

THE UNIVERSITY OF  
NEW SOUTH WALES



Australian School of Business™  
School of Accounting

**ACCT 2542**  
**CORPORATE FINANCIAL REPORTING & ANALYSIS**

**COURSE OUTLINE**  
**SESSION 2, 2007**

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## 1. COURSE STAFF

### 1.1 Staff members and contact details

Staff members assigned to the course are listed below:

	<u>Room</u>
Diane Mayorga (Course Coordinator)	Weeks 1 to 4 QUAD 3095 From Week 5 QUAD 3070
Dr Maria Balatbat	Weeks 1 to 4 QUAD 3103 From Week 5 QUAD 3061A
Jeffrey Knapp	Weeks 1 to 4 QUAD 3114 From Week 5 QUAD 3103
Shrutika Chugh	Weeks 1 to 4 QUAD 3115 From Week 5 QUAD 3095
Cameron Barnsley	QUAD 3089
Adrian Koit	QUAD 3089
Thu Hang Nguyen	QUAD 3089
Jim Chuang	QUAD 3089
David Li	QUAD 3089

### 1.2 Communication and consultation with staff

Members of staff teaching the course will be available for consultation at specified hours as posted on WebCT Vista at <http://vista.elearning.unsw.edu.au> or by appointment. Problems should be directed in the first instance to your tutorial instructor in your tutorial class. Most members of staff will be available for up to three hours per week to conduct consultations on a drop-in basis. You are encouraged to seek help at a time that is convenient to you from any staff member teaching on this course during their regular consultation hours. In special circumstances, an appointment may be made outside regular consultation hours. Staff will not conduct any consultations by e-mail or by phone.

Please note that common written etiquette must be observed when conducting any written communication with staff members. Please identify yourself clearly using both your student ID and your full name. Communications that use short hand and "SMS" language and which are not properly addressed and signed-off are not encouraged. Staff will not respond to these types of e-mails. Hence, all e-mails should be properly addressed and signed, for example, *Dear Name of Lecturer or Tutor, From Student's Name*. It is important that any e-mail communication is made from your *University of New South Wales student account*, not from another provider (i.e. Hotmail, Yahoo, Gmail, etc.) as we will only respond to e-mail communication from UNSW student accounts.

## 2. INFORMATION ABOUT THE COURSE

### 2.1 Teaching times and locations

Lecture times and locations follows:

<b>Lect 1/A</b>	<b>Mon</b>	<b>12:00 - 2:00</b>	<b>KBT</b>
<b>or</b>			
<b>Lect 1/B</b>	<b>Tue</b>	<b>15:00 - 17:00</b>	<b>CLB 7</b>
<b>or</b>			
<b>Lect 1/C</b>	<b>Mon</b>	<b>18:00 - 20:00</b>	<b>CLB 3</b>

Tutorial times and locations can be found on WebCT Vista.

Please note that because Monday 1 October 2007 (start of Week 10) is a public holiday (Labour Day) there will be no lectures on that date. However, students who normally attend the Monday lectures may attend the Tuesday 15:00 to 17:00 lecture or a special make up evening lecture on Tuesday evening October 2 from 6:00 to 8:00 pm in RC Theatre.

### 2.2 Units of credit

ACCT2542 Corporate Financial Reporting and Analysis has a total of 6 units of credit.

### 2.3 Relationship of this course to other course offerings

This course is offered by the School of Accounting and may form part of an accounting major, double major or disciplinary minor within the Bachelor of Commerce or Bachelor of Economics degrees. In order to enrol in this course a student must have satisfied the requirements of ACCT1511 Accounting and Financial Management 1B. ACCT2542 also constitutes part of the core curriculum studies required by CPA Australia and the Institute of Chartered Accountants in Australia and is accredited by the Institute of Actuaries of Australia.

### 2.4 Approach to learning and teaching

At university, the focus is on your self-directed search for knowledge. Lectures, tutorials, textbooks, exams and other resources are all provided to help you learn. You are therefore required to attend all lectures and tutorials, and read all required readings in order to fully grasp and appreciate the concepts of the course.

It is up to you to choose how much work you do in each part of the course: preparing for lectures and tutorials; completing assignments; studying for exams; and seeking assistance to extend and clarify your understanding. You must choose an approach that best suits your learning style and goals in this course. Tutorial questions are provided to guide your learning process.

Teaching staff have put a great deal of thought into the development and presentation of this course so students may experience a flexible but directed leaning approach to Corporate Financial Reporting and Analysis.

### 3. COURSE AIMS AND OUTCOMES

#### 3.1 Course aims

This course is concerned with external financial accounting and reporting practices of listed public companies. It is intended for students who will be involved in future in the preparation or use of company financial statements whether as financial accountants, financial executives, taxation officers, auditors, financial analysts, actuaries, legal advisors or academics.

The course builds on the foundations laid in ACCT1501 and ACCT1511 (Accounting and Financial Management 1A and 1B, respectively). More complicated business transactions are considered, including accounting for complex groups of companies in the form of consolidation accounting and accounting for joint ventures and investments in associates. Tax effects of complicated business transactions will also be considered in this course. Regulatory requirements for the preparation of financial statements for individual companies and groups will be covered using applicable standards that are in compliance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). The course also covers additional requirements set by the Australian Accounting Standards Board (AASB) as applicable for each topic. This course together with ACCT 3563 (Issues in Financial Reporting and Analysis) gives students an understanding of the AASBs with which listed public companies must comply.

An important aim of the course is to provide students with opportunities to practise communicating accounting information to external parties in the form of a financial report. In addition, the course attempts to challenge the student to think critically about corporate financial reporting by fostering an appreciation of:

- (a) alternative accounting practices and issues relating to their application;
- (b) accounting standards (both IFRS and AASB/AIFRS) and other pronouncements pertaining to various accounting issues covered in the course;
- (c) the role of the framework in evaluating accounting issues; and,
- (d) relevant research on the effects of accounting policy choices on financial statements, capital markets and decision-making behaviour.

Technical accounting knowledge must be accompanied by skills in problem identification, analysis and solution as well as the ability to communicate clearly both orally and in writing. Such skills are developed through training and practice. These objectives are achieved through lectures and discussion of accounting issues in tutorials.

#### 3.2 Student learning outcomes

##### *Content-based Learning Outcomes*

As a result of satisfactorily completing this course, you should be able to:

1. Understand the scope of regulation relating to Australian external financial reporting.
2. Discuss the role of the conceptual framework of accounting and its relevance to financial reporting
3. Explain the disclosure requirements as they relate to a reporting entity
4. Account for changes in accounting estimates, accounting policies and prior period errors.
5. Discuss how corporate financial statements are used in business decision making.
6. Discuss the form and content of corporate financial statements and understand how some elements of these reports are recognised, measured and subsequently valued subject to applicable regulations, accounting standards and/or pronouncements.
7. Describe accounting issues in acquisitions of other entities and identify appropriate

accounting policies adopted for a given corporate structure in order for these transactions to be fairly presented in the financial statements.

8. Prepare financial statements that comply with the appropriate accounting standard for a given corporate structure (e.g. accounting for income taxes, consolidation of subsidiaries, investments in associates and joint ventures, segment reporting, earnings per share etc.)

### *Skills-based Outcomes*

As a result of satisfactorily completing this course, you will achieve the following skills:

9. a capacity to learn independently and to assume responsibility for the learning process;
10. an opportunity to think critically about informing literatures (both research and practitioner-based literature) and generally accepted accounting principles;
11. a capacity to conduct applied business research – identifying accounting transactions, interpreting appropriate AASB and applying accounting standard to transaction; and,
12. an opportunity to reflect on your own strengths and weaknesses as a learner.

## **3.3 Teaching strategies**

### *Class arrangements*

Students are expected to attend two-hour lectures and a one-hour tutorial (commencing Week 2) per week.

### *Lectures*

The purpose of lectures is to introduce and explain concepts that are critical to the core topics of the course. Lectures are also aimed to provide guidance on how these concepts are applied in corporate financial reporting by providing practical examples. **In order to maximise the benefits of attending lectures, students are expected to read the relevant study materials thoroughly before attending lectures.**

### *Tutorials*

Each student is required to register for a tutorial group via the NSS system. Tutorials (one hour per week) will be held each week from weeks 2 to 14. Tutorial questions for each week are listed in the last section of this course outline. **It is essential that, prior to a tutorial, you read the relevant course materials and prepare written responses to all tutorial questions assigned.** Tutorials represent the major feedback and learning component of the course and it provides an opportunity for students to question and discuss further the theory and practical examples covered in lectures. **As tutorials are of limited time, benefits from tutorials are only fully realised when students prepare thoroughly in advance.**

Students are able to change their tutorial allocation on-line 5pm Friday, 10 August 2007 (end of week 3) at: <https://my.unsw.edu.au/portal/dt>. **NO CHANGES WILL BE ALLOWED FROM WEEK 4.**

### *Self Study*

Self study is a key element of the learning design of this course. Self study materials have been posted on WebCT Vista to facilitate deeper learning of core elements of the course. Further on-line self study resources are available through McGraw-Hill Irwin publisher of Australian Financial Accounting 5e (Deegan 2007) once you purchase this textbook. The aim of these self-study materials is to encourage students to assume responsibility in the learning process, and to make the tutorials more effective. Thus, the onus is on students to review and complete these materials. Staff will be available in consultation hours to assist with difficulties experienced with self study

materials.

#### 4. STUDENT RESPONSIBILITIES AND CONDUCT

##### 4.1 Preparation for and performance in class

It is a requirement of this course that all students go through assigned weekly readings and attempt tutorial questions *prior* to attending class. The importance of adequate preparation prior to each tutorial including the completion of all tutorial questions cannot be overemphasised, as the effectiveness and usefulness of the tutorial depends to a large extent on students' active participation during the tutorial.

##### 4.2 Workload

It is expected that you will spend at least **ten hours** per week studying this course. This time should be made up of 3 hours in class and 7 hours reading, downloading materials, working on exercises and problems, and revising your work. In certain weeks (especially where you need to prepare for an examination) the workload may be greater.

Over-commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

##### 4.3 Attendance

Your regular and punctual attendance at lectures and tutorials is expected in this course. University regulations indicate that if students attend less than 80% of scheduled classes they may be refused final assessment.

##### 4.4 General conduct and behaviour

You are expected to conduct yourself with consideration and respect for the needs of your fellow students and teaching staff. Conduct which unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable. More information on student conduct is available at: [www.my.unsw.edu.au](http://www.my.unsw.edu.au)

##### 4.5 Keeping informed

You should take note of all announcements made in lectures, tutorials or on the course web site. From time to time, the University will send important announcements to your university e-mail address without providing you with a paper copy. You will be deemed to have received this information. Specific announcements will also be made via the Course Website.

#### 5. LEARNING ASSESSMENT

##### 5.1 Formal requirements

To be eligible for a passing grade in this course, students must:

- (a) Achieve a composite mark of at least 50% **AND**
- (b) Satisfactorily complete all assessment tasks (or submit appropriate documentation relating to your failure to complete a task to the Lecturer-in-charge) **AND**
- (c) Achieve a satisfactory level of performance in the final exam. This usually means a minimum mark of 50%. Any student having an overall mark of 50 or more but less than 50% in the final examination will be given a UF grade (unsatisfactory fail) or be asked to sit a supplementary final exam, depending on the individual's circumstances.

Please note that there will only be ONE supplementary exam. It is the student's responsibility to ensure that he or she is available on the date of the supplementary exam before filing a special consideration. For ACCT2542 this date is set on **Thursday 6 December 2007**. See **section 5.3 for details**.

A "pass conceded" (PC) grade may only be granted by the Australian School of Business Assessment Committee, and not the Head of School of Accounting nor the Lecturer-in-charge of this course.

## 5.2 Assessment overview

The composite mark for **ACCT2542** will be calculated as follows:

Assessment Item (Due date)	Weight	Item Assesses Learning Outcomes
Mid-session test <b>Monday 3 September (Week 7)</b>	30%	1, 2, 3, 4, 5, 6, and 8
Surprise tutorial solution hand-in and check in assigned tutorial (Week 4 - Week 14) - best two of three	10%	2, 3, 8, 9, 10, 11 and 12
Final exam	60%	1, 2, 3, 4, 5, 6, 7, 8 and 11
<b>TOTAL</b>	<b>100%</b>	

### Mid-session test and final exam (30% and 60% marks, respectively)

The mid-session test will be held on **Monday, 3 September 2007**. The exam will be held in the Clancy Auditorium. There will be two sessions. For students with a family name starting with A to L inclusive, the exam will be from 4:30pm to 6:00pm. For students with a family name starting with M to Z inclusive, the exam will be from 6:30pm to 8:00pm. You must attend the correct sitting. Students who have a time clash with another examination should make arrangements with the Lecturer in charge to sit the exam at the other sitting. Proof of a schedule clash will be required to change your assigned sitting. More information will be announced closer to the date. The exam will be 1.5 hours in duration and will consist of multiple choice questions covering lecture topics 1-5 and tutorial weeks 2-6. The aim of the mid-session test is to provide students with ongoing feedback relating to your understanding and learning progress within the course.

The final exam will cover the whole course but with emphasis on lecture topics from weeks 6-13 and tutorial weeks 8-14. This assessment is aimed at testing both technical and analytical skills covering the main components of this course (i.e. consolidation accounting). More information on the structure of the final examination will be provided in Week 14.

A selection of past mid-session and final examination paper questions will be posted on the Course website closer to the exam dates. **Students should note that the course content has changed substantially from previous semesters, hence past exams especially those prior to 2005 may not be a reliable guide to examinable material.**



### Surprise tutorial solution collection and check (10%)

Three surprise tutorial solution collections and checks will be held in your assigned tutorial from Week 4 to Week 14. Each tutorial solution collection and check is worth five marks. The ten marks will comprise the best two of these three homework checks. The aim of this component is to develop your capacity to learn independently and to encourage you to assume responsibility for the learning process.

The homework collection (if held that week) will always occur at the start of the tutorial and students must be in their designated tutorial to hand-in their tutorial solutions. Tutors will NOT accept homework from ANY student 10 minutes past the start of the tutorial, i.e. 15 minutes past the hour if the tutorial starts at 5 past the hour. Therefore, students who come in late will not be eligible to have their homework collected and checked by their tutor. The tutor will check students' tutorial solutions after the tutorial and return the students' solutions in the following week's tutorial. Since this assessment allows for some latitude (being your best two homework checks) it is expected that this will cover possible misadventure, sickness or whatever reason a student may have for missing a homework check. **In this regard, no special homework collections and checks will be allowed.**

Each student must prepare his/her own tutorial solutions. Tutors will NOT ACCEPT photocopies of homework or printed copies of electronic files. Typewritten work is also not acceptable. Plagiarism will result in an automatic zero for the homework check and possible academic misconduct. All solutions must be prepared in either pen or pencil in the student's handwriting with the **student's name and student identification clearly written in PEN.** While students are encouraged to work in groups, students are still expected to prepare their own tutorial solutions in their own words.

Your tutor will check your tutorial preparation in accordance with the following marking guide. Note that homework checks are not soft marks for simply putting a couple of numbers on a piece of paper. Your tutor will be evaluating your work to determine your efforts to attempt or complete the assigned tutorial questions in order to prepare for discussion in your tutorial.

- 0 (Fail) – NO attempt to complete basic concepts, application of concepts or discussion questions.
- 1 (Fail) – Very poor attempt (attempted one to two basic concepts but no attempt at the applications concepts or discussion questions), basically the student is unprepared.
- 2 (Just Fail) – Attempted all basic concepts but made no attempt at the application concepts or discussion questions.
- 3 (Pass) – Attempted all basic concepts, application concepts and discussion questions.
- 4 (Distinction) – Completed all basic questions and attempted all applications concepts and discussion questions
- 5 (High Distinction) – Completed all basic questions, applications concepts and discussion questions

### 5.3 Special consideration and supplementary examinations

Students who believe that their performance in this subject, either during session or in an examination, has been adversely affected by sickness, misadventure or other circumstances beyond their control may apply for special consideration for affected assessments.

The School of Accounting follows the UNSW policy and process for Special Consideration (see <https://my.unsw.edu.au/student/atoz/SpecialConsideration.html>). Specifically:

- Applications for special consideration (including supplementary examinations) must go through UNSW Central administration (within 3 working days of the assessment to which it refers) – applications will **not** be accepted by staff in the School of Accounting;
- Applying for special consideration does **not** automatically mean that you will be granted additional assessment or that you will be awarded an amended result;
- If you are making an application for special consideration (through UNSW Central Administration) please also notify your Lecturer in Charge;

- Please note: the School of Accounting maintains a register of applications for Special Consideration. History of previous applications for Special Consideration is taken into account when considering each case.
- Students will be notified by **e-mail** only using their [zstudentnumber@student.unsw.edu.au](mailto:zstudentnumber@student.unsw.edu.au) address if they have been granted a supplementary exam. It is the student's responsibility to check their e-mails on this address or contact the course coordinator prior to scheduled supplementary exams. **Notification by post will no longer occur.**

**Please note: If a supplementary exam is approved, there is only one opportunity to sit the exam. For ACCT2542 the supplementary mid-session test will be held on Thursday, 6 December, 2007 from 9 am to 10:30 am and the supplementary final examination will be held on Thursday, 6 December 2007 from 2pm to 4pm.**

## 6. ACADEMIC HONESTY AND PLAGIARISM

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For full information regarding policies, penalties and information to help you avoid plagiarism see: <http://www.lc.unsw.edu.au/plagiarism/index.html>

Plagiarism is the presentation of the thoughts or work of another as one's own.\* Examples include:

- direct duplication of the thoughts or work of another, including by copying work, or knowingly permitting it to be copied. This includes copying material, ideas or concepts from a book, article, report or other written document (whether published or unpublished), composition, artwork, design, drawing, circuitry, computer program or software, web site, Internet, other electronic resource, or another person's assignment without appropriate acknowledgement;
- paraphrasing another person's work with very minor changes keeping the meaning, form and/or progression of ideas of the original;
- piecing together sections of the work of others into a new whole;
- presenting an assessment item as independent work when it has been produced in whole or part in collusion with other people, for example, another student or a tutor; and,
- claiming credit for a proportion a work contributed to a group assessment item that is greater than that actually contributed.†

Submitting an assessment item that has already been submitted for academic credit elsewhere may also be considered plagiarism.

The inclusion of the thoughts or work of another with attribution appropriate to the academic discipline does *not* amount to plagiarism.

Students are reminded of their Rights and Responsibilities in respect of plagiarism, as set out in the University Undergraduate and Postgraduate Handbooks, and are encouraged to seek advice from academic staff whenever necessary to ensure they avoid plagiarism in all its forms.

The Learning Centre website is the central University online resource for staff and student information on plagiarism and academic honesty. It can be located at:

[www.lc.unsw.edu.au/plagiarism](http://www.lc.unsw.edu.au/plagiarism)

The Learning Centre also provides substantial educational written materials, workshops, and tutorials to aid students, for example, in:

- correct referencing practices;
- paraphrasing, summarising, essay writing, and time management;
- appropriate use of, and attribution for, a range of materials including text, images, formulae and concepts.

Individual assistance is available on request from The Learning Centre.

Students are also reminded that careful time management is an important part of study and one of the identified causes of plagiarism is poor time management. Students should allow sufficient time for research, drafting, and the proper referencing of sources in preparing all assessment items.

\* Based on that proposed to the University of Newcastle by the St James Ethics Centre. Used with kind permission from the University of Newcastle

† Adapted with kind permission from the University of Melbourne.

## 7. STUDENT RESOURCES

### 7.1 Course resources

Required textbooks for ACCT2542 are the following:

- 1) Picker, R, K Leo, K Alfredson et al., P Pacter J Radford and V Wise, Australian Accounting Standards, John Wiley & Sons Australia, Ltd, 2006.
- 2) Deegan, C., Australian Financial Accounting, 5th edition, McGraw-Hill, 2007.

Recommended textbooks for ACCT2542 are the following:

CPA Australian Accounting Standards (AASBs) 2007 or ICAA Australian Accounting Standards 2007

Australian Accounting Standards are available for viewing or downloading from the AASB's homepage (see <http://www.aasb.com.au/>). Note that new accounting standards took effect on 1 January 2005. References to standards in this course will be based on newly released standards, hence most references dated prior to 2005 may have been superseded. Students should ensure that they are using appropriate reference materials. These standards are also available in the Accounting Handbook 2007 or the CA Financial Reporting Handbook, 2007.

### 7.2 Course website

A course website will be maintained within the WebCT Vista environment. You are required to have a Unipass and Unipin to access this website. In addition, you must be enrolled in the course to access the website. The website will contain announcements, lecture notes (beginning of the week), suggested solutions (end of each week) and any other material deemed suitable by the lecturers from time to time. We cannot place any material on the website that involves the use of student IDs or that raises issues with respect to privacy. Details regarding access to this website will be provided in class. If you have any difficulties with WebCT Vista access, please contact Diane Mayorga (9385 5814, [d.mayorga@unsw.edu.au](mailto:d.mayorga@unsw.edu.au)).

### 7.3 Other resources, support and information

The University and the Australian School of Business provide a wide range of support services for students, including:

- Learning and study support;
- Counselling support;
- Library training and support services;
- Disability support services;

In addition, it is important that all students are familiar with policies and procedures in relation to such issues as:

- Examination procedures and advice concerning illness or misadventure;
- Special Consideration including Supplementary Examinations;
- Occupational Health and Safety policies and expectations;

For information and links relating to the above services and policies, please see the Australian School of Business' website.

Additional learning support, tailored to the needs of Australian School of Business students, is available from the Education Development Unit (EDU) in the School's website. The EDU offers a range of services for FB students including:

- Academic skills workshops run throughout the session;

- Printed and on-line study skills resources e.g. referencing guide, report writing and exam preparation;
- A drop-in resource centre containing books and audio visual material that can be borrowed;
- A limited consultation service for students with individual or small group learning needs.

More information about the EDU services including on-line resources, workshop details and consultation request forms are available from the EDU website.

**Contacts and location:**

EDU Web: <http://education.fce.unsw.edu.au>  
EDU Location: Room 2039, Level 2 Quadrangle Building

EDU services are free and confidential and are available to students of the Australian School of Business.

**7.4 Are you adequately prepared for ACCT2542?**

Since ACCT1501 & ACCT1511 are prerequisites for this course, it is assumed that students know the basic double-entry recording system with its use of debits and credits. It is also necessary to refresh your knowledge of the following topics that have been covered in first year accounting subjects:

1. Accounting for dividends (cost and equity methods)
2. Asset revaluation
3. Accounting for inventories (perpetual and periodic methods)

These topics are **assumed knowledge** when we cover consolidation accounting commencing in Week. Those students who do not feel confident about their knowledge on these topics should review the relevant parts of the first year text, Trotman and Gibbins, Financial Accounting: An Integrated Approach (2005). Some exercises from Trotman and Gibbins with suggested solutions are also provided to assist you in revising these topics. Students should download this file from WebCT to test their understanding of these topics.

The importance of having a good understanding of ACCT1501 and ACCT1511 content cannot be overemphasised as your ability to comprehend the concepts in ACCT2542 will be directly linked to your understanding of first year accounting material.

## 7.5 Reference books

**(Please Note: Students should not purchase these books as these books are held on Open Reserve, Main Library)**

Alfredson, Leo, Picker, Radford and Pacter, *International Accounting Standards*, Wiley, 2005.

Trotman, K. and M. Gibbins, *Financial Accounting: An Integrated Approach*, 3rd Edition, ITP Nelson 2005.

## 7.6 other useful websites

Australian Accounting Standards Board, (AASB) - [www.aasb.com.au](http://www.aasb.com.au)

Australian Society of Certified Practising Accountants (ASCPA)- [www.cpaaustralia.com.au](http://www.cpaaustralia.com.au)

Australian Stock Exchange - [www.asx.com.au](http://www.asx.com.au)

International Accounting Standards Committee (IASB) - [www.iasb.org](http://www.iasb.org)

Institute of Chartered Accountants in Australia (ICAA) - [www.icaa.org.au](http://www.icaa.org.au)

## 8. CONTINUAL COURSE IMPROVEMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process ([http://www.ltu.unsw.edu.au/ref4-5-1\\_catei\\_process.cfm](http://www.ltu.unsw.edu.au/ref4-5-1_catei_process.cfm)) is one of the ways in which student evaluative feedback is gathered. Comments received from students in 2006 have resulted in the addition of a new textbook and changes in the ordering of the topics covered and therefore the context assessed in the mid-session and final examinations.

Significant changes to courses and programs within the School are communicated to subsequent cohorts of students.

## 9. TOPICS BY WEEK

	<b>Topics</b>	<b>Reading Materials</b>
<b>Week 1</b> <b>23 July</b> <b>(DM)</b>	<p><b>Introduction to Corporate Financial Reporting</b></p> <ul style="list-style-type: none"> <li>• Course introduction</li> <li>• Australian external financial reporting environment and regulatory framework</li> <li>• Standard setting process in Australia</li> <li>• Conceptual Framework</li> </ul> <p><b>Basic journal revision – Self Study</b></p> <ul style="list-style-type: none"> <li>• Revision of basic journal entries covered in ACCT 1501 and 1511 – essential general knowledge for ACCT 2542</li> </ul>	<p><i>Picker et al, Chapter 1 and Chapter 2</i></p> <p><i>Accounting Handbook:</i></p> <ul style="list-style-type: none"> <li>• Framework</li> <li>• SAC 1</li> <li>• SAC 2</li> </ul> <p><i>Trotman &amp; Gibbins (selected sections as required for review-see WebCT course site)</i></p>
<b>Week 2</b> <b>30 July</b> <b>(MB)</b>	<p><b>Principles of Disclosure</b></p> <ul style="list-style-type: none"> <li>• Introduction to Presentation of Financial Statements</li> <li>• Accounting Policies, Changes in Accounting Estimates and Errors</li> <li>• Events after Balance Sheet Date</li> </ul>	<p><i>Picker, Chapter 13</i></p> <p><i>Australian Standards:</i></p> <p><i>AASB 101 “Presentation of financial statements”</i></p> <p><i>AASB 108 “Accounting policies changes in accounting estimates and errors”</i></p> <p><i>AASB 110 “Events after the balance sheet date”</i></p>
<b>Week 3</b> <b>6 August</b> <b>(MB)</b>	<p><b>Presentation of Financial Statements</b></p> <ul style="list-style-type: none"> <li>• Objectives of a balance sheet, an income statement and statement of changes in owners’ equity and their limitations</li> <li>• Applying the requirements for presentation of a balance sheet, an income statement and a statement of changes in owners’ equity</li> </ul>	<p><i>Picker, Chapter 14</i></p> <p><i>AASB 101 “Presentation of financial statements”</i></p>
<b>Week 4</b> <b>13 August</b> <b>(MB)</b>	<p><b>Additional Disclosure - Earnings per share</b></p> <ul style="list-style-type: none"> <li>• Calculate basic and diluted earnings per share</li> <li>• Importance and usefulness of earnings per share disclosure</li> </ul>	<p><i>Deegan 5e, Chapter 27</i></p> <p><i>Earnings per share</i></p>
<b>Week 5</b> <b>20 August</b> <b>(JK)</b>	<p><b>Accounting for income tax</b></p> <ul style="list-style-type: none"> <li>• Reconcile from profit before tax to taxable income in order to recognise current tax</li> <li>• Distinguish between the carrying amounts and tax bases of assets and liabilities in order to determine assessable temporary differences and deductible temporary differences</li> <li>• Recognise deferred taxes assets and deferred tax liabilities and explain how they reverse</li> <li>• Accounting for tax losses</li> </ul>	<p><i>Picker et al, Chapter 6</i></p> <p><i>Tute Notes Week 6 (WebCT)</i></p> <p><i>AASB 112 “Income Taxes”</i></p>

	<b>Topics</b>	<b>Reading Materials</b>
<b>Week 6</b> <b>27 August</b> <b>(JK)</b>	<b>Consolidation: Introduction and Basics</b> <ul style="list-style-type: none"> <li>• Acquisition analysis for business combination <ul style="list-style-type: none"> <li>◦ Allocation of cost of business combination</li> <li>◦ Measurement of goodwill or excess</li> </ul> </li> <li>• Explain the meaning of control and identify the group subject to consolidation</li> <li>• Prepare the pre-acquisition entries for the investment asset in the subsidiary</li> <li>• Fair value adjustments on consolidation including tax consequences</li> <li>• Prepare basic consolidation worksheet <ul style="list-style-type: none"> <li>◦ Line-by-line aggregation</li> <li>◦ Eliminations and adjustments</li> </ul> </li> </ul>	<i>Picker et al:</i> <i>Chapter 10 (to p. 380)</i> <i>Chapter 16 (to p. 628)</i> <i>Chapter 17 (to p. 679)</i>  <i>Tute Notes Week 8 (WebCT)</i>  <i>AASB 3 “Business Combinations”</i> <i>AASB 127 “Consolidated and Separate Financial Statements”</i>
<b>Week 7</b> <b>3 Sept.</b>	<b>No lectures and tutorial</b> <b>Mid-session test covers lectures weeks 1 to 5 and tutorials weeks 2 to 6 inclusive</b> <b>Monday 3 September 2007</b> <b>Clancy Auditorium (Family names from A to L inclusive from 4:30pm-6:00pm and family names from M to Z from 6:30pm-8:00pm)</b>	
<b>Week 8</b> <b>10 Sept.</b> <b>(JK)</b>	<b>Elimination of intra-entity transactions</b> <ul style="list-style-type: none"> <li>• Impairment of goodwill on acquisition</li> <li>• Prepare consolidated journal entries for: <ul style="list-style-type: none"> <li>◦ Intra-group sale of inventory</li> <li>◦ Unrealised profit in opening inventory</li> <li>◦ Unrealised profit in closing inventory</li> <li>◦ Intra-group transfer and unrealised profit in plant including excess depreciation adjustments</li> <li>◦ Intra-group borrowings and interest</li> <li>◦ Inter-company dividends (pre-acq and post – acq)</li> </ul> </li> <li>• Prepare comprehensive consolidation worksheet</li> </ul>	<i>Picker et al:</i> <i>Chapter 11 (pp. 435-439)</i> <i>Chapter 18</i>  <i>AASB 3 “Business Combinations”</i> <i>AASB 127 “Consolidated and Separate Financial Statements”</i> <i>AASB 136 “Impairment of Assets”</i>
<b>Week 9</b> <b>17 Sept.</b> <b>(JK)</b>	<b>Consolidation: Minority Interests</b> <ul style="list-style-type: none"> <li>• Describe the nature of minority interest and the allocation issue in consolidation accounting</li> <li>• Prepare consolidation journal entries for the minority interest <ul style="list-style-type: none"> <li>◦ Pre-acquisition capital and reserves</li> <li>◦ Post-acquisition reserves</li> <li>◦ Current net profit</li> <li>◦ Unrealised profits and excess depreciation</li> </ul> </li> <li>• Prepare comprehensive consolidation worksheet</li> </ul>	<i>Picker et al:</i> <i>Chapter 19</i>  <i>Tute Notes Week 10 (WebCT)</i>  <i>AASB 3 “Business Combinations”</i> <i>AASB 127 “Consolidated and Separate Financial Statements”</i>
<b>Mid-session break</b> <b>24 Sept.</b>	<b>No lectures or tutorials</b>	



	<b>Topics</b>	<b>Reading Materials</b>
<b>Week 10</b> <b>1 Oct.</b> <b>(JK)</b> <b>Make up</b> <b>lecture on</b> <b>Tuesday 2</b> <b>Oct. 6-</b> <b>8pm</b> <b>RC</b> <b>Theatre</b> <b>to replace</b> <b>Labour</b> <b>Day</b>	<b>Consolidation: Indirect Ownership Interests</b> <ul style="list-style-type: none"> <li>• Determine direct and Indirect ownership interests in a group with multiple levels of subsidiaries</li> <li>• Describe how direct and indirect ownership interests are utilised in the minority interest allocation</li> <li>• Prepare consolidation journal entries for minority interest</li> <li>• Prepare comprehensive consolidation worksheet</li> </ul>	<i>Picker et al, Chapter 20 (up to p. 834)</i>  <i>Tute Notes Week 11 (WebCT)</i>  <i>AASB 127 “Consolidated and Separate Financial Statements”</i>
<b>Week 11</b> <b>8 Oct.</b> <b>(DM)</b>	<b>Equity Accounting</b> <ul style="list-style-type: none"> <li>• Identify associates and understand the difference between an associate and a subsidiary</li> <li>• How to account for equity investments</li> <li>• How to apply equity accounting - consolidated or separate financial statements?</li> </ul>	<i>Deegan 5e: Chapter 33</i>  <i>AASB 128 “Investments in Associates”</i>  <i>Lecture Illustrations A &amp; B posted on WebCT</i>
<b>Week 12</b> <b>15 Oct.</b> <b>(DM)</b>	<b>Accounting for Interests in Joint Ventures</b> Understand what a joint venture is <ul style="list-style-type: none"> <li>• Accounting for venturer’s interest in different types of joint ventures: <ul style="list-style-type: none"> <li>○ Jointly controlled operations</li> <li>○ Jointly controlled assets</li> <li>○ Joint venture entities</li> </ul> </li> </ul>	<i>Deegan 5e: Chapter 34</i> <i>Picker et al: Chapter 23 section 23.6.2 pages 974 to 980 only</i>  <i>AASB 131 “Interests in Joint Ventures”</i>
<b>Week 13</b> <b>22 Oct.</b> <b>(DM)</b>	<b>Segment Reporting</b> <ul style="list-style-type: none"> <li>• Advantages &amp; disadvantages of segment reporting</li> <li>• Introduction to AASB 8</li> <li>• Defining an operating segment</li> <li>• Defining a reportable segment</li> <li>• Measurement of Segment Items</li> <li>• Disclosure requirements</li> </ul>	<i>Deegan 5e: Chapter 25</i>  <i>AASB 8 “Operating Segment” effective from 1 January 2009 currently</i> <i>AASB 114 “Segment Reporting”</i>
<b>Week 14</b> <b>29 Oct.</b> <b>(DM)</b>	<b>Revision and Wrap-up Lecture</b>	

## 10. TUTORIAL PROGRAM

**(Note: Please refer to Section 5.2 in the Course Outline. Solutions will be posted at the end of each week to the course website).**

### WEEK 2 (30 July - 3 August) – Introduction to Corporate Financial Reporting

#### A. Basic Concepts

- 1) List at least three categories of users of company financial reports and discuss how each user might utilise the information conveyed in financial reports.
- 2) Explain the concept of a reporting entity under SAC 1. How does this compare with the definition of the company size test under the Corporations Act?
- 3) What are the reporting requirements for a large proprietary company under the Corporations Act?
- 4) Picker et al., Chapter 1, Discussion Questions (DQs) 14
- 5) Discuss how the conceptual framework is used in financial reporting?

#### B. Application of Concepts

- 1) *Picker et al.*, Chapter 2, Problem (Pr) 2.1

#### C. Discussion Question

- 1) *Picker et al.*, Chapter 2, Pr 2.7

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### Week 3 (6 August – 10 August) – Principles of Disclosure

#### A. Basic Concepts

- 1) *Picker et al.*, Chapter 13, DQs 13.2, 13.3 and 13.4

#### B. Application of Concepts

- 1) *Picker et al.*, Chapter 13, Exercises 13.1, 13.6 and 13.7

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### WEEK 4 (13 August – 17 August) – Presentation of Financial Statements

#### A. Basic Concepts

- 1) *Picker et al.*, Chapter 14, DQs 2, 6 and 7

#### B. Application of Concepts

- 1) *Picker et al.*, Chapter 14 Ex 14.2, Ex 14.4 and Problem 14.7

#### C. Discussion Question

- 1) *Picker et al.*, Chapter 14 DQ 9

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**WEEK 5 (20 August – 24 August) –Additional Disclosure - Earnings per Share****A. Basic Concepts**

- 1) Deegan, Questions 1, 2, 4 and 5

**B. Application of Concepts**

- 1) Deegan, Questions 7, 10 and 13

**C. Discussion Questions**

If an entity has both convertible preference shares and convertible notes outstanding at year-end paying the same amount of cash payment and convertible to equal numbers of ordinary shares, which security will cause the greater reduction in diluted EPS when converted and why?

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**Week 6 (27 August – 31 August) Accounting for income tax****A. Basic Concepts**

- 1) *Picker*, Chapter 6, DQs 1, 4

**B. Application of Concepts**

- 1) *Picker*, Chapter 6, Ex 6.6

**C. Discussion Questions**

- 1) *Picker*, Chapter 6, Problems 6.1, 6.3

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**Week 7 (3 Sept. to 7 Sept.) – No tutorials as Mid-session is held this week.**

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**Week 8(10 Sept. to 14 Sept.) Consolidation: Introduction****A. Basic Concepts**

- 1) *Picker*, Chapter 16, DQs 2
- 2) *Picker*, Chapter 17, DQs 1, 3, 4, 5, 6

**B. Application of Concepts**

- 1) *Picker*, Chapter 17, Problems 17.2 and Problem 17.6

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**Week 9 (17 September - 21 September) Consolidation: Intra-group transactions****A. Basic Concepts**

- 1) *Picker*, Chapter 18, DQs 3, 4

**B. Application of Concepts**

- 1) *Picker*, Chapter 18, Problem 18.2 and Problem 18.8

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**Mid-session break (24 September – 1 October)**

**(Note: Monday, 1 October 2007 is a public holiday. Students enrolled in a Monday tutorial should attend another tutorial for this week. Check WebCT Vista for a list of tutorial schedule in ACCT2542.)**

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**Week 10 (1 October – 5 October) Consolidation: minority interests****A. Basic Concepts**

- 1) *Picker*, Chapter 19, DQs 2, 3

**B. Application of Concepts**

- 1) *Picker*, Chapter 19, Problem 19.1
  - 2) *Picker*, Chapter 19 Problem 19.2 (**Note:** In the trial balance provided in the question the last figure of \$2400 in the “Dr” column of Kartaly Ltd should be against “Dividends Paid”)
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**Week 11 (8 October – 12 October) – Consolidation: Indirect ownership interests****A. Basic Concepts**

- 1) *Picker et al.*, Chapter 20, DQs 1, 3 (Assume A Ltd owns 80% of B Ltd and B Ltd owns 60% of C Ltd.)

**B. Application of Concepts**

- 1) *Picker et al.*, Chapter 20, Ex 20.3 (Note that on page 845, third paragraph, “Medan Ltd” should read as “Tarutung Ltd”), Ex 20.4
  - 2) *Picker et al.*, Chapter 20, Problem 20.5
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**Week 12 (15 October – 19 October)*****Accounting for Associates*****A. Basic Concepts**

- 1) *Deegan 5e* Chapter 33, Review Question 6

**B. Application of Concepts**

- 1) *Picker et al.*, Chapter 22, Ex. 22.1
- 2) *Deegan 5<sup>e</sup>* Chapter 33 Review Question 13

**C. Discussion Question**

- 1) *Picker et al.*, Chapter 22, DQ 8
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**Week 13 (22 October – 26 October)*****Accounting for Joint Ventures*****A. Basic Concepts**

- 1) *Deegan 5e*, Chapter 34 Review Questions 2 and 3

**B. Application of Concepts**

*Answer the following questions. Show all workings.*

- 1) On 30 June 2003 Dlog Ltd and Gold Ltd entered into a joint venture operation with each company equally sharing output and costs. This date is the balance date for both companies. Gold Ltd has never revalued its assets. Gold Ltd contributed a natural resource deposit with the following details:

	<i>Resource Deposit</i>
	\$
Carrying amount	1,000,000
Agreed value	3,000,000

Dlog Ltd contributed \$3,000,000 cash. Which one of the following journal entries should be recorded by Gold Ltd on 30 June 2003?

	Debit	Credit
	\$	\$
A	Cash in JV	
	1,500,000	
	Resource deposit in JV	
	500,000	
	Resource deposit	1,000,000
	Profit on sale of deposit	1,000,000
B	Cash	
	1,500,000	
	Resource deposit	1,500,000
C	Cash	
	500,000	
	Resource deposit	
	1,000,000	
	Asset revaluation reserve	2,000,000
C	Cash	
	1,500,000	
	Resource deposit	
		500,000
	Asset revaluation reserve	1,000,000
E	Cash	
	1,500,000	
	Resource deposit	
	1,500,000	
	Profit on sale of deposit	1,000,000
	Asset revaluation reserve	2,000,000

2) One venturer to a joint venture operation in which the 5 venturers share output and costs equally, contributed an asset with a carrying amount 0.8 times the agreed value of that asset. After processing journal entries to record initial contribution and assuming no asset revaluation, what would this venturer record in relation to this asset?

- An asset equal to one-fifth of the agreed value;
- A gain on sale equal to one-fifth of the difference between the agreed value and the carrying amount;
- A gain on sale equal to one quarter of the difference between the agreed value and the carrying amount;
- A gain on sale equal to four-fifths of the difference between the agreed value and the carrying amount
- None of the above.

**Use the following information to answer questions 3-5.**

On 30 June 2003, Special Ltd, Fried Ltd and Rice Ltd entered into a joint venture operation to produce pre-packaged take-away food. The companies equally share output and costs. At that date, the recorded amounts of each company's contributions were as follows:

	Special Ltd (Plant)	Fried Ltd (Equipment)	Rice Ltd (Cash)
Historical cost	\$1,900,000	\$2,300,000	-
Accumulated depreciation	\$200,000	\$1,300,000	-
Agreed value	\$1,500,000	\$1,500,000	\$1,500,000

Assume that agreed values equal recoverable amount and no revaluations have previously occurred.

3) Which one of the following combinations correctly indicates the effects on the total value of assets in the statement of financial position and statement of financial performance of Special Ltd, after processing journal entries to account for this arrangement?

	Statement of Financial Position	Statement of Financial Performance
A	No change	No change
B	Asset increase	Loss decrease
C	Asset decrease	Profit decrease
D	Asset increase	Loss increase
E	Asset decrease	Profit increase

4) In relation to Fried Ltd, which one of the following statements about the accounting effects relating to this joint venture on this date is correct? After processing relevant journal entries the:

- f. effect on income (statement of financial performance) would be zero;
- g. total value of assts allocated to the joint venture would be \$2,300,000;
- h. equipment allocated to the joint venture would be recorded at \$333,333;
- i. effect on the statement of financial performance would be a increase in profit before income tax of \$333,333;
- j. effect on the statement of financial performance would be a decrease in profit before income tax of \$500,000.

5) Which one of the following combinations correctly indicates the effects on the total value of assets in the statement of financial position and statement of financial performance of Rice Ltd, after processing journal entries to account for this arrangement?

	Statement of Financial Position	Statement of Financial Performance
A	No change	No change
B	Asset increase	No change
C	Asset decrease	Profit decrease
D	Asset increase	Loss increase
E	Asset decrease	Profit increase

**C. Discussion Question**

1) *Deegan 5e*, Chapter 34, Review Question 7

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**Week 14 (29 October – 2 November) – Segment Reporting**

**A. Basic Concepts**

- 1) *Deegan 5e* Chapter 25, Review Questions 1, 5, 7

**B. Application of Concepts**

- 2) *Deegan 5e* Chapter 25, Review Question 14

**C.**

**Discussion Question**

- 3) *Deegan 5e* Chapter 25, Review Question 2

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