

THE UNIVERSITY OF
NEW SOUTH WALES



Australian School of Business
School of Accounting

ACCT 2542
CORPORATE FINANCIAL REPORTING & ANALYSIS

COURSE OUTLINE
SUMMER SEMESTER 2009 - 2010

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1. STAFF CONTACT DETAILS

| Teaching Staff | Room Number | Phone | Email |
|----------------|-------------|-----------|------------------------|
| David Silipo | QUAD 3109 | 9385 5907 | equinoxct@yahoo.com.au |

Tutorials / Lectures are the primary forum for student questions, but students may also raise questions during consultation hours.

David is available for consultation during weeks 1 to 3 on Tuesday from 12pm to 1pm and Thursday from 12pm to 1pm. Consultation hours for weeks 6 to 8 will be advised. There will be no consultation hours during the mid-session Christmas / New Year break.

Other times will be held by appointment only.

In communicating via e-mail, it is important that you identify yourself appropriately when sending an e-mail by supplying your full name and student number. This will expedite the response to your e-mail enquiry. In addition, common written etiquette must be observed when conducting any written communication to staff members. Communications that use short hand and "SMS" language and those that are not properly addressed and signed-off are not permitted and will not be responded to.

2. COURSE DETAILS

2.1 Teaching times and locations

This course follows a 6 weeks in 8 week teaching structure. Seminars are held in weeks 1 to 3 and weeks 6 to 8.

Teaching will be conducted in two 3-hour weekly seminar. The seminars take the form of a combined tutorial and lecture. Generally, the first 1 hour of each seminar will be devoted to a review of tutorial questions based on the previous lecture's material, with the remaining 2 hours devoted to a lecture covering new material.

Seminar times and locations are as follows:

| | | | |
|--------------------|----------|------------|--------------------------|
| 1st weekly seminar | Tuesday | 9am – 12pm | ASB Building Room 216 |
| 1st weekly seminar | Thursday | 9am – 12pm | ASB Building Room 216 |

Please note – students are expected to attend BOTH weekly seminars. In other words, due to the intensive nature of this course, students will be expected to attend 6 hours of seminars per week.

2.2 Units of credit

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

2.3 Summary of Course

ACCT 2542 is an advanced course in financial accounting that examines the techniques applicable to the preparation of general purpose financial reports of companies and corporate groups.

The major topic of the course is consolidation accounting. Other topics include accounting for company income tax, equity accounting for associates, accounting for joint ventures, earnings per share, and the format and presentation of the financial statements. The course refers to relevant regulatory requirements for corporate financial reports including Part 2M of the Corporations Act and the requirements in the applicable Australian Accounting Standards.

The course predominantly involves the application of financial accounting techniques to compile financial statements and related note disclosures.

2.4 Course Aims

This course is concerned with external financial accounting and reporting practices of listed public companies. This course has three high-level aims.

The first aim is provide students with the concepts and experiences necessary for them to understand the preparation and use of company financial statements in their future careers whether as financial accountants, company executives, taxation officers, auditors, financial analysts, actuaries, legal advisors or academics.

The second aim is instil in students the way of thinking and the way of doing of the corporate financial accountant through a structured approach to examining accounting requirements and applying those requirements to problem solving. It is expected that students' will develop their technical financial accounting knowledge through course training and individual practice.

The third aim is to challenge students to think critically about corporate financial reporting by fostering an appreciation of both the rationale of financial accounting techniques and the issues that arise in their practical application.

2.5 Relationship to Other Courses and Revision

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 successfully completed 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.

The course builds on the foundations laid in ACCT1501 and ACCT1511 (Accounting and Financial Management 1A and 1B, respectively). Prior to commencement of the course students are expected to already be proficient at the following:

- a) Description of assets, liabilities, equity, revenues, and expenses;
- b) Preparation of general journal entries including adjusting entries and closing entries;
- c) Posting journal entries to T accounts and producing the trial balance;
- d) Compilation of the income statement and balance sheet from a trial balance; and
- e) Preparation of the cash flow statement from reconstruction of T accounts.

Students are encouraged to revise their introductory first year accounting knowledge prior to / during week 1. To assist, students can download and read the extract from Kieso, et al., 2008, Fundamentals of Intermediate Accounting, Chapter 3, pages 69 to 103 and can complete the revision exercises for week 1.

2.6 Student Learning Outcomes

Student learning outcomes are an explicit description of what students are expected to know, understand and be able to do as a result of the learning processes of the course.

Learning outcomes are derived from the aims of the course. They are active and specific statements and so are usually written with verbs such as describe, identify, complete, explain, apply, evaluate, and prepare. Learning outcomes are aligned with the learning activities and assessment tasks of the course and also the Australian School of Business Graduate Attributes.

There are 9 student learning outcomes in this course as follows:

- 1) Apply the definitions of the Australian Accounting Standards that are covered by the course including the definitions of asset, liability, equity, revenue and expense;
- 2) Complete current and deferred tax worksheets to account for company income tax;
- 3) Prepare consolidation journal entries to apply the consolidation method of accounting to a corporate group;
- 4) Complete a consolidation worksheet and utilise it to compile the consolidated financial statements for a corporate group;
- 5) Prepare journal entries to account for interests held in associates or joint ventures;
- 6) Identify the form and content of external financial reports and explain how changes in accounting estimates, accounting policies and prior period errors are recognised in the financial statements;
- 7) Calculate earnings per share (EPS) in accordance with requirements including basic EPS and diluted EPS;
- 8) Compare and contrast the accounting methods applied to interests held in subsidiaries, associates and joint ventures and connect a rationale to each of the accounting methods; and
- 9) Analyse current issues in financial accounting including standard setting and international issues.

2.7 The Australian School of Business Graduate Attributes

The Australian School of Business (ASB) has six Graduate Attributes, which are the qualities, skills and understandings that the Faculty wants you to have by the completion of your degree. The learning outcomes in this course contribute to your development of ASB Graduate Attributes as follows:

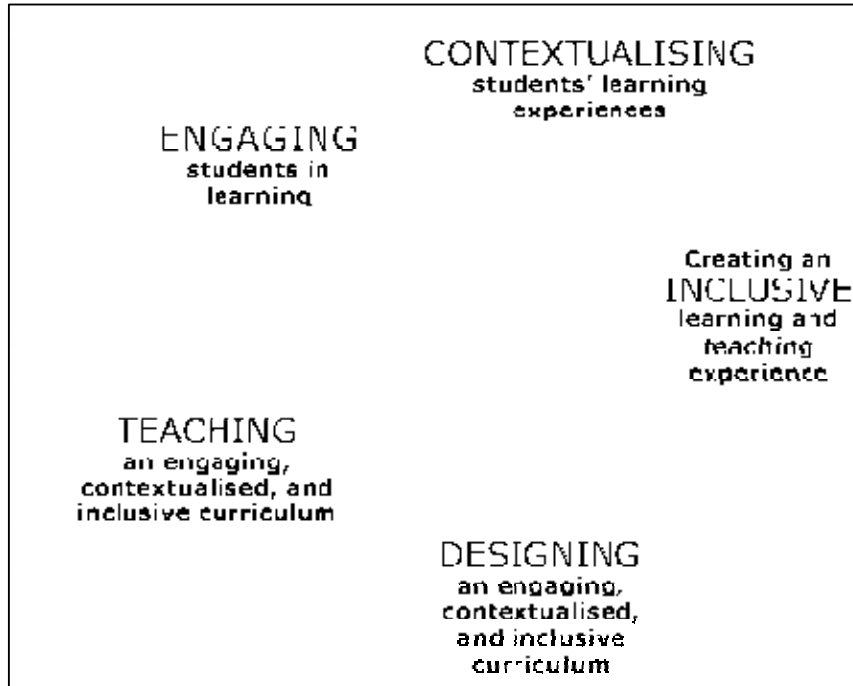
| Course Learning Outcome | ASB Graduate Attributes |
|-------------------------|---|
| 1 – 9 | i. Critical thinking and problem solving |
| 1 – 9 | ii. Communication |
| | iii. Teamwork and leadership |
| 9 | iv. Social, ethical and global perspectives |
| 1 – 7 | v. In-depth engagement with relevant disciplinary knowledge |
| 1 – 7 | vi. Professional skills |

The table above indicates that this course is strong on the development of problem solving skills in financial accounting, technical accounting knowledge and the exercise of professional judgment. Significant opportunities to develop oral communication skills and teamwork during the course exist by way of participation in tutorials and self-study groups.

3. LEARNING AND TEACHING ACTIVITIES

3.1 Approach to Learning and Teaching in the Course

The diagram below outlines five dimensions to the teaching philosophy that underpins the course aims and student learning outcomes. It provides students with the rationale behind the teaching strategies, activities and assessment in the course.



Engaging

The craft of financial accounting is a doing subject and the learner only attains excellence through training, practice and experience. Students are regularly called upon throughout the course to follow the Nike advertising slogan of "Just Do It". For example, do the journals, do the worksheet, and do the financial statements. It is in the doing where students discover or challenge their understanding of requirements and techniques and self-direct their learning.

Successful students of the course are doers not quitters. They engage with the accounting problems in the course like this: "Oh no that problem looks like something I have never seen before . . . I don't know how to do it . . . but giving in is not an option . . . let's go back and revise lecture notes and worked examples . . . OK, I see . . . the fundamental principles are . . . the starting point is . . . the step-by-step process is . . . Now let's try again . . . and if I still don't get it . . . I will ask questions in tutorial or consult with teachers or other students."

Contextualising

The course recognises that student's have prior experiences and knowledge in financial accounting and builds on these. The course is wholly relevant to professional studies in financial accounting and also to student's understanding of the real thing, that is, published company financial reports.

Consultation between students and teachers is encouraged but dialogue between students is often even more valuable. Explaining to others is a pathway to deep understanding. Students should discuss the accounting problems in the course and help each other as much as possible.

Inclusive

Students learn in different ways and so the course adopts multiple teaching methods and modes

of instruction. Lectures rely on the visual and auditory methods. Tutorials rely on reading and writing for tutorial homework. Class tests provide further hands-on experiences.

Learn in group settings such as the lectures, tutorials and self-study groups. Learn on your own with the textbook and review/reflection of lecture notes and worked examples. Learn in individual consultation with a teacher or another student.

Designing

The course aims and student learning outcomes are clearly articulated. Students are encouraged to take responsibility for their own learning by selecting how much work to do in each part of the course: preparing for lectures and tutorials; completing tutorial and practice questions; studying for class tests; and seeking assistance to extend and clarify understanding.

Teaching

Learning in the course is enhanced through the learning resources made available on WebCT, through cooperative learning with peers and through assessment practices that provide timely feedback to students on their learning.

3.2 Learning Activities and Teaching Strategies

Learning occurs inside the classroom through the twice weekly three hour seminars. Students are expected to attend their classes. Students who routinely miss classes miss the important learning activity of the teacher actively demonstrating important financial accounting techniques.

Learning occurs outside the classroom through reading of course learning materials, preparation for seminars, preparation for class tests, self-study group meetings and individual consultation with teaching staff or other students.

Inside the Classroom: Lectures

Lectures with large groups of students introduce and explain concepts critical to the core topics of the course. Lecturers demonstrate how the techniques of corporate financial reporting are applied by working through practical examples. Students should watch and listen to the lecture carefully with a view to having something to take away from it for recall. The takeaway should usually be a few key points on the why and the how the financial accounting is done. Pay attention for those moments in the lecture where the lecturer adds strong emphasis by pausing, by repeating themselves or by otherwise highlighting the main ideas.

All lecture notes are available on WebCT but they are NOT a complete record of lectures. Students should try to review the relevant lecture notes before attending lectures if possible as the first step to their learning. Lectures are not recorded.

Outside the Classroom: Self Study

Self study is a key element of the learning design of the course. After each lecture students should spend time reviewing lecture notes and reading the textbook before reviewing the practice questions and completing the tutorial questions for the topic.

Practice questions with worked solutions for each topic have been posted on WebCT. The practice questions allow students to learn inductively through a process of learning by example. The observed solution is the starting point to learning inductively. Students should use the solution to establish or deduce the rules, the techniques and what has been done to generate the answer.

While reviewing practice questions students should attempt to discover why a journal is the way it is and where did that number come from?

Next students should attempt the tutorial question for the topic that has no solution provided. The idea of doing the tutorial questions is to learn deductively. When attempting the tutorial questions, students should reflect on the logic needed or the techniques or processes that are necessary to generate an answer. It is time to synthesise the instruction you received in lectures, the textbook explanations and what you discovered when working through the practice questions. What are you trying to achieve? What information is needed to produce the answer? What should be done first, second, etc. Learning deductively is very important to your development as a financial accounting professional because most of the problems encountered in this business do not already have the answers provided.

Making mistakes and getting stuck is a natural part of the learning process in financial accounting. When you can't understand a solution to a practice question or you are unable to complete a tutorial question, timely action is needed to clear the block in your understanding. Consult other students, raise your difficulties during seminars and, if still unclear, consult the teacher during consultation time.

Inside the Classroom: Tutorials

Tutorials are the major feedback and interactive learning component of the course. Tutorials provide students with an opportunity to interact with teaching staff to discuss the issues encountered when reviewing practical questions and attempting the tutorial questions.

Tutorials are where teachers demonstrate the financial accounting techniques of the course before using set tutorial questions.

Benefits to students from tutorials are fully realised when students prepare for the tutorials in advance. Students must bring a copy of the week's tutorial questions to the seminar together with their best attempt at answering those questions.

It is only when students ask questions and raise issues during the tutorial that teachers are in a position to provide feedback to students about any gaps in their understanding. Accordingly, student participation in tutorials is not optional in this course. Rather it is an integral part of learning activities.

Students are required to form sub-groups of 4 or 5 students. Students must nominate their sub-group (Alpha, Bravo Charlie, Delta or Echo) in the week 2 tutorial.

The purpose of the sub-groups is twofold. Firstly, one member of each sub-group is required to raise a question or discuss an issue with the teacher during every tutorial. This guarantees at least some questions/issues in every tutorial should be discussed between students and the teacher. It is expected that the students in a sub-group will take turns at being the speaker for the sub-group. Secondly, the sub-groups are an informal mechanism for students to meet and discuss issues with each other in self-study groups outside of the classroom.

Class Tests

Class tests will be held during the semester to provide students with feedback on their progression with course topics and learning outcomes. Students that fail class tests should reassess their study techniques and study time for the course and seek further assistance from teaching staff.

4. ASSESSMENT

4.1 Formal Requirements

The following are required to pass the course:

- (a) Achieve a composite mark on all assessment tasks of at least 50%;
- (b) 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;
- (c) Satisfactory attendance at tutorials.

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.

Students who fail to attend more than two tutorials without mitigating circumstances will be asked to withdraw from the course prior to the final exam.

4.2 Assessment Details

A summary of the assessment tasks, weighting, due dates and related learning outcomes and ASB Graduate Attributes is set out below.

| Assessment Task | Weighting in Composite Mark | Learning Outcomes Assessed | ASB Graduate Attributes Assessed | Relevant Dates |
|---|-----------------------------|----------------------------|----------------------------------|---|
| Class Test 1: Lecture 1 <i>Accounting for Income Tax</i> | 10% | 1, 2 | i, ii, v, vi | Held in Seminar 3 – Tues 8 Dec 09 |
| Class Test 2: Lectures 2, 3, 4 <i>Consolidation Accounting</i> | 15% | 1, 3, 4 | i, ii, v, vi | Held in Seminar 7 – Tues 5 Jan 10 |
| Class Test 3: Lectures 6, 7 <i>Equity Accounting + JVs</i> | 15% | 1, 5, 8 | i, ii, v, vi | Held in Seminar 10 – Thur 14 Jan 10 |
| Final Exam: Lectures 2, 3, 4, 5, 8, 9, 10, 11, 12 | 60% | 1, 3, 4, 6, 7, 9 | i, ii, iv, v, vi | 9am, 28 January Location to be advised |
| Total | 100% | | | |

4.3 Assessment Format

4.3.1 Class Tests (40%)

Class tests will be held in seminars 3, 7 and 10 at the commencement of the seminar.

Class tests are closed book. You **MUST** bring pen, pencils, calculator and your student id card to class tests.

Students are advised to arrive on time as **NO** additional time will be given to students who arrive late for the class tests. **There will be no supplemental examinations for the class tests.**

Accounting for Income Tax (10%)

Class test 1 is based on lecture 1 and the practice questions and tutorial questions relevant to that topic. Students will be required to complete a current tax worksheet and deferred tax worksheet and use the worksheets to prepare the income tax journals for the year.

Time allowed for class test 1 is 25 minutes.

Consolidation Accounting (15%)

Class test 2 is based on lectures 2, 3 & 4 and the practice questions and tutorial questions relevant to those topics. Students will be required to complete an acquisition analysis, prepare consolidation journal entries and complete a consolidation worksheet for use in compiling the consolidated financial statements.

Time allowed for class test 2 is 45 minutes.

Equity Accounting (10%) + Joint Ventures (5%) = (15%)

Class test 3 is based on lectures 6 & 7 and the practice questions and tutorial questions relevant to those topics. Students will be required to prepare journal entries to account for an interest in associate. Students will also be required to prepare the journal entries of a joint venturer that contributes an asset to a jointly controlled operation.

Time allowed for class test 3 is 45 minutes.

4.3.2 Final Exam (60%)

The final exam will cover lecture topics from all lectures and tutorials. This assessment is aimed at testing both technical and analytical skills covering the main components of this course.

The final exam will be a mix of multiple choice questions, written questions that involve writing journals and making calculations and written questions that involve discussion or analysis.

Questions on consolidation accounting will form at least 50% of the final exam. A selection of past final examination paper questions will be posted on the Course website closer to the exam date.

The final exam is closed book. You **MUST** bring pen, pencils, calculator and your student id card to the final exam.

5. ACADEMIC HONESTY AND PLAGIARISM

The University regards practices such as cheating or copying or using another person's work during examinations or class tests as a form of academic misconduct. Students found guilty of academic misconduct may be excluded from the University for up to two years depending on the individual circumstances. In serious cases, penalties may include permanent exclusion from the University:

<https://my.unsw.edu.au/student/academiclife/assessment/AcademicMisconductStudentMisconduct.html>

The University also regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism.

For UNSW policies, penalties and information to help you avoid plagiarism see:

<http://www.lc.unsw.edu.au/plagiarism/index.html>

as well as the guidelines in the online ELISE tutorial for all new UNSW students:

<http://info.library.unsw.edu.au/skills/tutorials/InfoSkills/index.htm>

6. COURSE RESOURCES

The course resources include prescribed texts, materials provided in WebCT Vista and recommended internet sites.

6.1 Prescribed Texts

The prescribed textbooks for the course 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.

The prescribed texts will be used in both ACCT 2542 and its companion course ACCT 3563 Issues in Financial Reporting and Analysis.

The prescribed texts are available for purchase new from the UNSW Bookshop or may be acquired second-hand.

The prescribed texts are also held by the UNSW Library go to <http://info.library.unsw.edu.au> to check for availability.

6.2 Course Website

A course website is maintained within the WebCT Vista environment: <http://www.vista.elearning.unsw.edu.au>

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. If you have any difficulties with WebCT Vista access, please contact the University's WebCT support services at: <http://www.disconnect.unsw.edu.au>

The ACCT2542 WebCT Vista site provides course information, lecture notes, practice questions with full worked solutions, suggested tutorial solutions (end of each week), course announcements and any other learning and administrative material deemed suitable by the lecturers from time to time.

A discussion forum is not maintained by lecturers for this course.

6.3 Recommended Internet Sites

www.aasb.com.au

Australian Accounting Standards covered in lectures and referred to in the prescribed textbooks are available for viewing or downloading from the Website of the Australian Accounting Standards Board, (AASB). Go to the home address and then click on the Quicklink "Table of Standards".

<http://info.library.unsw.edu.au> (the Datanalysis database)

Students should use the internet to view the published financial reports of a few listed companies in order to connect the financial accounting they are learning in the course with practice.

Annual Reports are available on the UNSW library website – go to click on "Library Resources Databases", enter "Datanalysis" and then enter the name of a well known Australian company such as Telstra, Leighton, Hills Industries, or Orica. Click on the link to annual reports and view the most recent full annual report.

Other Websites

Australian Society of Certified Practicing Accountants (ASCPA)- www.cpaaustralia.com.au

Institute of Chartered Accountants in Australia (ICAA) - www.icaa.org.au

Australian Stock Exchange - www.asx.com.au

International Accounting Standards Board (IASB) - www.iasb.org

7. COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students about the course and continual improvements are made based on this feedback.

At the end of each teaching term, formal feedback is sought through UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process from students: <http://www.unsw.edu.au/learning/pve/catei.html>

Student feedback is gathered informally through teacher-student interactions during the semester. This feedback is valuable because it enables teachers to respond to student needs during the semester. For example, the lecturer may decide to revisit an issue in lectures that some students have not understood or misunderstood.

Previous student feedback indicated that students wanted more notes, more examples and more timely feedback on academic performance. As a result of this feedback practice questions and solutions are provided in addition to tutorial questions, lecture notes are provided for all topics, and regular class tests are conducted to provide more timely feedback.

Your constructive feedback is welcomed and you can direct any feedback outside the CATEI process to the Lecturer-in-charge.

8. STUDENT RESPONSIBILITIES AND CONDUCT

Students are expected to be familiar with and adhere to university policies in relation to class attendance and general conduct and behaviour, including maintaining a safe, respectful environment; and to understand their obligations in relation to workload, assessment and keeping informed.

Information and policies on these topics can be found in the 'A-Z Student Guide': <https://my.unsw.edu.au/student/atoz/ABC.html>. See, especially, information on 'Attendance and Absence', 'Academic Misconduct', 'Assessment Information', 'Examinations', 'Special Consideration', 'Student Responsibilities', 'Workload' and policies such as 'Occupational Health and Safety'.

8.1 Workload

It is expected that you will spend **at least 20 hours per week** studying this course. This time should be made up of reading, working on exercises and problems, and attending classes. In periods where you need to prepare for class tests and examinations, 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.

8.2 Attendance

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

8.3 Special Consideration and Supplementary Examinations

You must attend all class tests and the final examination scheduled for your course. You should seek assistance early if you suffer illness or misadventure which affects your course progress. For advice on UNSW policies and procedures for granting special consideration and supplementary exams, see:

'UNSW Policy and Process for Special Consideration':

<https://my.unsw.edu.au/student/atoz/SpecialConsideration.html>

The 'ASB Policy and Process for Special Consideration and Supplementary Exams in Undergraduate Courses' is available at:

<http://wwwdocs.fce.unsw.edu.au/fce/current/StudentSuppExamProcedure.pdf>

Further information for undergraduate students is on the ASB website (see 'Policies and Guidelines for Current Students').

8.4 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 and students may be asked to leave the class. More information on student conduct is available at: www.my.unsw.edu.au

8.5 Occupational Health and Safety

UNSW Policy requires each person to work safely and responsibly, in order to avoid personal injury and to protect the safety of others. For more information, see

<https://my.unsw.edu.au/student/atoz/OccupationalHealth.html>

8.6 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. It is also your responsibility to keep the University informed of all changes to your contact details.

9. ADDITIONAL STUDENT RESOURCES AND SUPPORT

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

- **ASB Education Development Unit (EDU):** www.business.unsw.edu.au/edu
Academic writing, study skills and maths support specifically for ASB students. Services include workshops, online and printed resources, and individual consultations. EDU Office: Room GO7, Ground Floor, ASB Building (opposite Student Centre); Ph: 9385 5584; Email: edu@unsw.edu.au
- **Capturing the Student Voice:** An ASB website enabling students to comment on any aspect of their learning experience in the ASB. To find out more, go to <http://tinyurl.com/ASBStudentVoice>
- **UNSW Learning Centre:** www.lc.unsw.edu.au
Academic skills support services, including workshops and resources, for all UNSW students. See website for details.
- **Library training and search support services:** <http://info.library.unsw.edu.au>
- **UNSW IT Service Desk:** www.its.unsw.edu.au/support/support_home.html
Technical support for problems logging in to websites, downloading documents etc. Library, Level 2; Ph: 9385 1333.
- **UNSW Counselling Service:** <http://www.counselling.unsw.edu.au>
Free, confidential service for problems of a personal or academic nature; and workshops on study issues such as 'Coping With Stress' and 'Procrastination'.
Office: Level 2, Quadrangle East Wing; Ph: 9385 5418
- **Student Equity & Disabilities Unit:** <http://www.studentequity.unsw.edu.au>
Advice regarding equity and diversity issues, and support for students who have a disability or disadvantage that interferes with their learning. Office: Ground Floor, John Goodsell Building; Ph: 9385 4734

10. LECTURE SCHEDULE AND TOPICS

| Date | Topic | Reference | Practice Questions | Tutorial Questions |
|----------------|--|--|---|---|
| Tues 1 Dec 09 | Topic 1 - Accounting for income tax <ul style="list-style-type: none"> • Reconcile profit before tax to taxable income in order to recognise current tax • Distinguish between the carrying amounts and tax bases of assets and liabilities in order to determine assessable temporary differences and deductible temporary differences • Recognise deferred taxes assets and deferred tax liabilities and explain how they reverse • Accounting for tax losses | <i>Picker et al, Chapter 6</i> <i>Lecture 1 Notes and Examples (WebCT)</i> | <i>Picker et al</i> <ul style="list-style-type: none"> • Chapter 6, DQs 1, 4 • Chapter 6, Ex 6.6 • Chapter 6, Prob 6.1 | <i>Picker et al</i> <ul style="list-style-type: none"> • Chapter 6, Prob 6.3 |
| Thurs 3 Dec 09 | Lecture Topic 2 - Consolidation: Introduction <ul style="list-style-type: none"> • Explain the meaning of control and identify the group subject to consolidation • Concepts of consolidation • Consolidation basics | <i>Picker et al:</i> <i>Chapter 10 (to p. 380)</i> <i>Chapter 16 (to p. 628, page 630 – 636))</i> <i>Lecture 2 Notes and Examples (WebCT)</i> | <i>Picker et al</i> <ul style="list-style-type: none"> • Chapter 16, DQ 2 | <i>Picker et al</i> <ul style="list-style-type: none"> • Chapter 16, DQ 3 |
| Tues 8 Dec 09 | <div style="background-color: black; color: white; padding: 2px;">1ST CLASS TEST 25 MINS</div> Lecture Topic 3 - Consolidation: Pre-Acquisition Elimination <ul style="list-style-type: none"> • Acquisition analysis for business combination <ul style="list-style-type: none"> ○ Allocation of cost of business combination ○ Measurement of goodwill or excess • Prepare the pre-acquisition entries for the investment asset in the subsidiary • Fair value adjustments on consolidation including tax consequences • Prepare basic consolidation worksheet | <i>Picker et al:</i> <i>Chapter 17 (to p. 679)</i> <i>Lecture 3 Notes and Examples (WebCT)</i> | <i>Picker et al</i> <ul style="list-style-type: none"> • Chapter 17, DQs 1, 3, 4, 5, 6 • Chapter 17, Prob 17.6 | <i>Picker et al</i> <ul style="list-style-type: none"> • Chapter 17, Prob 17.2 |

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| Thur 10 Dec 09 | <p>Lecture Topic 4 - Elimination of intra-entity transactions</p> <ul style="list-style-type: none"> • Impairment of goodwill on acquisition • Prepare consolidated journal entries for: <ul style="list-style-type: none"> ○ Intra-group sale of inventory ○ Unrealised profit in opening inventory ○ Unrealised profit in closing inventory ○ Intra-group transfer and unrealised profit in plant including excess depreciation ○ Intra-group borrowings and interest ○ Inter-company dividends (pre and post acq) | <p><i>Picker et al:</i> <i>Chapter 11 (pp. 435-439)</i> <i>Chapter 18</i></p> <p><i>Lecture 4 Notes and Examples (WebCT)</i></p> | <p><i>Picker et al</i></p> <ul style="list-style-type: none"> • Chapter 18, DQs 3 & 4 • Chapter 18, Prob 18.8 | <p><i>Picker et al</i></p> <ul style="list-style-type: none"> • Chapter 18, Prob 18.2 |
| Tues 15 Dec 09 | <p>Lecture Topic 5 - Consolidation: Minority Interests</p> <ul style="list-style-type: none"> • Describe the nature of minority interest and the allocation issue in consolidation accounting • Prepare consolidation journal entries for the minority interest <ul style="list-style-type: none"> ○ Pre-acquisition capital and reserves ○ Post-acquisition reserves ○ Current net profit ○ Unrealised profits and excess depreciation • Prepare comprehensive consolidation worksheet | <p><i>Picker et al:</i> <i>Chapter 19</i></p> <p><i>Lecture 5 Notes and Examples (WebCT)</i></p> | <p><i>Picker et al</i></p> <ul style="list-style-type: none"> • Chapter 19, DQs 2, 3 • Chapter 19, Prob 19.1 | <p><i>Picker et al</i></p> <ul style="list-style-type: none"> • Chapter 19, Prob 19.2 <p>Note: Kartaly Ltd's Trial Balance should show a Dr \$2400 against "Dividends Paid"</p> |
| Thur 17 Dec 09 | <p>Lecture Topic 6 - Consolidation: Indirect Ownership Interests</p> <ul style="list-style-type: none"> • Determine direct and Indirect ownership interests in a group with multiple levels of subsidiaries • Describe how direct and indirect ownership interests are utilised in the minority interest allocation • Prepare consolidation journal entries for minority interest • Prepare comprehensive consolidation worksheet | <p><i>Picker et al, Chapter 20 (up to p. 834)</i></p> <p><i>Lecture 6 Notes and Examples (WebCT)</i></p> | <p><i>Picker et al</i></p> <ul style="list-style-type: none"> • Chapter 20, DQs 1, 3 (Assume A Ltd owns 80% of B Ltd and B Ltd owns 60% of C Ltd.) • Chapter 20, Ex 20.4 • Chapter 20, Prob 20.5 | <p><i>Picker et al</i></p> <ul style="list-style-type: none"> • Chapter 20, Ex 20.3 <p>Note: on page 845, third paragraph, "Medan Ltd" should read as "Tarutung Ltd"</p> |
| MIDSESSION BREAK – Friday 18 Dec 09 – Monday 4 Jan 10 | | | | |

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| Tues 5 Jan 10 | <p>2nd CLASS TEST 45 MINS</p> <p>Lecture Topic 7 - Accounting for Associates: The Equity Method</p> <ul style="list-style-type: none"> Identify associates and understand the difference between an associate and a subsidiary How to account for equity investments How to apply equity accounting - consolidated or separate financial statements? | <p><i>Deegan 5e: Chapter 33</i></p> <p><i>Lecture 7 Notes and Examples (WebCT)</i></p> | <p><i>Picker et al</i></p> <ul style="list-style-type: none"> Chapter 22, DQ 8 <p><i>Deegan 5e</i></p> <ul style="list-style-type: none"> Chapter 33, RQs 6, 13 | <p><i>Picker et al</i></p> <ul style="list-style-type: none"> Chapter 22, Ex 22.1 <p><i>Deegan 5e</i></p> <ul style="list-style-type: none"> Chapter 33, Challenging Question 17 |
| Thur 7 Jan 10 | <p>Lecture Topic 8 - Equity Accounting (continued) and Accounting for Interests in Joint Ventures</p> <p>Understand what a joint venture is</p> <ul style="list-style-type: none"> Accounting for venturer's interest in different types of joint ventures: <ul style="list-style-type: none"> Jointly controlled operations Jointly controlled assets Joint venture entities | <p><i>Deegan 5e: Chapter 34</i></p> <p><i>Picker et al: Chapter 23 section 23.6.2 pages 974 to 980 only</i></p> <p><i>Lecture 8 Notes and Examples (WebCT)</i></p> | <p>Self Study: Joint Ventures</p> <p><i>Deegan 5e</i></p> <p>Chapter 34, RQs 2, 3, 7</p> | <p><i>Appendix to Course Outline: Joint Venture Multiple Choice Questions</i></p> |
| Tues 12 Jan 10 | <p>Lecture Topic 9 - Introduction to Corporate Financial Reporting</p> <ul style="list-style-type: none"> Australian external financial reporting environment and regulatory framework Standard setting process in Australia <p>Conceptual Framework</p> | <p><i>Picker et al, Chapter 1 and Chapter 2</i></p> <p><i>AASB Framework, SAC 1 & 2</i></p> <p><i>Lecture 9 Notes (WebCT)</i></p> | <p>Self Study : Intro Corporate Financial Reporting</p> <p><i>Picker et al</i></p> <ul style="list-style-type: none"> Chapter 1, DQ 14 Chapter 2, Probs 2.1, 2.7 | <p>TBA</p> |

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| Thur 14 Jan 10 | <p>3rd CLASS TEST 45 MINS</p> <p>Lecture Topic 10 - Presentation of Financial Statements</p> <ul style="list-style-type: none"> Objectives of a balance sheet, an income statement and a statement of changes in owners' equity and their limitations <p>Applying the requirements for presentation of a balance sheet, an income statement and a statement of changes in owners' equity</p> | <p><i>Picker et al, Chapter 14</i> <i>Deegan 5e, Chapter 14</i></p> <p><i>Lecture 10 Notes (WebCT)</i></p> | <p><i>Picker et al</i></p> <ul style="list-style-type: none"> Chapter 14, Exs 14-2, 14-4 and 14-7 Chapter 14, Prob 14.7 | <p><i>Picker et al</i></p> <ul style="list-style-type: none"> Chapter 14, Exs 14-1, 14-3 and 14-8 |
| Tues 19 Jan 10 | <p>Lecture Topic 11 - Earnings per share</p> <ul style="list-style-type: none"> Calculate basic and diluted earnings per share Disclosure requirements <p>Importance and usefulness of earnings per share disclosure</p> | <p><i>Deegan 5e, Chapter 27</i></p> <p><i>Lecture 11 Notes and Examples (WebCT)</i></p> | <p><i>Deegan 5e</i></p> <ul style="list-style-type: none"> Chapter 27, RQs 7, 10 and 13 | <p><i>Deegan 5e</i></p> <ul style="list-style-type: none"> Chapter 27, RQ 9 Chapter 27, Challenging Question 14 <p><i>Other - What impact do convertible preference shares and convertible notes have on diluted EPS ?</i></p> |
| Thur 21 Jan 10 | <p>Lecture Topic 12 - Principles of Disclosure</p> <ul style="list-style-type: none"> Introduction to Presentation of Financial Statements Accounting Policies, Changes in Accounting Estimates and Errors Events after Balance Sheet Date | <p><i>Picker et al, Chapter 13</i> <i>Deegan 5e: Chapter 24</i></p> <p><i>Lecture 12 Notes (WebCT)</i></p> | <p><i>Picker et al</i></p> <ul style="list-style-type: none"> Chapter 13, DQs 2 and 3 Chapter 13, Ex 13-6 <i>Deegan 5e</i> Chapter 24, Challenging Q 6 | <p><i>Picker et al</i></p> <p>Chapter 13, Exs 13-5 and 13-7</p> |

APPENDIX TO TUTORIAL PROGRAM

Joint Venture Multiple Choice Questions

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?

- a. An asset equal to one-fifth of the agreed value;
- b. A gain on sale equal to one-fifth of the difference between the agreed value and the carrying amount;
- c. A gain on sale equal to one quarter of the difference between the agreed value and the carrying amount;
- d. A gain on sale equal to four-fifths of the difference between the agreed value and the carrying amount
- e. 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 |
