



BFA715

Accounting Theory

Semester Two, 2007

**School of Accounting & Corporate Governance
Faculty of Business**

Unit Outline

John Pugh

CRICOS Provider Code: 00586B

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Unit Description

Accounting Theory is designed to give you an understanding of historical and contemporary issues that influence the development of accounting thought, accounting regulations and accounting practice. As it has developed accounting theory has three main approaches or viewpoints. These are the *descriptive* or *positive*, *normative* and *critical* viewpoints. Using these theoretical points of view this unit will help you examine current issues such as *social and environmental accountability*, the *ethical* and *global* dimensions of accounting, *Conceptual Framework projects* and the *political context* within which accounting policy decisions are made.

We present a theoretical framework for examining accounting issues and practices and a chance for you to develop high-level critical and analytical skills. This will help you present arguments and opinions on a broad range of accounting issues with some authority. Knowing about historical and contemporary issues will give you a foundation for understanding the rationale (main reasons) for current accounting policies and practices, and the directions in which accounting policies may develop.

You must have passed BFA705 Financial and Corporate Accounting to enrol in this unit, although in special circumstances the Head of School may give you permission to study BFA705 and BFA715 concurrently.

Learning outcomes

When you have finished the unit you should be able to:

1. Describe and apply alternative theoretical frameworks in examining accounting issues and practices;
2. Analyse emerging issues in accounting theory and evaluate the social and ethical implications and responsibilities of the accounting profession;
3. Work in groups to consider key concepts about historical and contemporary accounting issues, and effectively communicate this information clearly and unambiguously;
4. Demonstrate written and oral communication skills by presenting logical coherent arguments for and against current and proposed accounting concepts, policies and practices;
5. Critically reflect upon (think about) and constructively evaluate your progress through the unit.

These are very broad outcomes and we give you more detailed learning objectives for each topic.

Generic graduate attributes

The university has defined a set of generic graduate attributes (common abilities) that it expects all its graduates to develop.

(See <http://www.utas.edu.au/tl/policies/index.htm>).

By studying this unit you should make some progress in achieving the following attributes:

1. *Knowledge*: be able to discuss and apply a range of underlying principles that help to explain accounting behaviour; develop specific knowledge by applying research and analysis skills, and be able to reflect on and evaluate your own learning and how well you are using new skills.
2. *Communication skills*: be able to present well-reasoned arguments across a range of contexts; through written and oral presentations and using a variety of media. You will develop communication skills through group work.
3. *Problem-solving skills*: be able to identify critical issues in accounting; analyse case studies; interpret data; identify limitations; evaluate conclusions about the existing literature and work effectively in a group. You will also develop competencies in information literacy through searching, evaluating and using relevant literature to support your arguments.
4. *Global perspectives*: be able to demonstrate that you are aware of the role of accounting within globalisation processes and critically appraise current developments concerning international standards.
5. *Social responsibility*: be able to critically assess and report on the effects of ethical, social and environmental responsibilities within the accounting profession.

Previous knowledge and/or skills

You must have passed BFA705 Financial and Corporate Accounting and have this as background knowledge (particularly the IASB Framework and Accounting Standards). We also expect you to be familiar with, and able to discuss, practical issues involved in accounting practices and policies. This unit gives the theoretical perspective for evaluating these practices and policies.

Learning resources required

Required texts

Deegan, C. 2003. *Financial Accounting Theory*, McGraw-Hill, Roseville, NSW.

BFA 715 Readings Collection 2007

AASB (2004) Conceptual Framework.

Fleet, W, Summers, J. and Smith, B. 2006, *Communication Skills Handbook for Accounting*, (2nd ed.) John Wiley & Sons, Brisbane.

The Framework is in CPA Australia's Accounting Handbook and you can download it at <http://www.aasb.com.au>. You will need to bring all the required texts to each lecture and tutorial session. We may give you extra journal articles to read during the semester.

Recommended reading

You will benefit from reading as broadly as possible, especially for your assignments. Accounting theory is about ideas, and the more literature you survey the more you will understand about alternative approaches to accounting. References that might be helpful include:

Baxter, W. and S. Davidson. 1962. *Studies in Accounting Theory*. Sweet & Maxwell, London.

Belkaoui, A.R. 2004. *Accounting Theory*, 5th Edn, Thomson, London.

Belkaoui, A.R. & Jones, S. 2002. *Accounting Theory*, 2nd Edn, Thomson, Southbank.

Brooks, L.J. 2004. *Business & Professional Ethics for Directors, Executives & Accountants*, 3rd Edn, Thomson Learning, Ohio, USA.

Dellaportas et al. 2005. *Ethics, Governance and Accountability*, John Wiley & Sons, Brisbane.

Evans, T.G. 2003. *Accounting Theory, Contemporary Accounting Issues*, McGraw-Hill, Roseville, NSW.

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

Henderson, S., Peirson, G. & Harris, K. 2004. *Financial Accounting Theory*, Pearson Education Australia, French Forest, NSW.

Whittred, G, Zimmer, I., & Taylor, S. 2004 *Financial Accounting Incentive Effects and Economic Consequences*, 6th Edn, Thomson, Southbank, Vic.

Other reading

Within your time constraints for independent study, we expect you to read beyond the textbooks, especially for tutorial sessions and other tasks. If you are aiming for a distinction grade you will need to keep up to date with new issues and developments.

You can do this by reading widely, including the financial press, journals of the professional accounting bodies and the scholarly literature. In reading the scholarly literature, you should focus on the theory given at the start and end of papers. Don't be distracted by the research methodology as your main focus is on the theory developed through research and the conclusions drawn. The following are some journals that you may find readable and useful:

Accounting, Auditing and Accountability Journal
Accounting Forum
Accounting Horizons
Accounting Organisations and Society
Australian Accounting Review
The British Accounting Review Critical Perspectives on Accounting

E- (electronic) resources

WebCT Vista

WebCT Vista is not used this semester as the unit is being restructured and redeveloped.

Details of teaching arrangements

We have planned this unit to occupy, on average, 12 hours of your time for each of the 13 weeks of the semester. The hours are allocated between:

Lectures	2 hours
Tutorial	1 hour
Group work, reading, independent study & assignments	<u>9 hours</u>
	<u>12 hours</u> per week

If you are not a fast reader you may have to spend longer on independent study as we intend that **you will do most of your learning by reading, independent study, group work and writing assignments.** If you are working full time or work for more than 20 hours a week part-time **you may find it very difficult to achieve the aims set for the unit.**

Learning expectations and strategies

Expectations

The University is committed to high standards of professional conduct in all activities, and holds its commitment and responsibilities to its students as being of the utmost importance. Similarly, it has expectations about the responsibilities you, as students, have as you pursue your studies within the special environment the University offers.

The University's Code of Conduct for Teaching and Learning states, very formally:

Students are expected to participate actively and positively in the teaching/learning environment. They must attend classes when and as required, strive to maintain steady progress within the subject or unit framework, comply with workload expectations, and submit required work on time.

This means that a lot is expected of you and of us!

This is a demanding unit worthy of a MPA course. It is planned to introduce many new, and often complex, concepts, and to extend your knowledge of the philosophy of accounting. We expect all aspects of your work to be of a high standard, both in its academic content and quality of presentation.

Learning strategies

If you are studying this unit you will already have developed skills and strategies that have helped you succeed in previous accounting units. However, this unit calls for more reading, more theorising (and abstract thinking), a wider vocabulary of accounting terms and good verbal and writing skills. **The emphasis is on reading, understanding, discussing and writing, and not on technical procedures.**

It is very important that you prepare *before* you attend classes. This means reading the textbook before lectures and writing answers to tutorial problems before tutorials. Otherwise, you will gain very little from attending, and won't be able to contribute to the development of group knowledge. Encouraging you to study and learn independently is an important goal of university education. It is a feature of a *reflective approach* to learning in which you reflect on (think about) what it is you are learning and how you plan your learning strategy.

The tutorial sessions in particular will give an interactive forum for developing and sharing ideas. Participation is an important feature of this unit, and below are some questions that are useful to think about when you discuss issues:

- Are your points relevant to the discussion? Do they increase the understanding of the class?
- Is there continuity in your contributions or do your comments tend to be disjointed and isolated? (The best class contributions reflect thorough preparation and good listening, interpretive and integrative skills);
- Do your comments show that you are willing to put forward new and challenging ideas or are you always agreeable and "safe"?
- Are you able and willing to interact with others by asking questions, providing supportive comments or challenging **constructively** what has been said?

Don't be reluctant to ask questions or contribute ideas, even if only partly formed, as these are often a basis for very constructive interaction. A wrong answer is often very useful!

Depending on your reading and writing skills, you should succeed in this unit if you:

- keep up-to-date with the reading;
- consolidate your reading by making appropriate short notes and summaries;
- give yourself plenty of time to write your assignments;
- prepare for and actively participate in the tutorial sessions; keep your reflective learning journal up to date, and take responsibility for your own learning.

If you fall behind with your reading and rush your written work you may have too much to make up before the examination and will be under-prepared. It is a risk you must consider.

Specific attendance/performance requirements

There are no specific attendance requirements for this unit but we do take attendance registers for tutorials. You should be aware that from week 2 tutorial tasks are designed based on the incremental (progressive) development of the skills you need to pass the unit. To pass you must achieve an overall mark of at least 50% of the total marks available.

Assessment

Assessment schedule

Task	Assessment	Dates due	Percent weighting
Task 1	Essay	8 August	15%
Task 2	Essay	12 September	15%
Task 3	Short essay questions	3 October	15%
Task 4	Reflective Learning Journal	12 October	15 %
Exam	End of semester exam – 2 hours		40 %
			100%

Assessment details

Assessment task 1 – 15%

Task description:
Essay

The economist K.E. Boulding, in an essay entitled *Economics and Accounting: The Uncongenial Twins*, made the following observation:

The economist then looks on the accountant as a man who has to perform an impossible task. He has first to reduce what is essentially a multi-dimensional reality to a one-dimensional figure; and, in the second place, he has to do this on the basis of knowledge about the future which he cannot possibly have. Under these circumstances, it is not surprising that the economist regards much accounting procedure as in the nature of ritual. To call these procedures ritualistic is in no way to deny or decry their validity. Ritual is always the proper response when a man has to give an

answer to a question, the answer to which he cannot really know. Ritual under these circumstances has two functions. It is comforting (and comfort is not to be despised) and it is also an answer sufficient for action. It is the sufficient answer rather than the right answer which the accountant really seeks.

- a) In the light of Boulding's observations explain whether you think that accountants can produce financial reports that are *objective, neutral* (without bias) and *representationally faithful*.
- b) Explain why accounting is regulated by (amongst other ways) Accounting Standards. Do you think that Standards fit Boulding's description of accounting procedures as rituals? (Illustrate your arguments by referring, where appropriate, to AASB 116 Property, Plant and equipment).

Task length	Maximum 1200 words
Links to learning outcomes:	Learning outcomes 1, 2, 4 and 5
Assessment criteria:	Marks awarded will be based on the following criteria: evidence of research; relevance and understanding of the issues and concepts; arguments; use of language; quality of explanations and presentation style; readability and referencing.
Date due	3pm Wednesday 8 August

Assessment task 2 – 15%

Task description: <i>Essay</i>	Write answers of approximately 500 words each to Questions 4.18 (p126) and 6.19 (p211) From Deegan.
Task length	1200 words
Links to learning outcomes:	Learning outcomes 1, 2, 4 and 5
Assessment criteria:	Marks awarded will be based on the following criteria: evidence of research; relevance and understanding of the issues and concepts; arguments; use of language; quality of explanations and presentation style; readability and referencing.
Date due	3pm 12 September

Assessment task 3 – 15%

Task description: <i>Short essays</i>	The essay questions will be given to you two weeks before the hand in date. The questions will be of the short answer type and will cover issues and concepts covered in weeks 7, 8 and 9 with a bias towards the role of ethics in accounting.
Task length	2000 words.
Links to learning outcomes:	Learning outcomes 1, 2 and 4.

Assessment criteria: Marks awarded will be based on the following criteria: evidence of research; relevance and understanding of the issues and concepts; arguments; use of language; quality of explanations and presentation style; readability and referencing.

Date due **3pm Wednesday 3 October**

Assessment task 4 – 20%

Task Description: This task requires you to critically reflect upon and constructively evaluate your progress through this unit. To complete this task you are expected to make weekly written entries in a journal. The journal is designed to assist and pace your learning by providing space for making notes on your weekly readings, for drafting answers to the set weekly questions and filling in the vocabulary sheets. Reflective practices such as these are highly regarded in the workplace.

Reflective Learning Journal

Task length: Unlimited.

Links to learning outcomes: Learning outcomes 2, 4 and 5

Assessment criteria: Relevance and quality of discussion; time management (i.e. making regular entries); detailed self-assessment; comprehensive notes on weekly topics. Completed vocabulary sheets and neatness and readability.

Date Due: Randomly checked throughout semester. Final submission due by **3pm Wednesday 12 October**

Final Exam – 40%

Description/conditions **Closed book examination – 2 hours duration**

The exam will enable you to demonstrate the breadth and depth of your understanding across all the course topics.
All topics are examinable but you will be given some direction in the revision week.

Date The final exam is conducted by the University Registrar in the formal examination period. See the *Current Students* homepage on the University's website.

Assessment/LO/Graduate Attributes Matrix

Assessment task: 1	Essay					
Assessment task: 2	Essay					
Assessment task: 3	Short essay questions					
Assessment task: 4	Reflective Learning Journal					
Final Examination:	2 hour - closed book					
Learning Outcomes:						
	Learning outcome 1	√		√	√	√
	Learning outcome 2	√	√	√	√	√
	Learning outcome 3					
	Learning outcome 4	√	√	√	√	√
	Learning outcome 5	√	√		√	√
UTas Generic Graduate Attributes:						
	Knowledge	√	√	√	√	√
	Communication skills	√	√	√	√	√
	Problem-solving skills	√	√	√	√	√

How your final result is determined

Your final result is determined simply by adding your weighted marks for the different assessment components of the unit. To obtain a pass grade or better in the unit, the sum of the weighted marks must be 50% or more of the marks available.

The School expects high standards and insists that you devote sufficient time (12 hours a week) and effort to your studies throughout the semester to achieve grades of pass or higher on merit. As noted previously, this needs good time management.

Submission of assignments

Your assignments are to be presented and submitted in accordance with the *Guide for Students - Presentation and Submission of Assignments* issued by the Faculty of Business. *The Faculty of Business Guide for Students* is available via WebCT Vista or from the school's website - <http://www.utas.edu.au/accg/studentres.htm>. **The appropriate individual assignment cover sheet must accompany all assignments.**

Your attention is again drawn to the University's rules on **plagiarism**. Assignments containing any plagiarised information will be given a zero mark and will be subject to the disciplinary processes of the University. Please read the section below on plagiarism. If you are not sure what constitutes plagiarism, ask your lecturer. Assignments will be marked as quickly as possible after all have been submitted, and returned with comments and grades awarded.

Requests for extensions

Consistent with the Faculty's policy on late submission, extensions of time will only be granted on medical or compassionate grounds. They will **not** be granted because of work or other commitments. Requests for extension must be made to the unit coordinator in writing on the School's *Application for Late Submission Form* (available on WebCT Vista) **before** the due date of the assignment. Medical certificates or other evidence to support the application, must be attached and must contain information which justifies the extension sought.

Penalties

Over-length Work

Where word limits have been specified, you should take care not to exceed this word limit, as any course work exceeding the word limit will not be assessed. It may be returned to you for re-submission and to be resubmitted within 48 hours of being returned. A penalty of 10% will be automatically deducted from the assignment and a further 10% will be deducted each day until the assignment is resubmitted.

Late Submission of Assignments

The penalty for late submission of assignments in this unit is 10% of the available mark for each day the assignment is late.

Academic referencing

In your written work you will need to support your ideas by referring to texts and scholarly literature. It is important that you understand how to correctly refer to the work of others and maintain academic integrity. Failure to appropriately acknowledge the ideas of others constitutes academic dishonesty (plagiarism or cheating), a matter considered by the University of Tasmania as a serious offence.

The appropriate referencing style for this unit is the Harvard referencing method. The required text for this unit, Fleet, W, Summers & Smith, B. (2006), *Communication Skills Handbook for Accounting*, provides detailed information about using the Harvard referencing system. Further information on presentation of assignments, including referencing styles is available at:

<http://www.utas.edu.au/library/assist/gpoa/gpoa.html>

You can also access information about the referencing style used in this unit in the *Faculty of Business Guide for Students* available via WebCT Vista or from the school's website -

<http://www.utas.edu.au/accg/studentres.htm>.

Please read the following statement on plagiarism. Should you require clarification please see your unit coordinator or lecturer.

Plagiarism

Plagiarism is a form of cheating. It is taking and using someone else's thoughts, writings or inventions and representing them as your own; for example, using an author's words without putting them in quotation marks and citing the source, using an author's ideas without proper acknowledgment and citation, copying another student's work.

If you have any doubts about how to refer to the work of others in your assignments, please consult your lecturer or tutor for relevant referencing guidelines, and the academic integrity resources on the web at <http://www.utas.edu.au/tl/supporting/academicintegrity/index.html>.

The intentional copying of someone else's work as one's own is a serious offence punishable by penalties that may range from a fine or deduction/cancellation of marks and, in the most serious of cases, to exclusion from a unit, a course or the University. Details of penalties that can be imposed are available in the Ordinance of Student Discipline – Part 3 Academic Misconduct, see <http://www.utas.edu.au/universitycouncil/legislation/>

The University reserves the right to submit assignments to plagiarism detection software, and might then retain a copy of the assignment on its database for the purpose of future plagiarism checking.

For further information on this statement and general referencing guidelines, see <http://www.utas.edu.au/plagiarism/> or follow the link under 'Policy, Procedures and Feedback' on the *Current Students* homepage.

Further information and assistance

If you are experiencing difficulties with your studies or assignments, have personal or life planning issues, disability or illness which may affect your course of study, you are advised to raise these with your lecturer in the first instance.

There are a range of University-wide support services available to you including Student Services, International Services and Learning Development. Please refer to the *Current Students* homepage at: <http://www.utas.edu.au/students/>

Should you require assistance in accessing the Library visit their website for more information at <http://www.utas.edu.au/library/>

If you have a problem...

- of an administrative nature (eg tutorial allocation), see the lecturer
- of an academic nature, please ask questions during tutorial sessions. For individual assistance, you should see your unit coordinator/lecturer during "consultation hours"
- if you have any concerns about this unit, then in the first instance you should discuss the matter with your lecturer. However, if you do not feel comfortable approaching your lecturer, or if you have a discussion with your lecturer and are not satisfied with the outcome, then you are encouraged to contact the Ombudsperson listed below, who also teaches in the School of Accounting & Corporate Governance.

Mrs Simone Bingham
Room 421, Commerce Building,
Hobart
Ph: (+61 3) 6226 2314
E-mail: Simone.Bingham@utas.edu.au

Belinda Williams
Room A257
Launceston
Ph: (+61 3) 6324 3661
E-mail: Belinda.Williams@utas.edu.au

Discussions with Simone or Belinda will be kept in the strictest confidence. If you wish to pursue the matter further, they will advise how this can be done. The University also has formal policies, which can be accessed at:
http://www.admin.utas.edu.au/ac_serv/complaints_info.html

Students with Disabilities –University & Faculty Equity Plans

Goal 1 of the University of Tasmania Equity Plan provides for: “An inclusive teaching and learning environment that values diversity, supports the pursuit of academic excellence and produces high quality education and employment results for all students and staff”. The Faculty of Business Equity Plan facilitates the University Plan at an operational level and has developed an ‘Action Plan’. The Action Plan for Goal 1 lays down procedures to ensure that all students, including those with disabilities, have equal access to lecture and course materials. The School of Accounting & Corporate Governance complies with these procedures.

Unit Schedule

Date	Week	Topic	Reading*	Self study questions
July 18	1	Introduction to Accounting Theory	Deegan Ch 1	Qs- 1.3; 1.4; 1.12;1.15;
July 25	2	Historical Development of Accounting Theory Construction	Deegan Ch2	Qs – 2.3; 2.4; 2.10; 2.13;
August 1	3	Regulation: Standard-Setting in a Political Environment	Deegan Ch 3	Qs – 3.10; 3.12; 3.17
August 8	4	International accounting Globalisation : Theoretical Issues and Debates	Deegan Ch 4	Qs - 4.2; 4.10; 4.14 Hand in Assignment 1
August 15	5	Normative Theory: foundational concepts & measurements	Deegan Ch 5	Qs – 5.6; 5.11; 5.14; 5.15
August 22	6	<i>A Conceptual Framework for Accounting</i>	Deegan Ch 6	Qs – 6.2; 6.7; 6.9;
August 29	7	Capital Markets Research & Positive Accounting Research	Deegan Ch 7	Qs – 7.3;7.4; 7.7; 7.10;
Mid-Semester Break: 3 – 7 September				
Sept 12	8	Political Economy, Stakeholder & Legitimacy Theories	Deegan Ch 8	Qs - 8.4; 8.6; 8.8; 8.12 Hand in Assignment 2
Sept 19	9	Social & Environmental Accountability	Deegan Ch 9 Supplementary readings	Qs - 9.4; 9.9; 9.22
Sept 26	10	Ethics & the Accounting Discipline	Revise weeks 1-7 Raar 2006	
Oct 3	11	Behavioural Aspects and User-Usefulness of Accounting.	Deegan Ch 11	Qs - 11.2; 11.3; 11.5; 11.10 Hand in Assignment 3
Oct 10	12	Critical Perspectives	Deegan Ch 12	Qs – 12.1; 12.3; 12.4; 12.6; Hand in Learning Journal
Oct 17	13	Revision		
* You must read the textbook and supplementary readings before classes each week.				