## BUSN3001
### Accounting Theory

**Course Description**
The objective of this course is to provide the student with the opportunity to obtain a sound knowledge of normative, positive and critical theories of accounting. The course begins by examining the nature of theories and alternative forms of logic. The conceptual framework and key contemporary and historical accounting issues are examined, highlighting the role of theory in understanding current accounting standards, accounting practice and the use of accounting information by the myriad stakeholders in reporting entities. Throughout the course examples of the relationship between theories of accounting and decisions facing real people (accountants and financial statement users) are highlighted.

### Semester and Year
| Semester and Year | S1 2015 |

### Course URL
| Course URL | https://wattle.anu.edu.au |

### Mode of Delivery
| Mode of Delivery | On campus |

### Prerequisites
| Prerequisites | BUSN2015 Company Accounting |

### Course Convener
| Course Convener | Kun Tracy Wang |

### Office Location
| Office Location: | Room 1023, Hanna Neumann Bld (21) |

### Phone
| Phone: | 61-2-6125 9835 |
| International Phone: | +61 2 6125 3807 |

### Email
| Email: | kun.wang@anu.edu.au |

### Consultation hours
| Consultation hours: | To be advised |

### Bio and research interests

### Tutors
| Tutors | To be advised |

### Student Administrators
| Student Administrators | HN 2037 Hanna Neumann Bldg 21 enquiries.abis@anu.edu.au 6125 0025 or 6125 7968 |
| Office hours: | Monday -Friday 9am – 5pm |
COURSE OVERVIEW

Course Learning Outcomes
At the conclusion of the course students will:

1. have read more widely in accounting

2. have acquired a deeper and more critical appreciation of what defines contemporary accounting practice, and more importantly, what it is that should define the nature, scope and future of accounting

3. be familiar with concepts of theory development and theories of accounting policy choice, measurement of economic income and the societal use of accounting information

4. have achieved a deeper understanding of selected contemporary issues in accounting

5. have developed an ability to critically analyse these issues within the theoretical framework developed earlier in the course.

Research-Led Teaching
This course adopts an interactive approach to learning and teaching and draws from active learning pedagogies. Students are strongly encouraged to be an active participant in the learning process. This course also builds on current research to examine accounting theory, which includes research in other disciplines such as finance, economics and psychology.

Continuous Improvement
We use feedback from students, professional bodies and staff to make regular improvements to the course. In response to this feedback, design improvements from the previous version of the course include:

- emphasis on critical thinking and critical analysis skills;
- emphasis on written communication, particularly on clear articulation of ideas and arguments; and
- focus on process and logic that lead to more robust conclusions

Requisites
It is a prerequisite of this course that students have satisfactorily completed BUSN2015 Company Accounting. Assumed knowledge for this course also includes first-year accounting and the application of accounting principles and double-entry accounting.

Student Feedback
All CBE courses are evaluated using Student Experience of Learning and Teaching (SELT) surveys, administered by Planning and Statistical Services at the ANU. These surveys are offered online, and students will be notified via email to their ANU address when surveys are available in each course. Feedback is used for course development so please take the time to respond thoughtfully. Course feedback is anonymous and provides the Colleges, University Education Committee and Academic Board with opportunities to recognise excellent teaching and to improve courses across the university. For more information on student surveys at ANU and reports on feedback provided on ANU courses, visit http://unistats.anu.edu.au/surveys/selt/students/ and http://unistats.anu.edu.au/surveys/selt/results/learning/
<table>
<thead>
<tr>
<th>Week</th>
<th>Week beginning</th>
<th>Summary of Activities/Topic</th>
<th>Required students preparation</th>
<th>Activity</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>16 Feb</td>
<td>Introduction and Analysis of the Role of Accounting in Corporate Failure</td>
<td>Prescribed readings</td>
<td>Lecture</td>
<td>No tutorials</td>
</tr>
<tr>
<td>2</td>
<td>23 Feb</td>
<td>Introduction to Theories and Their Application to Accounting</td>
<td>Tutorial exercise - Textbook Ch.1 - Prescribed readings</td>
<td>Lecture &amp; tutorial</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>2 Mar</td>
<td>The Conceptual Framework and the Conceptual Basis of Income Measurement</td>
<td>Tutorial exercise - Textbook Ch.6 - Prescribed readings</td>
<td>Lecture &amp; tutorial</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>9 Mar</td>
<td>Positive Accounting Theory I – Introduction and Agency Theory</td>
<td>Tutorial exercise - Textbook Ch.7 - Prescribed readings</td>
<td>Lecture &amp; tutorial</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>23 Mar</td>
<td>Positive Accounting Theory II – Earnings Management and Accounting Policy Choice</td>
<td>Tutorial exercise - Textbook Ch.10 - Prescribed readings</td>
<td>Lecture &amp; tutorial</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>30 Mar</td>
<td>Positive Accounting Theory III – Capital Market Response to Accounting Reports</td>
<td>Tutorial exercise - Textbook Ch. 10 - Prescribed readings</td>
<td>Lecture &amp; tutorial</td>
<td></td>
</tr>
</tbody>
</table>

**Mid-Semester Break** 6 April to 17 April

<table>
<thead>
<tr>
<th>Week</th>
<th>Week beginning</th>
<th>Summary of Activities/Topic</th>
<th>Required students preparation</th>
<th>Activity</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>20 Apr</td>
<td>No Lectures or Tutorials (Essay Due Next Week).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>27 Apr</td>
<td>Behavioural Accounting Research</td>
<td>Tutorial exercise - Textbook Ch.11 - Prescribed readings</td>
<td>Lecture &amp; tutorial</td>
<td>Essay Part B – Due 4 pm, 27 Apr</td>
</tr>
<tr>
<td>10</td>
<td>4 May</td>
<td>Regulation of Financial Accounting – History and Current Issues</td>
<td>Tutorial exercise - Textbook Ch.2 &amp; 3 - Prescribed readings</td>
<td>Lecture &amp; tutorial</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>11 May</td>
<td>Current Purchasing Power Accounting</td>
<td>Tutorial exercise - Textbook Ch.5 - Prescribed readings</td>
<td>Lecture &amp; tutorial</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>18 May</td>
<td>Current Cost Accounting, CoCoA and Value to the Entity Accounting</td>
<td>Tutorial exercise - Textbook Ch.5 - Prescribed readings</td>
<td>Lecture &amp; tutorial</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>25 May</td>
<td>Review</td>
<td>Tutorial exercise</td>
<td>Lecture &amp; tutorial</td>
<td></td>
</tr>
</tbody>
</table>

**Semester 1 Examination Period** 4 June to 20 June

* Tutorial questions will be placed on course Wattle website. See Section READING LISTS on page 6 of this course outline for information about the prescribed readings for each topic.

* Exam to be administered by university exam section. Time and place of the exam to be announced by the Examinations office.

The greatest benefit from lectures is obtained by reading the relevant material in advance of attending the lectures and participating in discussion during tutorials. Students are required to prepare the relevant set of questions in advance of attending tutorials and come to tutorials prepared to discuss the issues involved, and any difficulties encountered in responding to the set questions and areas in which they are in need of clarification.
COURSE ASSESSMENT

Assessment Summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Title</th>
<th>Value</th>
<th>Due Date</th>
<th>Linked Learning Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tutorial preparation, participation, and presentation</td>
<td>10%</td>
<td>See Course Schedule</td>
<td>Refer to Learning Outcomes (1) to (5)</td>
</tr>
<tr>
<td>2</td>
<td>Research Assignment Part A – Referencing Exercise/Essay Plan</td>
<td>10%</td>
<td>4 p.m. Monday 16 March</td>
<td>Refer to Learning Outcomes (1) and (3)</td>
</tr>
<tr>
<td>3</td>
<td>Research Assignment Part B – Research Essay</td>
<td>30%</td>
<td>4 p.m. Monday 27 April</td>
<td>Refer to Learning Outcomes (1) to (5)</td>
</tr>
<tr>
<td>4</td>
<td>Final Exam</td>
<td>50%</td>
<td>University Examination Period</td>
<td>Refer to Learning Outcomes (1) to (5)</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To be guaranteed a pass (or better) grade in this subject you must achieve a mark equal to or exceeding 50% of the total marks available for assessment and satisfactorily complete each item of assessment.

Students should also be aware that misconduct (e.g., plagiarism) in any item of assessment could lead to an automatic fail in the course.

The details of Parts A and B of your research assignment will be placed on course Wattle website.

**Assessment Task 1: Research Assignment Part A – Referencing Exercise/Essay Plan**

**Details of task:**

**Purpose:** To ensure that students are in no doubt as to the level of referencing required in a scholarly paper and to identify and organise sources relevant to the completion of the major essay.

**Outline:** Part A of the Research Assignment examines your ability to appropriately reference scholarly research, to identify and organise sources and materials relevant to the completion of the major research essay (Part B Research Essay), and to ensure that you have an initial project plan for the research essay and to meet its requirements.

**Assessment Criteria:**

- Referencing Exercise - Correct referencing, expression and presentation.
- Essay Plan - components of essay plan as per requirements, quality of essay plan, expression and presentation.

**Assessment Task 2: Research Assignment Part B – Research Essay**

**Details of task:**

**Purpose:** To critically analyse a selected contemporary issue in financial accounting.

**Outline:** Part B of the Research Assignment examines your ability to critical analyse a selected contemporary issue in financial accounting.

*Note:* The criteria listed above are not mutually exclusive but are complementary in the overall assessment of the assignment. A well-written and organised essay will receive a low assessment if it is not relevant to the given topic.

Grade Related Descriptors:

<table>
<thead>
<tr>
<th>Grades</th>
<th>Depth and Breadth of Coverage</th>
<th>Critical and Analytical Elements</th>
<th>Structure, Language and Conventions</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Distinction</td>
<td>All aspects of the given topic are researched and covered in a thorough way.</td>
<td>The essay shows great depth of thought, excellent development of discussion, logical analysis and insight into the topic.</td>
<td>All aspects of the essay conform to a high academic standard.</td>
</tr>
<tr>
<td>80% - 100%</td>
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<td></td>
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</tr>
<tr>
<td>Distinction</td>
<td>Most aspects of the given topic are researched and addressed in great depth.</td>
<td>The essay shows strong evidence of analysis, supported by logical discussion and insight into the topic.</td>
<td>Most aspects of the essay conform to a high academic standard.</td>
</tr>
<tr>
<td>70% - 79%</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Credit Pass</td>
<td>Most aspects of the given topic are researched and addressed adequately.</td>
<td>The essay shows evidence of elementary analysis and the development of discussion.</td>
<td>Most aspects of the essay conform to an acceptable academic standard.</td>
</tr>
<tr>
<td>60% - 69%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pass</td>
<td>Key aspects of the given topic are researched and addressed adequately.</td>
<td>The essay is mainly descriptive, showing basic understanding of the topic.</td>
<td>The essay displays basic academic standard.</td>
</tr>
<tr>
<td>50% - 59%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fail</td>
<td>Essay is superficial and/or inadequately researched and addressed the issue.</td>
<td>The essay demonstrates limited understanding of the topic.</td>
<td>The essay is not of an acceptable academic standard.</td>
</tr>
<tr>
<td>&lt;50%</td>
<td></td>
<td></td>
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**Assignment Submission**

Assignments are submitted using the course Wattle site. Submitted assignments must include the cover sheet provided on Wattle. Please keep a copy of the assignment for your records.

The ANU is using Turnitin to enhance student citation and referencing techniques, and to assess assignment submissions as a component of the University’s approach to managing Academic Integrity. For additional information regarding Turnitin please visit [ANU Online](#).
Extensions and Penalties

Failure to submit either part of the Research Assignment will result in an automatic fail in this unit.

Where an assignment is submitted after the due date, students are penalised by five per cent of the possible marks available for the assessment task per working day.

Returning Assignments

Assignments will be returned using the course Wattle site. You will be assessed not only on the content of your argument, but also on your ability to express that argument clearly, reference appropriately and present your paper professionally.

Examinations

The Final Exam will be held during the University's Examination Period. Information on the form and content of the final examination will be provided closer to the date.

Scaling

Your final mark for the course will be based on the raw marks allocated for each assignment or examination. However, your final mark may not be the same number as produced by that formula, as marks may be scaled. Any scaling applied will preserve the rank order of raw marks (i.e. if your raw mark exceeds that of another student, then your scaled mark will exceed or equal the scaled mark of that student), and may be either up or down.

Referencing Requirements

This course adopts the Harvard referencing system.

READING LISTS

Prescribed Texts


The required text is available for purchase from the Co-op bookshop on campus.

Prescribed Readings

The list of required readings is provided below. Some of these readings will be the subject of prescribed tutorial questions. You will find the ANU’s extensive list of electronic and traditionally delivered academic journals extremely useful. For some sessions you may be required to use the ANU’s electronic databases to locate and obtain relevant journal articles for study in class.

The reading list provided below is NOT exhaustive. You are expected to conduct follow-up readings and background research into topics and issues addressed in this course as part of your private study. ALL topics and issues addressed in the lectures are examinable.

The ANU’s ProQuest database is an excellent starting point when searching for relevant articles, and in many cases the full-text of desired articles can be accessed directly.
## Topics

<table>
<thead>
<tr>
<th>Topics</th>
<th>References and Readings</th>
</tr>
</thead>
</table>
Gibson (1971) Ch. 7                                             |
| Introduction to Theories and Their Application to Accounting          | Chalmers (1980) Ch 2 & 3 
Hines (1988a) 
Hines (1988b)                                                          |
| The Conceptual Framework and the Conceptual Basis of Income Measurement | AASB Framework 
AASB SAC 1 
AASB SAC 2                                                           |
| Introduction to Positive Accounting Theory – Agency Theory            | Fama & Jensen (1983) 
Jensen & Meckling (1976) 
Watts & Zimmerman (1978) 
Watts & Zimmerman (1979)                                              |
| Earnings Management and Accounting Policy Choice                      | Healy (1985) 
Bartov (1993) 
Roychowdhury (2006) 
Cohen, Dey & Lys (2008) 
Fan, Barua, Cready & Thomas (2010)                                    |
| Positive Accounting Theory – Capital Market Response to Accounting Reports | Ball & Brown (1968) 
Kothari (2001) 
Bradshaw and Sloan (2002) 
Lougee and Marquardt (2004) 
Cohen, Hann and Ogneva (2007)                                          |
| Behavioural Accounting Research                                       | Kachelmeier & Williamson (2010) 
Hopwood (1983) 
Miller (1994) 
Swieringa & Weick (1982).                                             |
Reiter (1926) 
Edwards (1980)                                                          |
| Current Purchasing Power Accounting                                   | Full-Text Notes on WATTLE 
Chambers (1980) Ch. 6                                                  |
| Current Cost Accounting, CoCoA and Value to The Entity Accounting     | Full-Text Notes on WATTLE 
Broadley (2007) 
Solomons (1995) 
FASB (2008b)  
Penman (2007)                                                           |

## Bibliographic References to Prescribed Reading and Other Papers

- **Australian Accounting Standards Board (1990).** *Statement of Accounting Concepts 1: Definition of the Reporting Entity*. Melbourne: AASB


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**TUTORIAL REGISTRATION**

Tutorial signup for this course will be done via the Wattle website. Detailed information about signup times will be provided on Wattle or during your first lecture. When tutorials are available for enrolment, follow these steps:

1. Log on to Wattle, and go to the course site.

2. Click on the link “Tutorial signup here”

3. On the right of the screen, click on the tab “Become Member of …….” for the tutorial class you wish to enter.

4. Confirm your choice

If you need to change your enrolment, you will be able to do so by clicking on the tab “Leave group...” and then re-enrol in another group. You will not be able to enrol in groups that have reached their maximum number. Please note that enrolment in ISIS must be finalised for you to have access to Wattle.
COMMUNICATION

Email
If necessary, the lecturers and tutors for this course will contact students on their official ANU student email address. Information about your enrolment and fees from the Registrar and Student Services' office will also be sent to this email address.

Announcements
Students are expected to check the Wattle site for announcements about this course, e.g. changes to timetables or notifications of cancellations. Notifications of emergency cancellations of lectures or tutorials will be posted on the door of the relevant room. Copies of lecture slides/notes will appear on this site prior to lecture delivery. For some topics a set of full-text notes is provided.

Course URLs
More information about this course may be found on:

- Programs and Courses (http://programsandcourses.anu.edu.au/2014/Catalogue)
- the College of Business and Economics website (http://cbe.anu.edu/courses) and
- Wattle (https://wattle.anu.edu.au), the University's online learning environment. Log on to Wattle using your student number and your ISIS password.

POLICIES

The University offers a number of support services for students. Information on these is available online from http://students.anu.edu.au/studentlife/

ANU has educational policies, procedures and guidelines, which are designed to ensure that staff and students are aware of the University's academic standards, and implement them.

You can find the University's education policies and an explanatory glossary at: http://policies.anu.edu.au/

Students are expected to have read the Student Academic Integrity Policy before the commencement of their course.

Other key policies include:

- Student Assessment (Coursework)
- Student Surveys and Evaluations
- Copyright (http://copyright.anu.edu.au/)