# ACC 688: Accounting Theory and Financial Reporting

***Credits: 3***
***Lecture Hours: 48***

**Course Objectives**
This course aims to provide the accounting theories and their applications, practical and conceptual issues of general financial statements for reporting financial position and performance and financial analysis for performance appraisal of business enterprises including financial institutions. It also aims to provide exposure to disclosure required for financial statements and reporting, accounting standards issued by Nepal Accounting Standards Board and International Accounting Standards Boards.

**Teaching Methodology and Pedagogy:**

- Lecture
- Assignments
- Discussion & Presentation
- Project & case work
- Library & Internet

**Marking Scheme:**

- **Internal**
  - Assignment
  - Presentation
  - Project work
  - Case Studies
  - Mid Term Exam
  - Pre Board Exam
- **External**
  - Board Exam

**Course Details**

**Introduction** **LH 9**

- Concept, objectives, approaches, classifications and origin of Accounting Theory, Influence of government regulatory bodies; Influence of taxation
- Structure of Accounting Theory: accounting principles, concepts and conventions.
- Accounting standards: National and International Standard setting bodies (Nepal): responsibilities and processes, national and international accounting and reporting standards (mandatory, recommendatory, exposure draft), interpretations, framework for preparation and presentation of financial statements, recognition and measurement of elements of financial statements, departure from current corporate practices.

**Unit 2: Corporate Reporting and Disclosure in Financial Reporting** **LH 21**

- Nature and objectives of external financial reporting
- Corporate Financial Reports: Income statement, Balance sheet and Cash flow statement as per Company Act and regulatory framework like Nepal Rastra Bank (NRB), Security Exchange Board of Nepal (SEBON) and Insurance Board Directives, Nepal Accounting Standards (NAS) and Nepal Financial Reporting Standards (NFRS).

- Director's and Auditor's Reports: disclosure required in financial reporting as per national and international accounting and financial reporting standards, evaluation of disclosure practices in financial reporting (NFRS and IFRS), transparency in financial statements.
- Currency translation of financial statement of foreign operations, - Issues related to consolidation of financial statements, interim, segment and group reporting (Business combination and holding company)

**Unit 3: Reporting and Analysis of Changes in Stockholders' Equities LH 9**

Need and importance of stockholders' equity; Accounting for changes in stockholders' equity: Increases in share capital, redemption of preferred stock, stock dividend and stock split, and stock warrants, Appraisal of the impact of changes in accounting policies and the regulatory framework on shareholders' funds.

**Unit 4: Contemporary Issues in Accounting LH 9**

- Corporate Governance: governance systems and contemporary mechanism, accounting issues arising from corporate failures, business ethics and financial reporting;
- Corporate Social Performance and Responsibility Accounting; social discloser requirements
- Human resources accounting (HRA) and Reporting; factors leading to development of HR Accounting and reporting, HR Accounting and reporting in Nepal

**Basic Books**

Handriksen & Breda. (1991). **Accounting Theory** (5th Edition). New York: Irwin McGraw Hill.

Porwal, l.S. (1986). **Accounting Theory: An introduction**. New Delhi: Tata McGraw Hill Publishing Co.

Lal, J., (2009). **Accounting Theory and Practice** (Third edition). New Delhi: Himalaya Publishing House.

Revsine, Collins & Johnson. (1999). **Financial Reporting and Analysis**. New Jersey: Prentice Hall, Upper Saddle River.

**Supplementary Readings**

Accounting Standards Board. (2003). **Nepal Accounting Standards**. Kathmandu: ASB.

NFRS (2014). **Nepal Accounting Standards**. Kathmandu: ASB.

Greunning & Keen. (2000). **International Accounting Standards. A practical guide**. USA: World Bank.