
Accounting Theory ACCT 511

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Course description:

This course introduces accounting theory to students in a broad sense. After familiarizing students with fundamental topics such as defining accounting and accounting theory, the importance of accounting theory, and the current state of accounting theory, the research methodologies and approaches that have been utilized to formulate accounting theories are discussed, and then the structure of accounting theory is presented. The change of the objectives of financial accounting, the need for constructing a framework for financial reporting which contributed to build the FASB's conceptual framework are all addressed next. Measuring the income and the elements of the financial statements are discussed. The debate of rules-based accounting system versus principles-based accounting system, a contemporary topic in accounting literature, will be covered as well. Last, a selected topic which is concerned with positive accounting theorizing concludes the course. The bases of the theatrical foundations of such theorizing, e.g. efficient market hypothesis (EMH), capital asset pricing model (CAPM) and agency theory (contracting theory), will be mentioned.

The course emphasizes the following skills:

Students are encouraged to express their views. They will have the opportunity to do so and will be guided when necessary. They will also be giving the chance to disagree among themselves. Students will, *to the best of the instructor's knowledge and ability*, be advised of how to construct an argument and how to present their views. For many people in the real world, it is not enough to say a point, but what matters, I think, is how to say it.

My Task with you:

It is my intention neither to influence you with my own thinking nor to impose upon any of you my position toward theatrical issues. It is my job to prepare you, *the best I can*, as independent thinkers who can evaluate other people's efforts, take a position, and support his viewpoint. The accounting discipline is in need of independent scholars who can *draw conclusions* themselves. It is my judgment that if you adopt somebody's line of thinking, you have less chance to survive in the accounting academe; such a world is full with smart people from all over the world. There is no reward from enslaving your mind and thinking to somebody's. Similarly, the accountancy profession is in need of practitioners who can creatively think and *deduce* answers and solutions when confronted with complex transactions to account for. "The best practice" is not the type of answer that reflects a distinguished accountant.

Required Text Book (major parts of these books will be studied and referred to):

1. Belkaoui, A. R. (2004). "*Accounting Theory* (5th ed.)." London: Thomson.

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- Schroeder, R. G., Clark, M. W and Cathey, J. M. (2001). *“Financial Accounting Theory and Analysis (7th ed.)”* New York, NY: John Wiley & Sons, Inc.

Other main materials to be used occasionally to facilitate discussions:

- Al-Adeem, Khalid R.. and Fogarty, Timothy J. (forthcoming). *“Accounting theory: A neglected topic in academic accounting research.”* LAP LAMBERT Academic Publishing AG & Co. KG Theodor-Heuss-Ring 26, 50668 Köln, Germany.
- Chatfield, M., (1977). *“A History of Accounting Thought (Revised edition).”* Huntington, NY: Robert E. Krieger Publishing Company.
- Previts, G. J. and Merino, B. D. (1998). *“A History of Accountancy in the United States: The Cultural Significance of Accounting.”* Columbus, Oh: Ohio State University Press.
- Watts, R. L. and Zimmaerman, J. L. (1986). *“Positive Accounting Theory.”* New Jersey: Printice-Hall.
- Wolk, H. I. Dodd, J. L. and Tearney, M. G. (2004). *“Accounting Theory: Conceptual Issues in A Political and Economic Environment. (6th ed.)”* Mason, OH: Thomson South-Western.

More: Students, who are interested in learning more and want to further their understanding in a topic, can ask the instructor for more materials and references. I will glad to help the best I can!

Evaluation:

10%	Attendance and active participations
10%	Assignments
10%	Review and present articles to the class. The instructor will choose and sign articles to students. The presenter’s job is to persuade the class of the author’s viewpoint. The class does not have to be convinced in order for the presenter to be rewarded. It is enough for the presenter to attempt. Confidence and ability to talk with (but not to) the audience are main skills that I am looking for.
5%	Students who are not presenting have a chance to challenge the student who is presenting. They will be rewarded based upon their efforts in arguing <i>with</i> the presenter. Keep in mind, the discussion is limited to the topic of the week and to the article that the student is presenting. I am looking for quality.
25%	Tests (they will be announced throughout the semester whenever we finish a major part of the course).
40%	Final