Positive accounting theory

Academic Year: (2020 / 2021) **Review date: 24-06-2020**

Department assigned to the subject: Business Administration Department

Coordinating teacher: GARCIA LARA, JUAN MANUEL

Type: Electives ECTS Credits : 6.0

Year : 4 Semester :

REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Introduction to Accounting
Financial Accounting I
Financial Accounting II
Financial Statements Analysis
Auditing

Most of the reading materials that we will use in the course are in English, so students should be able to understand technical (accounting) texts in English.

The course requires a wide working knowledge of financial accounting . This does not mean that it is absolute necessary to have completed all of the previously mentioned courses, as this is not a course on accounting technicalities.

OBJECTIVES

Knowledge
- Understand the role of accounting information in financial markets.
- Understand the role of accounting information in the corporate governance structure of the firm.
- Analyze the use of accounting information in contracts.
- Understand the implications of accounting choice.

Abilities
- Be able to apply quantitative models to detect the manipulation of accounting numbers.
- Develop students ability to identify potential managerial incentives for accounting manipulation.
- Improve the ability to work with other people.

Attitudes:
- Be a critical observer of managerial behavior, and of public policies, in this case, of the decisions taken by accounting regulatory bodies.

DESCRIPTION OF CONTENTS: PROGRAMME

1. Introduction to the theory of financial accounting. Financial accounting as a means to resolve information asymmetries and adverse selection problems, and as a corporate governance instrument.
2. How should accounting regulation be?
3. Assessment of accounting regulations.
4. Accounting in a context of efficient markets.
5. Positive accounting theory: Incentives for accounting choice
6. Accounting choice: Examples and cases.
7. Methods to identify accounting manipulation.

LEARNING ACTIVITIES AND METHODOLOGY

-Lectures.
-Exercises to be resolved in class.
-Debating cases with students.
-Student presentations.
-Standard consultation times, where the professor is available for students on the days and time stipulated in Aula Global.

ASSESSMENT SYSTEM

50%: Two individual exams, to be done in class. Each carries 25% of the total marks of the course.
20%: Two assignments, to be handed in at a given date.
10%: Class participation, and tasks to be done in class, handed out to the students during a given lecture (without previous notice), and that students will have to hand in at the end of that lecture.
20%: Final assignment, and presentation of this work in class.

% end-of-term-examination:	0
% of continuous assessment (assigments, laboratory, practicals…):	100

BASIC BIBLIOGRAPHY

- Scott Financial Accounting Theory, Prentice Hall.
- Watts, R.L. and Zimmerman, J.L. Positive Accounting Theory, McGraw-Hill, 1986