



## Course information 2016–17

### AC3091 Financial reporting

This course is concerned with the theory and practice of financial or external accounting. This involves a sound understanding of the concepts and choices that underlie how financial information is measured and disclosed in the financial statements.

#### Prerequisite

If taken as part of a BSc degree, courses which must be passed before this course may be attempted:

*AC1025 Principles of accounting.*

#### Aims and objectives

The aims and objectives of the course are to:

- stimulate theoretical enquiry into financial accounting issues
- develop the student's knowledge and understanding of financial accounting
- prepare for further academic study in accounting and related areas
- enable students in the pursuit of a professional accountancy qualification
- equip students for employment in areas where an understanding of accounting issues and tools is helpful.

#### Essential reading

For full details please refer to the reading list.

Alexander, D., A. Britton and A. Jorissen  
*International Financial Reporting and Analysis.* (London: Thomson Learning)

#### Learning outcomes

At the end of this course and having completed the essential reading and activities students should be able to:

- ✓ explain and apply a number of theoretical approaches to financial accounting
- ✓ record and analyse data
- ✓ prepare financial statements under alternative accounting conventions
- ✓ describe a number of regulatory issues relating to financial accounting
- ✓ critically evaluate theories and practices of, and other matters relating to, financial accounting.

#### Assessment

This course is assessed by a three-hour fifteen-minute unseen written examination including reading time.

Students should consult the appropriate *EMFSS Programme Regulations*, which are reviewed on an annual basis. The *Regulations* provide information on the availability of a course, where it can be placed on your programme's structure, and details of co-requisites and prerequisites.

## Syllabus

This is a description of the material to be examined. On registration, students will receive a detailed subject guide which provides a framework for covering the topics in the syllabus and directions to the essential reading.

The rationale for financial reporting. Arguments for and against regulation of financial reporting. Methods of regulation, including standardisation of accounting practices. The nature and purposes of a conceptual framework for financial reporting; the objectives of financial reporting; the qualitative characteristics of accounting information; the definitions of an asset and a liability; recognition and measurement in financial statements; international framework. Narrative reporting and issues of corporate social responsibility. Economic and accounting concepts of income, capital and value with particular reference to Hicks' income concepts.

Strengths and weaknesses of historical cost accounting. Bases of asset valuation. Capital maintenance concepts and various associated techniques: Current value accounting systems, Current purchasing power accounting, Replacement cost accounting; in addition to Entry (Historical cost) and Exit value accounting.

Accounting for investments and groups of companies. The merger and acquisition methods. Associated companies and joint ventures. Accounting for foreign currency transactions, foreign subsidiaries and branches: the temporal and closing rate/net investment methods of foreign currency translation.

Accounting for tangible and intangible assets: fixed assets and depreciation; stocks and long term contracts; research and development; goodwill. Accounting for leases. Accounting for liabilities. Accounting for taxation, including deferred taxation.

Analysis and interpretation of corporate financial reports; introduction to international differences in financial reporting.