

ABSA 308 - Advanced Accounting Theory

Course Title	Advanced Accounting Theory				
Course Code	ABSA 308				
Course Type	Elective				
Level	BA (Level 1)				
Year / Semester	6 th				
Teacher's Name	Andreas Georgiou.				
ECTS	6	Lectures / week	3	Laboratories/week	
Course Purpose	<p>The course builds on the principles obtained in the previous modules in financial accounting.</p> <p>The aim of this module is to provide the student a critical analysis of the accounting concepts and standards. In addition it aims to analyse the current theoretical, legal and institutional influences which regulate financial statements.</p> <p>Another aim of the subject is to evaluate current developments in corporate reporting and its effects on accounting practice. In addition a further aim is a discussion on developments concerning the international harmonisation of accounting practice.</p> <p>Students should be able to prepare complex group accounts that include amongst others: disposals of group companies, piecemeal acquisitions and foreign subsidiaries.</p>				
Learning Outcomes	<p>By the end of the lesson, the student will be able to:</p> <ol style="list-style-type: none"> 1. Prepare complex group accounts (mixed and vertical groups) that include amongst others: disposals of group companies, piecemeal acquisitions and foreign subsidiaries. 2. Appraise the legitimacy and acceptability of an accounting practice proposed by a company. 3. Apply the accounting standards applicable at the time to: provisions, contingencies, financial instruments, fair value accounting, leasing, construction contracts and impairment of assets amongst others. 4. Develop the ability to solve complex practical accounting problems in the areas mentioned in point 3. 				

	<ol style="list-style-type: none"> 5. Evaluate current developments in corporate reporting in the context of their practical application, implications for corporate reporting and the underlying conceptual issues. 6. Critically analyse the advantages and drawbacks concerning the harmonisation of accounting practice. 7. Examine the areas of the IFRS Framework and discuss its influence on accounting practice. 8. Work in groups by participating in joint projects interpreting the results of public companies and presenting their results. 9. Demonstrate university-level communication skills for presentations and written reports. 		
Prerequisites	ABSA 307.	Corequisites	None.
Course Content	<ul style="list-style-type: none"> • All aspects from previous modules in financial accounting that is ABSA 101, ABSA 102 ABSA 203 ABSA 204 and ABSA 307 are carried forward to this module. • Harmonisation of accounting practice: Explain what is meant by the concept “harmonisation of accounting practice”. Critically analyse the advantages and drawbacks concerning the harmonisation of accounting practice. • IFRS Framework: Discuss the purpose and role of the IFRS Framework and its influence on accounting practice. Explain the objectives of financial statements as per the IFRS Framework. Explain what a conceptual framework is and explain alternatives to this framework. Identify and describe the qualitative characteristics in financial statements. Identify and describe the elements in the financial statements. Recognise the recognition and measurement of the elements. Describe the concepts of financial and physical capital. • Complex aspects of consolidated accounts: Examine, appraise and prepare complex consolidated (group) financial statements that include amongst others: disposals of group companies, piecemeal acquisitions and foreign subsidiaries. • Consolidated statements of cash flow: Examine, appraise and prepare consolidated cash flow statements that could include amongst others: disposals of subsidiaries, acquisitions of subsidiaries, non-controlling interests and investments in associates. 		

	<ul style="list-style-type: none"> • Fair value accounting: Identify the accounting framework in international accounting and based on this critically evaluate the practice on fair value accounting. • Impairment of assets and goodwill: Critically appraise the accounting practice of impairment of assets to accounting theory. Critically appraise the different ways goodwill could be accounted for. • Provisions and contingencies: Recognise the accounting practice and disclosures in line with international accounting practice. • Construction contracts: Explain and apply the accounting practice and disclosures in line with international accounting practice. • Financial instruments: Explain and apply the accounting practice and disclosures in line with international accounting practice. • Substance over form: Critically evaluate the debate between economic substance over legal form in accounting and examine the various areas where there is a conflict between the two. Review the developments concerning off balance sheet finance. Critically appraise the effects on performance and on the financial position of off balance sheet options. Examine and apply the accounting treatment of different types of leases. • Current developments: Discuss recent proposals by international accounting standard setters concerning changes in accounting practice (including discussion papers). Critically appraise the current developments in international accounting practice concerning proposed changes and international accounting standards recently issued. Discuss the effect of technology on accounting (e.g. cyber risks, cloud accounting software and the use of data analytics by firms).
Teaching Methodology	The taught part of course is delivered to the students by means of lectures, conducted with the help of computer presentations. Lecture notes and presentations are available through the web for students to use in combination with the textbooks.

	<p>Lectures are supplemented with class exercises carried out in class and via homework. Class exercises for homework are submitted on the e-learning platform for students to attempt and the solutions are posting on the platform at a later date (around one week).</p>
<p>Bibliography</p>	<p><u>Textbooks:</u></p> <p>Kaplan Publishing, ACCA Financial Reporting (FR) Study Text, Latest Edition, Kaplan Publishing.</p> <p><u>References:</u></p> <p>Kaplan Publishing, ACCA Strategic Business Reporting (International and UK), Latest Edition, Kaplan Publishing.</p> <p>BPP, AIA Professional Level 2 - Paper 13: Financial Accounting 3, 2nd Edition (or latest), BPP Learning Materials, 2019.</p> <p>Andreas Georgiou (2018), The Cyprus Tourism Sector and its Investment Environment, Science Prospects, Issue 9 (108), 2018, pp. 202-208.</p> <p>Georgiou, A and P. Kontakos (2018), Investment Incentives and Attracting Foreign Direct Investments (FDI) – Evidence From Cyprus, Science and Business: Development Ways, Issue No. 3 (81), 2018, pp. 157-161.</p>
<p>Assessment</p>	<p><u>(a) Methods:</u> Students will be assessed with coursework that involves a group assignment (with a written report and presentation), a midterm test and a final exam. The course involves both explaining theoretical concepts and also solving numerical problems in financial accounting.</p> <p><u>(b) Criteria:</u> The assessment criteria can be generalised as follows concerning the area assessed:</p> <ul style="list-style-type: none"> • 86% or more – Excellent application of problem solving skills. • 76%-85% - Very good application of problem solving skills. • 66%-75% - Good application of problem solving skills. • 56%-65% - Satisfactory with some success in applying problem solving skills • 50%-55% -Satisfactory with limited success in applying problem solving skills • Below 50% -Little or no application of problem solving skills. <p><u>(c) Weights:</u></p> <ul style="list-style-type: none"> • Group Assignment 20% • Mid-term test 20% • Final exam 60%