

THE UNIVERSITY OF
NEW SOUTH WALES



Australian School of Business
School of Accounting

ACCT3563
ISSUES IN FINANCIAL REPORTING AND
ANALYSIS

Course Outline

Session 2

2007

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1. Course staff

1.1 Staff members and contact details:

Staff member	Room	Phone	Email
Jeffrey Knapp (Lecturer and Tutor)	QUAD 3114	9385 5940	j.knapp@unsw.edu.au

Please note that the School of Accounting will be relocating shortly and the room number for the lecturer may change during the term.

1.2 Communication and consultation with staff

The lecturer of the course will be available for consultation every week one hour before and one hour after the formal teaching session (Wednesday 10 am and 3 pm). Consultation with the lecturer may also be arranged at other times by appointment.

Please note that common written etiquette must be observed when conducting any written communication with the lecturer. Shorthand and SMS language are not permitted. UNSW student email accounts (eg z1234567@student.unsw.edu.au) will be used if staff members wish to email students, for example to notify them that they have been granted a supplementary exam. Please check your UNSW email account regularly. Other email addresses such as Hotmail, Yahoo, Optusnet, Ozemail, MSN etc. will **not** be used.

2. Information about the Course

2.1 Teaching times and Locations

Combined lecture and tutorial with time and location as follows:

Wednesday 11:00 – 2:00 Webster, Room 250

2.2 Units of Credit

ACCT3563 Issues in Financial Reporting & Analysis is worth 6 units of credit.

2.3 Parallel teaching in the Course

There is no parallel teaching: that is ACCT 3563 is not available to postgraduate students.

2.4 Relationship of this Course to other course offerings

This Course is offered by the School of Accounting and forms part of a major, double major or disciplinary minor in Accounting within the Bachelor of Commerce or Bachelor of Economics degrees. In order to enrol in ACCT 3563, you must have passed ACCT 2542 Corporate Financial Reporting & Analysis. ACCT3563 constitutes part of the core curriculum studies required by CPA Australia and the Institute of Chartered Accountants in Australia.

2.5 Approach to learning and teaching

You are in third year at UNSW. By now you should have developed your own personal study techniques. If you have done well in other courses, these techniques clearly are effective. However, experience in teaching this subject over many years strongly suggests that some students do not adopt the most effective or efficient study habits. The following advice is offered to such students. To maximise your learning (and marks) do the following:

- (a) Attend all lectures and take notes. Lecture notes and handouts will be posted on the Course website, but they will **not** contain everything the lecturer says. In preparing for exams, note which aspects of each topic the lectures cover and/or the lecturer emphasises. It is surprising how many students do not follow this very simple advice and thus put themselves at a great disadvantage. U.S. research shows that class attendance and results in a course are strongly positively correlated.
- (b) Attend all tutorial classes. Make sure you understand the answers to **all** the questions set for tutorials. Answers will be posted on the course website before the relevant tutorial, and students must download these and bring them to their tutorial. Since classes are only 60 minutes long, your tutor may not have time to cover all questions every week. However, for examination purposes we expect you to know the answers to all set tutorial questions whether covered in class or not.
- (c) Read the textbook readings. Some students complain that with two textbooks there is too much reading. However, the advantage of having two books is that two different ways of explaining the same issues are available on many topics. This should assist students' learning.
- (d) Read the remainder of the set reading. Do not neglect the items in the Supplementary Materials because exam questions are often based on them. Also in some weeks, the Supplementary Materials are the only set reading.
- (e) Closer to the exam date(s), work through specimen mid-session test and final examination questions, which will be posted on the Course website.
- (f) Study consistently throughout session and do not leave it until the last minute to study for the exams. Many topics in the course are intellectually demanding and cannot be crammed successfully in the last few days before the exams.

3. Course Aims and Outcomes

3.1 Course Aims

ACCT 2542 Corporate Financial Reporting and Analysis dealt primarily with company accounting and the preparation of consolidated financial statements. ACCT 3563 extends what you learnt in ACCT 2542 by dealing with currently controversial financial reporting issues. These issues include accounting for leases, foreign currency transactions, accounting for derivatives, accounting in the extractive, agricultural and investment property industries, expanded disclosure regimes, and accounting issues arising from recent corporate failures.

Running through these issues are important questions about (i) the existence, recognition and measurement of assets, liabilities, revenues or expenses, (ii) whether accounting information is useful to investors, and (iii) the role of accounting information in contracting; (iv) the

incentives managers face to report truthfully versus to distort financial reports and (v) the political and economic forces that shape regulatory and corporate responses to accounting issues.

3.2 Student learning outcomes

Content-based Outcomes

At the completion of each topic covered in ACCT 3563, students should understand the following in relation to that topic:

- (i) How the accounting issue is dealt with by relevant IASB-based Australian accounting standards and/or the Conceptual Framework;
- (ii) practical bookkeeping techniques appropriate to topics;
- (iii) what political forces appear to have shaped relevant accounting standards and other regulations, including the role of international convergence;
- (iv) what economic factors appear to motivate company management in the way they actually report financial information about the topic;
- (v) what ethical issues arise in the way companies choose accounting methods;
- (vi) whether information provided in financial statements is useful to investors and creditors;
- (vii) better students should be able to integrate their knowledge *across* topics.

Skills-based Outcomes

As a result of satisfactorily completing this Course, you will have had opportunities:

- (viii) to learn independently and to assume responsibility for the learning process;
- (ix) to conduct applied business research – acquiring, analysing and presenting accounting information;
- (x) to think critically about relevant readings and generally accepted accounting principles;
- (xi) to reflect on your own strengths and weaknesses as a learner; and an opportunity to write professional business reports.

3.3 Teaching Strategies

When enrolling for this subject, students are required to enrol in a lecture group and a tutorial class via NSS using the MyUNSW portal.

Lectures. The lectures will introduce students to new material and synthesise material relevant to each topic. Most weeks the lecture notes will be available on WebCT prior to each lecture. You will find your learning enhanced if you download the lecture notes prior to each lecture and bring them to the lecture.

Tutorials. The tutorials cover both practical and theory questions. Tutorials are designed to reinforce material covered in lectures, to provide practice with practical accounting problems,

and to stimulate discussion. Tutorial solutions will be uploaded on WebCT before the relevant classes. You will get most out of your tutorial if you prepare the set questions in advance of the class. As the time available in each tutorial is limited, your tutor may not be able to cover all set questions each week. However, as solutions to all questions are provided on WebCT, you are expected to know all tutorial material for examination purposes, whether covered in class or not.

All students should read the assigned weekly readings and attempt the tutorial questions *prior* to attending their tutorial 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. STUDENT RESPONSIBILITIES AND CONDUCT

4.1 Workload

It is expected that you will spend at least ten hours per week studying this course. This time should be made up of attending classes, reading, research, working on exercises and problems, performing internet searches. In periods where you need to complete assignments or prepare for 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.

4.2 Attendance

Students are expected to attend two hours of lectures each week. They are also expected to attend one 1-hour tutorial each week. **ATTENDANCE AT LECTURES AND TUTORIALS IS COMPULSORY.** An attendance record will be taken in each week and used in considering marginal cases at the end of session.

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

4.3 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

4.4 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.

5. LEARNING ASSESSMENT

5.1 Formal Requirements

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

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

A "pass conceded" (PC) grade may only be granted by the Faculty of Commerce and Economics Assessment Committee, and not by the Head of the School or the Lecturer-in-Charge of this course.

5.2 Assessment Details

The weighting of your total composite mark will be as follows:

Assessment Item	Weight	Item Assesses Learning Outcomes
Mid-session test (Week 8)	20%	i, ii, iii, iv, v, vi, vii, viii, xi
Ethics Essay (Week 10)	20%	iv, viii, ix, x, xi
Final examination	60%	i, ii, iii, iv, v, vi, vii, viii, x, xi
TOTAL	100%	

MID-SESSION TEST – Week 8 (20 MARKS)

The mid-session test will be held in Webster 250 at the beginning of class at 11am on Wednesday 12 September 2007.

The mid-session test will cover **lecture material from weeks 1-7 and the tutorial work from weeks 2-7**. The purpose of the mid-session test is to test students' knowledge midway through the course and provide timely feedback of their progress at that point. The mid-session test will be 90 minutes long and comprise a selection of questions covering agency theory, earnings management, accounting standards and recording transactions and events by journal.

FINAL EXAMINATION (60 MARKS)

The final examination will cover the whole course but with relatively more emphasis on work not examined in the mid-session test. Further information on the structure of the final examination will be provided later.

The final examination will be run in the examination period after the end of the session. It is your responsibility to find out the day, time and location of the final examination from the UNSW website.

ETHICS ESSAY (20 MARKS)

Due in class of Week 10 on Wednesday 3 October 2007.

Topic: Ethics and Accounting

The essay must canvas one or more aspects of ethics relevant to accounting professionals.

The essay is deliberately set out in general terms to encourage you think deeply about the role of ethics in the field of accounting and to use your creativity to write about ethics.

During the tutorial week relevant to ethics there will discussion about past ethics essays by accounting students and about possible specific topics that the ethics essay could address. Two recent examples of ethics essays may be found on the CPA Australia website at http://www.cpaaustralia.com.au/cps/rde/xchg/SID-3F57FEDF-520225AA/cpa/hs.xsl/1038_21554_ENA_HTML.htm

The essay must not exceed 2,000 words. The essay must be typed and must be correctly referenced in accordance with School and University policy. Guidelines on Presentation of Written Assignments may be found on the School's website under the "current students" tab. Quality of written expression will be taken into account in grading your essay. Poorly written work will not receive good marks, even if the content is correct.

Students should be aware that their essay may be eligible for submission to the 2007 CPA Ethics Award, which usually carries a first prize of \$2,000. Students are encouraged to submit a copy of their ethics essay to the CPA Australia ethics essay competition. Submissions are usually due by 31 October each year. Further information may be obtained from Tiina-Liisa Sexton via email at Tiina-Liisa.Sexton@cpaustralia.com.au.

5.3 Late Submission

Late submission of your ethics essay without adequate reason will receive a penalty of one mark for each day late including weekends.

5.4 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 that 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 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.

If a supplementary exam is approved, there will be only one opportunity to sit that exam.

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

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

TEXT BOOKS: students are expected to have access to copies of the following:

1. Deegan, C., *Australian Financial Accounting*, 4th edition, McGraw-Hill, 2005
2. Picker, R., K. Leo, K. Alfredson, P. Pacter, V. Wise *Australian Accounting Standards* Wiley, 2006. (This was the textbook for ACCT 2542 in session 2 2006, so you should already have a copy.)
3. *ACCT 3563 Supplementary Materials*, School of Accounting, 2007

Note that the Deegan textbook being used in the course is 4th edition rather than the 5th edition, which is due to be released shortly. All textbooks are available for purchase from the UNSW Bookshop.

Accounting Standards – Most weeks' readings contain references to accounting standards. You are not expected to know all the details in these standards, only those details highlighted by your lecturers and tutors. However, for accounting majors, some familiarity with accounting standards is essential. The standards themselves can be downloaded free of charge from the AASB's website.

7.2 Course Website:

There is a website for this subject on WebCT Vista. A useful student guide to WebCT Vista can be accessed at:

http://support.vista.elearning.unsw.edu.au/content/student_default.cfm?ss=3

During Session, lecture notes, lecture handouts, tutorial solutions, frequently asked questions (FAQs) and various announcements will be posted progressively on the website, together with a selection of past examination papers. Each week, solutions to questions for that week's tutorial will be placed on the website in advance. Students must download these solutions

from the website and bring them to class. Students will be expected to attempt all questions before each tutorial.

7.3 Other Resources, Support and Information

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

- **Learning and study support**
 - Faculty of Business Education Development Unit QUAD 2039 (<http://education.fce.unsw.edu.au>)
 - UNSW Learning Centre (<http://www.lc.unsw.edu.au>)
 - EdTec – WebCT information (<http://www.edtec.unsw.edu.au>)
- **Counselling support** - <http://www.counselling.unsw.edu.au>
- **Library training and support services** - <http://info.library.unsw.edu.au>
- **Disability Support Services** – Those students who have a disability that requires some adjustment in their teaching or learning environment are encouraged to discuss their study needs with the Course Coordinator or the Equity Officer (<http://www.equity.unsw.edu.au/disabil.html>). Early notification is essential to enable any necessary adjustments to be made.

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

- **Examination procedures** and advice concerning illness or misadventure <https://my.unsw.edu.au/student/academiclife/assessment/examinations/examinationrules.html>
- **Occupational Health and Safety** policies and student responsibilities; <http://www.riskman.unsw.edu.au/ohs/Policies%20&%20Procedures/UNSW%20OHS%20Accountability.pdf>

Other Useful websites:

The Australian Accounting Standards Board: www.aasb.com.au

The Institute of Chartered Accountants in Australia: www.icaa.org.au

Australian Society of CPAs: www.cpaaustralia.com.au

The International Accounting Standards Board: www.iasb.org.uk

Australian Securities and Investments Commission: www.asic.gov.au

Australian Stock Exchange: www.asx.com.au

Financial Accounting Standards Board: www.fasb.org

Australian company annual reports are available from the Connect 4, Datanalysis and Mergent Online databases on Sirius in the UNSW library website (www.library.unsw.edu.au), and also from www.EquitiesInfo.com.au

7.4 Are you adequately prepared for ACCT 3563?

Since ACCT2542 is the prerequisite for this course, it is assumed that you know about the standard setting framework, financial statement preparation, consolidation accounting and equity accounting. Students who do not feel confident about their knowledge of these topics should revise the relevant parts of the Picker et al. textbook.

In addition, it is assumed that you have fluency in written and spoken English. If that is not the case, you are strongly advised to take urgent remedial action because no allowance will be made for your inability to communicate in English in examinations or written assignments.

7.5 Reference Books:

(Students should not purchase these as all are held on Open Reserve, Main Library)

Ernst & Young International GAAP 2005 (using IFRS) (Lexis Nexis)

IASB International Financial Reporting Standards 2005

Elliott and Elliott Financial Accounting and Reporting 9th ed 2005 Prentice-Hall

Sutton Corporate Financial Accounting and Reporting 2nd Edition (2004) Prentice Hall

Brealey, R.A. and S.C. Myers Principles of Corporate Finance (latest edition, McGraw Hill, chapters on leasing and hedging)

Godfrey, J., A. Hodgson, S. Holmes, Accounting Theory, 5th ed. (Wiley, 2003).

Henderson, S., G. Peirson and K. Herbohn, Issues in Financial Accounting, 12th ed., Longman, 2006.

Leo, K.J., J.R. Hoggett, J. Sweeting and J Radford Company Accounting in Australia, 6th ed., Wiley, 2005.

Nobes, C., and R. Parker (eds) Comparative International Accounting, 8th ed., Prentice Hall, 2004.

Peirson, G, R. Brown, S. Easton and P. Howard, Peirson and Bird's Business Finance 7th ed., McGraw-Hill 1998 (chapters 16 [leasing], 18 [futures contracts] and 19 [options], and 21 [international financial management])

Revsine, L, DW Collins and WB Johnson Financial Reporting & Analysis 3rd ed (Pearson 2005)

Scott, W.R. Financial Accounting Theory Prentice Hall 3rd ed. 2003

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/content/course_prog_support/catei.cfm?ss=0) is one of the ways in which student evaluative feedback is gathered. Significant changes to courses and programs within the School are communicated to subsequent cohorts of students.

10. COURSE SCHEDULE - LECTURE TOPICS BY WEEK

	Topics	Reading Materials
Week 1	<p>Introduction</p> <ul style="list-style-type: none"> Welcome and course arrangements <p>Alternative Accounting Theories</p> <ul style="list-style-type: none"> Positive vs normative theories IFRSs and the Conceptual framework Positive Accounting Theory (commenced) 	<p>Picker, chapter 2 (revision reading from ACCT 2542)</p> <p>Deegan, chapter 1, pp. 32-36, pp. 53-57</p> <p>Deegan, chapter 2, pp. 76-103, p. 118)</p>
Week 2	<p>Alternative Accounting Theories (continued)</p> <ul style="list-style-type: none"> Agency costs & external financial reporting The dependence of financial contracting on accounting information Choice of accounting methods by companies Opportunism vs contracting efficiency Critique of positive accounting theory <p>Ethics in Accounting</p> <ul style="list-style-type: none"> Why study ethics in accounting? Are ethical principals axiomatic? Teleological vs deontological ethical theories 	<p>Deegan, chapter 20, pp. 76-103, p. 118)</p> <p>Supplementary readings <i>Henderson & Peirson "Ethics in Accounting" section 31.2 on Normative Ethical Theories</i></p>
Week 3	<p>Ethics in Accounting (continued)</p> <ul style="list-style-type: none"> Ethics and natural reason – Aristotle’s <i>Nicomachean Ethics</i> Courage, Justice and Prudence – key natural virtues Applications to accounting 	<p>Supplementary readings <i>Vardy & Grosch The Puzzle of Ethics ch 3 "Aristotle and Virtue Theory"</i> <i>Extracts from Aristotle’s Nicomachean Ethics</i></p>
Week 4	<p>Earnings management and corporate failures</p> <ul style="list-style-type: none"> The nature and causes of corporate collapses Implications and costs of collapses Accounting failures The Enron, Worldcom, Parmalat, HIH, OneTel collapses and accounting failures Regulatory responses <p>Issues in Income Measurement and Reporting:</p> <ul style="list-style-type: none"> Definition, recognition and measurement of Comprehensive Income. Earnings management and how to detect it 	<p>Deegan, chapter 16, part 16.2, pp. 597-599</p> <p>Supplementary readings <i>Clarke & Dean Collapsed Incorporated: Tales, Safeguards & Responsibilities of Corporate Australia 2001 Ch 3</i> <i>Dellaportis et al. Ethics, Governance & Accountability: A professional Perspective Wiley 2005, Ch 7</i> <i>"Creative Accounting" Healy & Palepu "The Fall of Enron"</i> <i>Dechow & Schrand</i> <i>Revsine, Collins & Johnson</i></p>

	Topics	Reading Materials
Week 5	<p>Accounting for Physical Assets and Intangible Assets</p> <ul style="list-style-type: none"> • Recognition and measurement issues in accounting for physical assets in the balance sheet including <ul style="list-style-type: none"> ○ meaning of cost of acquisition ○ the role of valuations ○ impairment ○ borrowing costs • Accounting for intangible assets <ul style="list-style-type: none"> ○ identifiable intangibles versus goodwill ○ recognition and measurement rules ○ research and development costs • Comparison between accounting for physical assets and accounting for intangible assets 	<p>Deegan, chapters 3 – 6 <i>(Mostly revision!)</i></p> <p>Deegan, chapter 7</p> <p>Accounting Standards AASB 102 AASB 116 AASB 123 AASB 136 AASB 138</p>
Week 6	<p>Accounting for Assets in the Mining, Agricultural and Property Industries</p> <ul style="list-style-type: none"> • Accounting for the extractive industries <ul style="list-style-type: none"> ○ exploration and evaluation expenditures and the area of interest method ○ development and construction costs ○ amortisation of capitalised costs ○ inventories ○ revenues from sale of product ○ restoration costs • Overview of accounting for biological assets <ul style="list-style-type: none"> ○ Meaning of biological asset ○ Measurement of biological assets using valuation and impact on profits • Overview of accounting for investment property <ul style="list-style-type: none"> ○ Meaning of investment property ○ Measurement using the cost model or fair value model and impact on profits • Comparison between accounting for assets across industries 	<p>Deegan, chapter 8, part 8.2, pp. 319-334</p> <p>Deegan, chapter 19</p> <p>Accounting Standards AASB 6 AASB 140 AASB 141</p>
Week 7	<p>Accounting for Provisions</p> <ul style="list-style-type: none"> • Accounting for employee benefits <ul style="list-style-type: none"> ○ Salaries and wages, profit sharing and bonuses, non-monetary benefits ○ Annual leave, sick leave ○ long service leave • Provisions generally <ul style="list-style-type: none"> ○ Meaning of provision and how different to an accrual or contingent liability ○ Recognition and measurement of provisions 	<p>Deegan, chapter 12</p> <p>Picker, chapter 4</p> <p>Accounting Standards AASB 119 AASB 137</p>

	Topics	Reading Materials
Week 8	Mid-session test week – no lectures or tutorials	
Week 9	Revenue Recognition and Share-based Payments <ul style="list-style-type: none"> • Revenue recognition <ul style="list-style-type: none"> ○ Sale of goods ○ Rendering of services ○ Interest, royalties and dividends ○ Construction contracts • Share based payments as expenses <ul style="list-style-type: none"> ○ Meaning of share based payment ○ Cash-settled and equity-settled share-based payment transactions • Relationship to earnings management 	Deegan, chapter 15 Picker, chapter 25 Accounting Standards AASB 2 AASB 111 AASB 118
Week 10	Accounting for leases <ul style="list-style-type: none"> • Understand the economic importance of leasing, and why it is an important and controversial issue in accounting. • Understand what leasing is, and distinguish between finance and operating leases. • Understand the accounting treatments for: <ul style="list-style-type: none"> ○ Finance leases ○ Operating leases ○ Sale and leaseback arrangements • Consider consistency with conceptual frameworks and likely future developments 	Deegan, chapter 10 Picker, chapter 12 Accounting Standards AASB 117 UIG Interpretation 4
	<i>Ethics Essay due in class week 10</i>	
Week 11	Accounting for financial instruments and foreign currency transactions <ul style="list-style-type: none"> • Understand what is a financial instrument, and how can they be categorised. • Accounting for a particular type of financial instrument – a “compound instrument” • Understand and become acquainted with, another type of financial instrument – a “derivative”. • Understand the accounting treatments of foreign currency transactions at: <ul style="list-style-type: none"> ○ Date of transaction ○ Balance date (if applicable) ○ Settlement date. • Understand how to account for unhedged foreign transactions. 	Picker, chapter 5, parts 5.1-5.3.5, pp. 126-158 Deegan, chapter 14, parts 14.1-14.3, pp. 493-504; and pp. 523-526 Deegan, chapter 31, parts 31.1-31.6. pp. 1037-1065 Accounting Standards AASB 121 AASB 132 AASB 139

	<i>Topics</i>	Reading Materials
Week 12	Foreign currency translation and introduction to hedging <ul style="list-style-type: none"> • Explain and understand the difference between functional and presentation currencies • Translate a set of financial statements from local currency into the functional currency, and translate financial statements into presentation currency • Prepare disclosures required by AASB 121 • Accounting for a Qualifying Asset • Understand a hedge transaction • Introduction to hedge accounting 	Picker, chapter 5, parts 5.3.6-5.4, pp. 158-167 Picker, chapter 21, parts 21.1- 21.7, pp. 864-881 Deegan, chapter 14, part 14.4, pp. 504-507 Deegan, chapter 31, parts 31.1-31.6, pp. 1037-1065 Accounting Standards: AASB 121 AASB 132 AASB 139
Week 13	Hedging and issues with harmonisation <ul style="list-style-type: none"> • Accounting for Forward Rate Agreements • Accounting for Options • Accounting for Futures Contracts • Issues surrounding harmonisation and IAS 39 	Picker, chapter 5, parts 5.3.6-5.4, pp. 158-167 Deegan: chapter 14, part 14.4, pp. 508-517 Deegan, chapter 31, part 31.7, pp. 1065-1070 Supplementary readings <i>Kruger. J., "Shaping Hedges"</i> <i>Accounting Standards Board "Guidance on the Application of IAS 39 etc"</i> Accounting Standards AASB 139
Week 14	Expanded disclosure regimes <ul style="list-style-type: none"> • Continuous reporting • Triple bottom line reporting 	Deegan, chapter 33 Supplementary readings <i>ASX Continuous Disclosure Listing Rule 3.1</i>