements and structure of an accounting theory. It will also expose them to the Elements and Structure of Accounting Theory as well as The Regulatory Approach to the formulation of accounting theory. The course will help students to understand the Usefulness of Accounting Information to investors and Creditors and Conceptual Framework for financial accounting and reporting.

## Course Objectives

- The purpose is to expose students to the theoretical side and theory development in accounting discipline.
- Understanding and applying accounting theory
- Understanding the different methods of developing accounting theory
- Understanding the different user of financial accounting information
- Understanding the Standard sitters such as the International Accounting Standard

## Structure of Programme / Method of Grading

### COURSE EXPECTATIONS:

S/N	GRADING	SCORE(%)
1.	<b>CONTINUOUS ASSESSMENTS</b>	
	• C.AI	7%
	• C.AII (MID-SEMESTER TEST)	15%
	• C.AIII	8%
2.	<b>FINAL EXAMINATION</b>	<b>70%</b>
3.	<b>TOTAL</b>	<b>100</b>

## Course Delivery Strategies: Illustration Below:

- The course will be taught through lectures using overhead projection, Power Points and white board where appropriate.
- All students are expected to participate in exercises and class discussion.

## Lecture Content

### Weeks 1-2

Objectives
<ul style="list-style-type: none"><li>• To introduce students to the subject of Financial Accounting Theory,</li><li>• To educate students on the role of theory in financial accounting, accounting methodology and need for a consistent theory as well as the elements and structure of an accounting theory and the construction and validation of accounting theory</li></ul>
Topic/Description

- Introduction to Financial Accounting Theory,
- The role of theory in financial accounting, accounting methodology and need for a consistent theory,
- The elements and structure of an accounting theory and the construction and validation of accounting theory

### Study Questions

1. How will you define Accounting Theory?
2. Explain the different needs for a consistent accounting theory

### Reading List

**Andrew Higson (2006)** Corporate Financial Reporting: Theory & Practice.  
Published by SAGE Publications London # Thousand Oaks # New Delhi

**M W E Clautier and B Underdown (1988)** Accounting Theory and Practice: Third Edition.  
Published by Pitman Publishing, London.

**Riahi-Belkaoui, A. (2004)**, *Financial Accounting Theory*, 5<sup>th</sup> Edition,  
Published by THOMSON [www.thomsonlearning.co.uk](http://www.thomsonlearning.co.uk)  
*Full name of author (Ahmed Riahi-Belkaoui)*

## Weeks 3-4

### Objectives

- To expose students to the Elements and Structure of Accounting Theory as well as the Traditional Approaches to the formulation of accounting theory

### Topic/Description

- The Elements and Structure of Accounting Theory
- The Traditional Approaches to the formulation of accounting theory

### Study Questions

- Describe the different elements and structure of Accounting Theory
- What are the Traditional Approaches to the formulation of accounting theory

## Reading List

**Andrew Higson (2006)** Corporate Financial Reporting: Theory & Practice.  
Published by SAGE Publications London # Thousand Oaks # New Delhi

**M W E Clautier and B Underdown (1988)** Accounting Theory and Practice: Third Edition.  
Published by Pitman Publishing, London.

**Riahi-Belkaoui, A. (2004)**, *Financial Accounting Theory*, 5<sup>th</sup> Edition,  
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*Full name of author (Ahmed Riahi-Belkaoui)*

## Weeks 5

### Objectives

- To familiarise students with the different discussions of some contemporary controversies in accounting and accounting theory,

### Topic/Description

- Discussion of some contemporary controversies in accounting and accounting theory,

### Study Questions

- Explain in details the various discussions of some contemporary controversies in accounting and accounting theory,

### Reading List

**Herve Stolowy and Michel J. Lebas (2002)** Corporate Financial Reporting: A Global Perspective  
First Edition: Published by Thomson [www.thomsonlearning.co.uk](http://www.thomsonlearning.co.uk)

**Riahi-Belkaoui, A. (2004)**, *Financial Accounting Theory*, 5<sup>th</sup> Edition,  
Published by THOMSON [www.thomsonlearning.co.uk](http://www.thomsonlearning.co.uk)  
*Full name of author (Ahmed Riahi-Belkaoui)*

**Wolk, H. I., Dodo, J. L. and Rozycki, J. J. (2008)**, *Financial Accounting Theory: Conceptual Issues in a Political and Economic Environment*, 7<sup>th</sup> Edition published by SAGE

Publications London, UK. Full names of Authors: (*Harry I. Wolk, James L. Dodo and John J. Rozycki*) **this book refer as( WDR)**

## Weeks 6-7

### Objectives

- **To educate students on the Regulatory Approach to the formulation of accounting theory going through areas including the Nigerian accounting standard board – role, structure and process leading to the issue of standards; detailed application of standards issues by NASB, comparison of local and international accounting standards – SAS and IAS as well as the Statement of accounting standards, (SAS) and international accounting standards (IAS).**

### Topic/Descriptions

- **The Regulatory Approach to the formulation of accounting theory**
- Nigerian accounting standard board – role, structure and process leading to the issue of standards;
- detailed application of standards issues by NASB, comparison of local and international accounting standards – SAS and IAS; ,  
Statement of accounting standards, (SAS) and international accounting standards (IAS).

### Study Questions

- Discuss the role, structure and process leading to the issue of the Nigerian accounting standard board
- How will you compare local and international accounting standards using Statement of accounting standards, (SAS) and international accounting standards (IAS). As your parameters?

### Reading List

**Andrew Higson (2006)** Corporate Financial Reporting: Theory & Practice.  
Published by SAGE Publications London # Thousand Oaks # New Delhi

**Brian A. Rutherford (2000)** An Introduction to Modern Financial Reporting Theory  
Published by P.C.P Paul Chapman Publishing Ltd.

**Riahi-Belkaoui, A. (2004)**, *Financial Accounting Theory*, 5<sup>th</sup> Edition,  
Published by THOMSON [www.thomsonlearning.co.uk](http://www.thomsonlearning.co.uk)  
*Full name of author (Ahmed Riahi-Belkaoui)*

### Objectives

**To familiarize students with** Statements of accounting standard including:

Income Statement (2) Balance Sheet (3) Notes to Accounts (4) Statement of Accounting Policies (5) Chairman's Report (6) Director's Report (7) Auditor's Report (8) Audit Committees Report (9) Cash flow Statement (10) Value Added Statement (11) Five-year Financial Summary

### Topic/Descriptions

**Usefulness of Accounting Information to investors and Creditors**

Statements of accounting standard including:

Income Statement (2) Balance Sheet (3) Notes to Accounts (4) Statement of Accounting Policies (5) Chairman's Report (6) Director's Report (7) Auditor's Report (8) Audit Committees Report (9) Cash flow Statement (10) Value Added Statement (11) Five-year Financial Summary

### Study Questions

Discuss any five of the followings: (1) Income Statement (2) Balance Sheet (3) Notes to Accounts (4) Statement of Accounting Policies (5) Chairman's Report (6) Auditor's Report (7) Cash flow Statement and (8) Value Added Statement

### Reading List

**Andrew Higson (2006)** Corporate Financial Reporting: Theory & Practice.  
Published by SAGE Publications London # Thousand Oaks # New Delhi

**Barry Elliott and Jamie Elliott (1996)** Financial Accounting and Reporting, Second Edition.  
Published by Prentice Hall

**Brian A. Rutherford (2000)** An Introduction to Modern Financial Reporting Theory  
Published by P.C.P Paul Chapman Publishing Ltd.

**Herve Stolowy and Michel J. Lebas (2002)** Corporate Financial Reporting: A Global Perspective  
First Edition: Published by Thomson [www.thomsonlearning.co.uk](http://www.thomsonlearning.co.uk)

**Wolk, H. I., Dodo, J. L. and Rozycki, J. J. (2008)**, *Financial Accounting Theory: Conceptual Issues in a Political and Economic Environment*, 7<sup>th</sup> Edition published by SAGE Publications London, UK. Full names of Authors: (*Harry I. Wolk, James L. Dodo and John J. Rozycki*) **this book refer as( WDR)**

### Objectives

- To educate students on Statements of accounting standard including:
  - (1) Generally Accepted Accounting Principles (GAAP); an examination of legislative and quasi-legislative requirement for financial statements as well as Accounting theory of income determination, tangible and intangible fixed assets, investment, and liabilities, depreciation - theories and methods

### Topic/Descriptions

#### Usefulness of Accounting Information to investors and Creditors

Statements of accounting standard including:

- (2) Generally Accepted Accounting Principles (GAAP); an examination of legislative and quasi-legislative requirement for financial statements.  
Accounting theory of income determination, tangible and intangible fixed assets, investment, and liabilities, depreciation - theories and methods

### Study Questions

1. **What is** Generally Accepted Accounting Principles (GAAP)?
2. **What do you understand by** Accounting theory of income determination?
3. **Explain each of the followings** (a) tangible and intangible fixed assets, (b) investment, and liabilities, (c) depreciation - theories and methods

### Reading List

**Barry Elliott and Jamie Elliott (1996)** Financial Accounting and Reporting, Second Edition.  
Published by Prentice Hall

**Brian A. Rutherford (2000)** An Introduction to Modern Financial Reporting Theory  
Published by P.C.P Paul Chapman Publishing Ltd.

**Herve Stolowy and Michel J. Lebas (2002)** Corporate Financial Reporting: A Global Perspective  
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**Wolk, H. I., Dodo, J. L. and Rozycki, J. J. (2008)**, *Financial Accounting Theory: Conceptual Issues in a Political and Economic Environment*, 7<sup>th</sup> Edition published by SAGE Publications London, UK. Full names of Authors: (*Harry I. Wolk, James L. Dodo and John J. Rozycki*) **this book refer as( WDR)**

## Weeks 12-13

### Objectives

- To educate students on the Theory of income measurement – expenses and gains.
- To teach students the nature of income. Income as consumption.
- To expose students to the views of Fishers and Hicks on income and consumption.
- To familiarize students with the relationship between income and value.

### Topic/Descriptions

#### **A Conceptual Framework for financial accounting and reporting**

The concept of financial reporting.

- Theory of income measurement – expenses and gains.
- The nature of income. Income as consumption.
- The views of Fishers and Hicks compared.
- Hick's ex-post and ex-ante measures of income and the conventional accounting definition of income. The relationship between income and value.
- Alternative definitions of value.
- The concept of deprival value in the determination of depreciation expense.
- The cost of capital in the international accounting standards in the light of their theoretical underpinnings etc.

### Study Questions

- Compare the views of Fishers and Hicks on Income and Consumption
- What will you say is the relationship between income and value?

### Reading List

**Barry Elliott and Jamie Elliott (1996)** Financial Accounting and Reporting, Second Edition.  
Published by Prentice Hall

**Herve Stolowy and Michel J. Lebas (2002)** Corporate Financial Reporting: A Global Perspective  
First Edition: Published by Thomson [www.thomsonlearning.co.uk](http://www.thomsonlearning.co.uk)

**Wolk, H. I., Dodo, J. L. and Rozycki, J. J. (2008)**, *Financial Accounting Theory: Conceptual Issues in a Political and Economic Environment*, 7<sup>th</sup> Edition published by SAGE Publications London, UK. Full names of Authors: (*Harry I. Wolk, James L. Dodo and John J. Rozycki*) **this book refer as( WDR)**



## Weeks14

<b>Objectives</b>
To carry out a revision of all the different topics that have been covered to date with students in an effort to prepare them for their examination
<b>Topic/Descriptions</b>
Revision
<b>Study Questions</b>
All the study questions covered in the course of teaching the unit
<b>Reading List</b>
<p><b>Andrew Higson (2006)</b> Corporate Financial Reporting: Theory &amp; Practice. Published by SAGE Publications London # Thousand Oaks # New Delhi</p> <p><b>Barry Elliott and Jamie Elliott (1996)</b> Financial Accounting and Reporting, Second Edition. Published by Prentice Hall</p> <p><b>Brian A. Rutherford (2000)</b> An Introduction to Modern Financial Reporting Theory Published by P.C.P Paul Chapman Publishing Ltd.</p> <p><b>Herve Stolowy and Michel J. Lebas (2002)</b> Corporate Financial Reporting: A Global Perspective First Edition: Published by Thomson <a href="http://www.thomsonlearning.co.uk">www.thomsonlearning.co.uk</a></p> <p><b>M W E Clautier and B Underdown (1988)</b> Accounting Theory and Practice: Third Edition. Published by Pitman Publishing, London.</p> <p><b>Riahi-Belkaoui, A. (2004)</b>, <i>Financial Accounting Theory</i>, 5<sup>th</sup> Edition, Published by THOMSON <a href="http://www.thomsonlearning.co.uk">www.thomsonlearning.co.uk</a> <i>Full name of author (Ahmed Riahi-Belkaoui)</i></p> <p><b>Wolk, H. I., Dodo, J. L. and Rozycki, J. J. (2008)</b>, <i>Financial Accounting Theory: Conceptual Issues in a Political and Economic Environment</i>, 7<sup>th</sup> Edition published by SAGE Publications London, UK. Full names of Authors: (<i>Harry I. Wolk, James L. Dodo and John J. Rozycki</i>) <b>this book refer as( WDR)</b></p>

## Weeks15

<b>Objectives</b>
To examine students on the unit for the purpose of end of semester assessment
<b>Topic/Descriptions</b>
End of Semester Examination
<b>Study Questions</b>
As stipulated in the end of semester examination paper
<b>Reading List</b>
<p><b>Andrew Higson (2006)</b> Corporate Financial Reporting: Theory &amp; Practice. Published by SAGE Publications London # Thousand Oaks # New Delhi</p> <p><b>Barry Elliott and Jamie Elliott (1996)</b> Financial Accounting and Reporting, Second Edition. Published by Prentice Hall</p> <p><b>Brian A. Rutherford (2000)</b> An Introduction to Modern Financial Reporting Theory Published by P.C.P Paul Chapman Publishing Ltd.</p> <p><b>Herve Stolowy and Michel J. Lebas (2002)</b> Corporate Financial Reporting: A Global Perspective First Edition: Published by Thomson <a href="http://www.thomsonlearning.co.uk">www.thomsonlearning.co.uk</a></p> <p><b>M W E Clautier and B Underdown (1988)</b> Accounting Theory and Practice: Third Edition. Published by Pitman Publishing, London.</p> <p><b>Riahi-Belkaoui, A. (2004)</b>, <i>Financial Accounting Theory</i>, 5<sup>th</sup> Edition, Published by THOMSON <a href="http://www.thomsonlearning.co.uk">www.thomsonlearning.co.uk</a> <i>Full name of author (Ahmed Riahi-Belkaoui)</i></p> <p><b>Wolk, H. I., Dodo, J. L. and Rozycki, J. J. (2008)</b>, <i>Financial Accounting Theory: Conceptual Issues in a Political and Economic Environment</i>, 7<sup>th</sup> Edition published by SAGE Publications London, UK. Full names of Authors: (<i>Harry I. Wolk, James L. Dodo and John J. Rozycki</i>) <b>this book refer as( WDR)</b></p>

## G. Grand Rules and Regulations

Normal Landmark University Rules and Regulations

H. Alignment with Goals and Vision of Landmark University

To produce professional accountants that will break new ground with world class standard

**HOD's COMMENTS:** \_\_\_\_\_

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\_\_\_\_\_

**NAME:** \_\_\_\_\_ **SIGNATURE** \_\_\_\_\_ **DATE:** \_\_\_\_\_