



**THE UNIVERSITY OF THE WEST INDIES
FIVE ISLANDS CAMPUS**

Semester II

Examinations of APRIL/MAY 2023

Course Code: ACCT3040
Course Title: Advanced Accounting Theory
Date of Assessment: Thursday, May 4th, 2023
Time: 9:00AM
Duration: Two (2) Hours

INSTRUCTIONS TO CANDIDATES:

This paper has 3 pages and 4 questions.

YOU ARE REQUIRED TO ANSWER 3 QUESTIONS.

THIS ASSESSMENT IS WORTH 70 % OF YOUR FINAL GRADE.

ASSESSMENT DETAILS FROM INSTRUCTOR(S):

ANSWER ANY THREE (3) QUESTIONS.

PLEASE ANSWER ANY THREE (3) OF THE QUESTIONS BELOW.

QUESTION ONE (25 marks)

- (a) Discuss the notions of *legitimacy* and *social contract* with respect to voluntary corporate reporting disclosures. Your writing should make reference to the following accounting theories: **legitimacy theory** and **stakeholder theory**. **(15 marks)**
- (b) Outline the concept of a '*reporting entity*' as it is understood as per the Revised Conceptual Framework, inclusive of any boundaries one must consider. **(5 marks)**
- (c) Briefly explain what is '*critical perspective research*' in accounting theory. Additionally, what are the **THREE** assumptions made in support of such research? **(5 marks)**

QUESTION TWO (25 marks)

- (a) Using both **public interest theory** and **capture theory**, critically discuss the *arguments for and against* the regulation of financial reporting. In your writing, be sure to include background surrounding what has led to the growth of accounting regulation and, by extension, these theories. **(15 marks)**
- (b) How does accounting information being defined as a '*good*' supports the argument against regulation? Conversely, how does it being defined as a '*public good*' supports the need for regulation? **(4 marks)**
- (c) In your own words, briefly express how the Advanced Accounting Theory course has shaped your perspective of financial accounting. Be sure to include **THREE** concepts from the course outline to support your writing. **(6 marks)**

QUESTION THREE (25 marks)

- (a) How can **integrated reporting** be seen as a *transformation from corporate reporting*? What are the **six elements** of an integrated report and how do they help support the report objectives? Critically assess the above. **(15 marks)**
- (b) Outline the advantages brought about as a result of using **integrated reporting** for BOTH corporations and potential investors. **(8 marks)**
- (c) What concern(s) has/have come about from the development of **integrated reporting**? **(2 marks)**

QUESTION FOUR (25 marks)

- (a) “To easily promote **harmonisation**, all countries worldwide should adopt International Financial Reporting Standards (IFRS)”. Discuss arguments for **and** against this statement. **(15 marks)**
- (b) “The Conceptual Framework corroborates how the world of accounting needs a universally accepted theory”. List and explain brief arguments which **support** this statement. **(10 marks)**

END OF QUESTION PAPER