



GRADUATE SCHOOL

GM1404 Theoretical Perspectives of Financial Accounting, 7.5 higher education credits

Teoretiska perspektiv inom externredovisning, 7,5 högskolepoäng

Second Cycle

Confirmation

This course syllabus was confirmed by School of Business, Economics and Law on 2017-01-17 and was last revised on 2017-09-07 by Faculty Board of the School of Business, Economics and Law to be valid from 2017-09-10, autumn semester of 2017.

Field of education: Social Sciences 100%

Department: Graduate School

Position in the educational system

Main field of studies

Accounting and Financial Management

Specialization

A1N, Second cycle, has only first-cycle course/s as entry requirements

Entry requirements

To be eligible for the course Theoretical Perspectives of Financial Accounting, the participant must fulfil the entrance qualifications for the Master of Science in Accounting and Financial Management. For programme specific entrance requirements, see programme syllabus.

Learning outcomes

After completion of the course, the student shall be able to:

1. Demonstrate knowledge and understanding of theories in financial accounting and related empirical evidence from research.

2. Demonstrate the ability to identify and discuss determinants and consequences of accounting outcomes and quality, including the role of accounting standards, incentives, and enforcement in this context.
3. Demonstrate the ability to critically assess and deal with complex issues that relate to standard-setting and different financial statement items, taking into account theory, research and societal impact.

Course content

Based on findings in research, this course provides a theoretical perspective on financial accounting. The theoretical motivation for the existence and design of financial accounting regulation is considered, with a special focus on accounting quality. This involves looking closer at the determinants and consequences of accounting policy choices and, ultimately, of accounting quality. Preparer incentives, the institutional environment, the standards themselves, and capital markets, are key factors in this context. In relation to the above, conceptual issues related to various financial statement items are raised and empirical evidence of the role and quality of financial accounting is highlighted.

The course includes three modules:

1. Fundamentals of financial accounting, the role of capital markets, standard-setting and conceptual framework.
2. Measures and operationalizations in financial accounting research.
3. Determinants of accounting quality, including accounting standards, incentives and the institutional Environment.

Module 1 provides an introduction to key theoretical ideas on accounting. Key concepts such as theory, usefulness of accounting, information asymmetry and the valuation and stewardship roles of accounting are discussed. Further, aspects of accounting quality from a standard-setting perspective, including an overview of the conceptual framework, are covered.

Module 2 deals with the way researchers have discussed and evaluated accounting quality in relation to the objectives set out by standard-setters. Earnings quality and disclosure quality are examples of components of accounting quality that are explained and operationalized.

Module 3 focuses on individual accounting standards and their role in affecting financial statement outcomes and thus the quality of those statements. Also, this part includes determinants of accounting quality other than standards. These include firm-specific (including managerial) incentives, the institutional environment, enforcement and corporate governance mechanisms.

Form of teaching

The teaching consists of lectures and seminars including group work but also oral presentations. Mandatory attendance at seminars is stated on the course schedule.

Language of instruction: English

Assessment

The learning outcomes are assessed through individually written exam and group assignment. The exam covers learning outcomes 1, 2 and 3. The group assignment, including oral presentation, covers learning outcomes 2 and 3. In order to pass the course, the student must receive pass on all learning outcomes. The oral presentation of the group assignment is individually assessed. Absence from mandatory elements of the course can be substituted with alternative assignments.

If a student, who has failed the same examined component twice, wishes to change examiner before the next examination, a written application shall be sent to the department responsible for the course and shall be granted unless there are special reasons to the contrary (Chapter 6, Section 22 of Higher Education Ordinance).

In cases where a course has been discontinued or has undergone major changes, the student shall normally be guaranteed at least three examination occasions (including the ordinary examination) during a period of at least one year from the last time the course was given.

The number of examinations is limited to five.

Grades

The grading scale comprises: Excellent (A), Very good (B), Good (C), Satisfactory (D), Sufficient (E) and Fail (F).

Points awarded for the group assignment and the written exam are combined and translated into percentages and a final grade based on the following scale:

85-100%	A	Excellent
75-84%	B	Very Good
68-74 %	C	Good
60-67 %	D	Satisfactory
50-59 %	E	Sufficient

0-49 %	F	Fail
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Course evaluation

The course will be evaluated upon completion. The results of and possible changes to the course will be shared with students who participated in the evaluation and students who are starting the course.