AG424 Accounting Theories

To offer an advanced course on the historic foundations of, and contemporary theoretical issues in, accounting. The course builds upon a number of 3rd year courses, in particular, Advanced Financial Accounting and Financial Analysis. Further, it is an important compliment to three other proposed 4th year modules: Accounting Research Methodologies, 21st Century Accounting and Contemporary Issues in Financial Reporting. In particular, the Accounting Theories module draws attention to the development of accounting theory and how this has accompanied and influenced financial reporting practice, accounting research and contemporary accounting debates. Collectively these modules provide a strong advanced suite of options that would set Strathclyde students apart from other institutions.

This advanced provides in-depth coverage of the historical development of accounting theory, its influence on research and practice and other contemporary theoretical issues which animate the field. In doing so, the course draws on the contributions of economics, finance, and other disciplines to accounting theory; the practical and theoretical issues of accounting theory; the process and issues of standard setting; agency theory; and the role of social and environmental accounting.

AG437 Strategic Accounting and Financial Management in Entrepreneurial Firms

The course covers the areas of accounting and financial management in entrepreneurial firms, with an emphasis on strategic planning in the early start-up phase. It will provide theoretical background and practical insight into the financial implications of setting up and running a new small business. It will apply learning from early stages in the degree, in particular building upon courses which cover cost accounting and management decision making and control. It will provide students with insight into the role played by management accountants and financial managers within the wider organisation, and will draw on skills learned throughout the BA Degree.

The aim of this class is to enable students to develop their theoretical understanding of the financial manager’s and accountant’s roles in business and to put into practice this newly-acquired knowledge.

AG418 Public Sector Accounting

The public and third sector is a significant part of the governance of all aspects of life, particularly in developed economies, and plays a major part in the UK economy. Accounting is a critical part of the provision of public services and governance and is often overlooked in accounting degree programmes. Public service accountability is substantively different than for profit-enterprises and creates very different problems and challenges for accounting and assurance practices and this class will address these problems and challenges.
The aims of this class are to explore theoretical and philosophical foundations of public service accounting, auditing and accountability, developing a conceptual framework with which to evaluate contemporary public service organization accounting processes and practices. This class considers the whole accounting ‘life cycle’ from strategy, policy development, budgeting, performance measurement, reporting and assurance, integrating the main accounting processes and practices in the public service field.

This class will examine five main themes.

- What are public service organisations? Where are their origins, its historical development and likely future developments?
- How are accounting expertise, practices and processes integrated in the governance and delivery of public services?
- How important is the political context in evaluating and developing appropriate public service accounting processes and practices?
- How contemporary developments in public service management and governance may affect or be affected by accounting and accountability rationality?
- Explore the effectiveness of transferring private sector accounting processes and practices to the public service arenas.

**AG415 Contemporary Issues in International Financial Reporting**

The class will discuss selected topics in the preparation of financial statements for external publication. The subjects selected will be issues that provide an opportunity to explore various facets of the regulation of financial reporting and the associated accounting choices implied by such regulations.

The topics covered will be at an advanced level and will be subject to some change as the practice of financial accounting develops. The class will, however, include a significant coverage of contemporary issues which have been of interest both to the accountancy profession and to society in recent years.

This is an advanced level class in financial accounting. It discusses complex issues at both a practical and a theoretical level. By the time that students complete this class they should have an appreciation of both the difficulties faced by preparers, auditors and standard setters in ensuring that a set of accounts gives a true and fair view and also an awareness of the extent to which academic research can guide and illuminate this process. The class achieves this aim through the systematic analysis of selected topics in financial accounting regulation and practice, in the context of institutional and cultural factors, and through exploring research into aspects of financial accounting.

**AG420 Auditing Theory & Practice**

The class will discuss the nature and purpose of the external audit of financial statements. It will do so through an examination of the formal institutional framework (e.g. the work of the
International Federation of Accountants), the informal framework (e.g. the Big Four audit firms) and the processes underlying the collection of audit evidence and reporting of results.

The class will adopt the perspective of the institutions and participants in the audit process themselves. This will necessarily require an agency-based approach to the discipline. While the limitations of this approach will be addressed in the passing, it is intended that students will see this class as a counterpoint to the more rigorous and theoretically motivated classes that are presently offered in the honours programme.

This class will build directly on a core third year class AG 305 Advanced Accounting 2. That class necessarily requires that a significant amount of class time be devoted to coverage of the practical and procedural aspects of forming an audit opinion and reporting thereon. The scholarly underpinnings of the subject are discussed to the fullest extent possible, but there is insufficient time to do justice to this material.

As an example, the coverage of audit reporting in AG 305 devotes one week to exploring the wording and content of audit reports expressed under different circumstances. This coverage deals largely with the requirements of International Standards of Auditing, partly because that is a sensible way in which to teach the topic at this introductory level and partly because of the need for such coverage imposed by professional accreditation requirements. The coverage of audit reporting in the proposed class would deal with the events-based literature dealing with the implications of different reports for share price movements and cost of borrowing.

**AG425 Corporate Governance**

The class will explore aspects of governance, examining both the institutions and structures that are in place to reassure stakeholders and also the underlying agency and economic forces that shape governance practices.

Corporate governance will be explored through each of the aspects identified by standard setters as important in this area, namely:

- The principles of sound leadership from the board of directors.
- Developing the board’s effectiveness.
- Promoting accountability though external financial reporting.
- Designing a board remuneration strategy that aims to align the interests of shareholders with directors.
- Maintaining sound relations with shareholders.

Each of those topics can be explored from a variety of perspectives. For example, the question of accountability can be analysed from a philosophical perspective or through the analysis of stock market reactions to disclosures.

**AG422 Accounting Ethics**

The class will discuss the nature of ethics and the manner in which ethical dilemmas can be identified and resolved. It will explore a number of specific themes that can be used to clarify
the nature of ethical dilemmas affecting accountants. These will include aspects of financial accounting (e.g. the pressures associated with creative accounting), auditing (e.g. the need to report findings honestly), management accounting (e.g. the implications of setting unattainable budgets) and taxation (e.g. the extent to which tax avoidance can be justified).

The class will provide students with a set of techniques with which to explore the dilemmas that will be introduced. These are necessarily philosophical in nature and cannot be regarded as objective or beyond challenge, but they do offer the means to subject a course of action to a rigorous analysis.

There is a substantial body of research that indicates that accountants are generally unwilling to look inward to their own values and principles when dealing with ethical dilemmas and the class will explore some of that research – partly because of its immediate and obvious relevance, but also because it will encourage students to reflect on their own motivations as they embark on a career in accountancy.

The International Federation of Accountants (IFAC) has published an International Education Standard (IES 4, Professional Values, Ethics, and Attitudes) which requires professional accountancy bodies to incorporate formal ethics training into their qualification. That reflects the view in society that there is a significant ethical dimension to the practice of accounting. The proposed class will not necessarily reflect the direction indicated by this professional body, but it is hoped that the coverage of ethics in a scholarly manner during the fourth year will provide graduates with a sound basis from which to approach the more pragmatic and rules-based coverage of ethics that will necessarily be incorporated into their professional education.

Much of the emphasis in the professional guidance on ethics that has been provided for accountants is of limited value because it sets out standards that determine the appearance of ethical behaviour rather than the fact. For example, external auditors are required to avoid certain relationships that would compromise the appearance of their independence, but those rules do not necessarily make auditors independent of their clients.

**AG408 Integrative Studies in Management and Accounting**

This class will introduce students to a range of case situations which simulate real-world decision-making contexts. As a result, the class aims to integrate and deepen the accounting knowledge derived from earlier accounting courses and independent research by applying the knowledge gained to a number of case studies. An important aspect of this class is for the students to reflect upon and develop their problem solving methodology.

All organisations have systems in place to plan and control. Planning and controlling is often regarded as an integral part of the management accounting function within these organisations. Planning and controlling activities can take many different forms in different organisations. This class through the use of case studies will illustrate these different manifestations and allow the student to develop methods of evaluating and analysing the appropriateness of different systems to different organisational contexts.
AG417 Research Methodologies and Accounting

This class explores the main methodological approaches to researching accounting institutions, processes, practices and knowledge. Understanding the range of different methodologies is a key to interpreting, analysing and critically engaging with the research literature. Accounting research does not have a uniform methodological foundation. The diversity of accounting research methodologies provides a rich and varied literature but which can be difficult to understand without a grounding in research philosophy and methodology.

This class contributes to the following aims of the honours year: (1) to activate and encourage a deeper approach to the learning process; (2) to offer a meaningful interaction with the external environment and (3) to allow the construction of intellectual, social and practical contexts in which students may locate their knowledge and understanding of accountancy. The class achieves this aim through its provision of systematic instruction in social science research methodology and research methods and through exploring their use with a range of accounting research questions.

AG438 Understanding Accounting Technologies and Institutional Structures

This class is concerned with the use of various social theories in the interrogation of the accounting profession and accounting practice. The class begins with a general introduction to social theories in accounting in order to situate the different theoretical perspectives in relationship to each other. It then takes several modern and postmodern theoretical frameworks to evaluate the insights they may or may not offer to accounting practice, practitioners and students. Different historical methods are then developed and critiqued. The end section of the class reconfirms the importance of history and the lessons we can learn from it. The theoretical theme running throughout the class is based upon the “linguistic-turn” in its various theoretical forms (ideology, discourse, semiotics and so on).

AG409 Sustainability Accounting: Theory and Practice

The aims and objectives of our Accounting Honours programme includes a commitment to respond to new developments arising from research and practice and to cover emerging issues, including social and environmental issues. This class is dealing with the impact on accounting of the emerging topic of sustainability. Sustainable development has been accepted as the goal of society. Sustainable development will require a major restructuring of almost all of our human activities including accounting. The accountancy profession will be faced with the challenge of accounting for sustainability. Professional accounting bodies, academics and practitioners alike are reviewing the implications of sustainability for business and accountancy. This class will deal with this emerging and highly relevant topic.

The Accounting Honours programme is designed to enable a deeper approach to learning, developing students’ analytical, evaluation and synthesing skills. This new class with its innovative mix of learning techniques applied to a developing and socially relevant aspect of accounting is consistent with the aims and objectives of the honours programme.
This class is designed to prepare students to take an active part in the development of accounting’s response to the sustainability agenda. It introduces students to the key elements of sustainable development and then explores the potential impacts on accounting from changing social and environmental pressures. Students will develop a theoretical and conceptual framework to evaluate the effectiveness of sustainable accounting.

**AG416 Management accounting Theory and Practice**

Management Accounting is an important element of any programme in accounting and this class builds a theoretical dimension onto the technical emphasis in the first three levels of management accounting classes. The rational in this class is to allow students to be able to evaluate and critique approaches to management accounting and develop skills to judge the effectiveness of techniques in different national and organisational context. This class examines management accounting from a range of theoretical perspectives. The main focus is to examine the boundaries of what is and isn’t management accounting, contemporary thinking on management accounting and how management accounting may develop in the future. Management Accounting is described in many different ways to allow the student to develop their own understanding of management accounting and to develop a framework for evaluating its effectiveness in different organisational contexts.

**AG419 Accounting and Risk**

Risk and risk management is the basis of many accounting techniques. Financial reporting was introduced to protect investors from the actions of bad or incompetent managers. Financial auditing was introduced to further enhance this risk management tool. Many business decisions are about balancing risks – for example decisions to insure or not to insure, what level of investment in safety equipment, to hedge against currency or interest rate movements. Accounting can be viewed as a desire to reduce risks.

Over the past few years new theories of risk have been emerging that question our understanding of risk and the way in which risk is factored into organisational and individual decision-making. These new theories question the applicability of objective risk and probability theories used in finance and accounting. The consequences of these theories have the potential to radically alter many accounting conventions and basic techniques. This class explores these potential consequences. This class will explore the emerging risk debate by introducing the students to a new literature base and consider the impact on accounting from this new risk perspective. Existing techniques will be deconstructed using risk theories and new ways of accounting for risk explored. Students will develop an enhanced risk framework offering new insights into existing problems and phenomena.