



UNIVERSITY OF NICOSIA ΠΑΝΕΠΙΣΤΗΜΙΟ ΛΕΥΚΩΣΙΑΣ

Course Code	Course Title	ECTS Credits
Acct 413	Advanced Accounting Theory	6
Department	Semester	Prerequisites
Accounting	Fall, Spring	Acct 310
Type of Course	Field	Language of Instruction
Required	Accounting	English
Level of Course	Year of Study	Lecturer
Cycle 1	4	Katerina Morphi
Mode of Delivery	Work Placement	Co-Requisites
Face to Face	N / A	None
Recommended Optional Programme Components: N/A		

Objectives of the Course:

The objective of the course is to:

1. Demonstrate the historical theory formulation and standard setting. Theory development and accounting standard setting are integrated in a chronological order to show how the two are related.
2. Explain how the definitions in the conceptual framework apply to controversial accounting areas such accounting for income determination, cash flows, assets, liabilities, fair market values, pensions and other postretirement benefits and stock options.

Learning Outcomes:

After completion of the course students are expected to be able to:

1. Demonstrate the link between standard setting and theory formulation. Discuss the purpose of accounting theory, the approaches to theory formulation and explain the needs of a standard setting body (the Accounting Principles Board and the contents of its ARS1 and ARS3).
2. Explain and evaluate the content of ASOBAT and compare it to ARS1 and ARS 3. Explain the new tripartite structure of standard setting and the mission of each part. Comprehend the new view of accounting.

3. Explain the FASB's due process the forms of politics that affect it. Discuss the SATTA conclusions and contrast them to previous accounting theory formulations. Explain the positive approach to accounting theory.
4. Discuss the contents of the conceptual framework. Explain the current situation of the FASB and its competition, domestic and international.
5. Explain the nature of income, including comprehensive income and distinguish between the matching and the asset-liability approaches to calculating income.
6. Discuss the definition of an asset and contrast the different values at which assets can be measured.
7. Discuss the importance of cash flows, prepare a cash flow statement and analyze and interpret cash flow ratios.
8. Discuss the importance of liabilities and the difficulty in properly defining them. Apply the definition to various accounting situations.
9. Discuss the difficulty in setting accounting standards for allocating income taxes and distinguish between the cash and allocation approaches to income tax.
10. Explain the nature of pensions, the parties involved and the accounting issues associated with pensions. Discuss the conflict between the present and future liability for pensions and describe the similarities and differences between pensions and OPEB.
11. Discuss the advantages and disadvantages of historical cost, how current market values came into use and how the FASB applied the mark to market accounting to marketable securities, stock options and derivatives. Explain the criticisms for current values.
12. Explain what is accounting disclosure, its role in accounting and describe the FASB's Business Reporting Research Project.

Course Contents:

1. Foundation: Standard Setting and Theory
2. The Accounting Principles Board I
3. The Accounting Principles Board II: ASOBAT
4. The New Tripartite Structure
5. FASB: Operations
6. Statement on Accounting Theory and Theory Acceptance. Positive Accounting Theory
7. FASB: The Conceptual Framework Project.
8. FASB: Present and Future
9. Accounting for Income
10. Accounting for Assets

- 11. Cash and Cash Flows
- 12. The Nature of Liabilities
- 13. Accounting for Income Taxes
- 14. Accounting for Post-employment Compensation
- 15. Mark to Market Accounting
- 16. Financial Reporting: Disclosure

Learning Activities:

Lectures, In-Class Discussions and In Class Exercises.

Assessment Methods:

Homework, Project and Presentation, Mid-Term Exam, Final Exam.

Required Textbooks:

Authors	Title	Publisher	Year	ISBN
Evans, T.G.	Accounting Theory	Thomson South- Western	2007	

Recommended Textbooks/Reading:

Authors	Title	Publisher	Year	ISBN
Scott, W.	Financial Accounting Theory	Arial	2009	10-0132072866