ACC312 Financial Accounting Theory (2 Units)

Department of Accounting

Covenant University
1. ACC312
1.1. ACC312 Financial Accounting Theory (2 Units)

The course introduces students to accounting theory. The purpose is to expose students to the theoretical side and theory development in accounting discipline. Topics covered include: The role of theory in financial accounting, accounting methodology, and need for a consistent theory, the construction and validation of accounting theory. Accounting theory and regulatory framework. Discussion of some contemporary controversies in accounting and accounting theory, major pronouncements or recommendations of professional accounting bodies. Nigerian accounting standard board role, structure and process leading to the issue of standards; detailed application of standards issues by NASB, comparison of local and international accounting standards (An examination of legislative and quasi-legislative requirement for financial statements. Accounting theory of income determination, tangible and intangible fixed assets, investment, and liabilities, depreciation - theories and methods. The concept of financial reporting. Theory of income measurement expenses and gains. The nature of income. Income as consumption. The views of Fishers and Hicks compared. Hicks ex-post and ex-ante measures of income and the conventional accounting definition of income. The relationship between income and value. Alternative definitions of value. The concept of deprival value in the determination of depreciation expense. The cost of capital in the international accounting standards in the light of their theoretical underpinnings etc. 45h (T); IAS 1: Presentation of Financial Statements, IAS 7: Statement of Cash flow, IAS 8: Accounting Policies, Changes in Accounting, Estimates and Errors, Framework for the Preparation and Presentation of Financial Statements, SAS 1 30, NASB, IASC, IASB. (PR: ACC 211/221).