Learning Outcomes

- Students learn the critical evaluation of accounting information and standards and are able to consider the limitations in prevailing accounting knowledge paradigms.
- They develop the ability to analyse, reason logically, conceptualise and construct arguments on different aspects of accounting.
- After finishing the course students possess the necessary knowledge to undertake theoretical and practical research, evaluate ideas and diagnose and solve problems.

Course Content

Accounting plays an important role in capital markets because the financial statements of an organization summarize the economic consequences of its business activities and are the most widely available source of information. However, it is often assumed that this kind of information is objective, neutral and value free. Once concern that arises from this is that stakeholders may be misled into believing that there is more uniformity and objectivity in practice than actually is the case.

This course examines behavioural aspects of accounting from the development process through to the application of the information. It explains how human factors influence the preparation of financial statements, discusses how companies apply impression management techniques to influence the perception of annual report readers, and how people make predictable and repeatable mistakes in financial decision-making.

Understanding human factors in accounting and finance will greatly enhance students’ knowledge of standard accounting and finance theories (and their limitations) studied in other courses. This course is multidisciplinary, lying at the intersection of accounting, finance and cognitive sciences. It explains how the human mind works in an accounting and finance context, using insights from psychology, neurosciences and experimental economics.

Teaching Methods

- Workshops

Grading

- Group Assessment
- Exam

Assessment criteria in detail

- Group Assessment (50% of the final grade)
  This is a group assignment which is due midterm. Each group is required to prepare a presentation. A group mark will be given to each group based on the content (weighting is 50% of the overall mark for this assessment) and an individual mark will be given to each presenter (weighting is 50% of the overall mark for this assessment). Further details will be provided at the beginning of the session.

- Final Examination (50% of the final grade)
  The final examination is due at the end of the session. This is a closed book examination. All topics covered in the session are examinable.