

THE UNIVERSITY OF  
NEW SOUTH WALES



Australian School of Business  
School of Accounting

**ACCT3563**  
**ISSUES IN FINANCIAL**  
**REPORTING AND ANALYSIS**

**COURSE OUTLINE**  
**SEMESTER 2, 2009**

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# 1. STAFF CONTACT DETAILS

## 1.1 Staff members and contact details:

Staff member	Room	Phone	Email
Ms. Demi Chung (Course Coordinator)	QUAD 3104	9385 5836	<a href="mailto:demi.chung@unsw.edu.au">demi.chung@unsw.edu.au</a>

## 1.2 Communication and consultation with staff

The course coordinator will be available for consultation on Monday 11am – 1pm (except weeks 3 and 11) or by appointment. You may phone the coordinator during her consultation hours.

## 1.3 Email contact policy

The coordinator will not respond to emails on matters that should be posted on WebCT Vista (see section 6.2). Students should use the WebCT Vista discussion forums, NOT EMAIL, to communicate with the coordinator in all circumstances - except where the message involves communication of personal information. Eg, students must use the discussion board for all queries about course content or assessment but may email the coordinator to discuss personal matters. In these circumstances, students must ensure they use their University email account and include their name and student number in the email – emails from any other account will not be answered to ensure student privacy is respected and maintained.

Please note that common written etiquette must be observed when conducting any written communication with the coordinator. Shorthand and SMS language are not permitted. Students' UNSW email accounts (eg [z1234567@student.unsw.edu.au](mailto:z1234567@student.unsw.edu.au)) will be used if the coordinator wishes to email students, for example to notify that they have been granted a supplementary exam. Please check your UNSW email account regularly. If your student email account is full, you will not receive her messages so make sure you have available space.

# 2. COURSE DETAILS

## 2.1 Teaching Times and Locations

Class time and location are as follows:

<b>Combined lecture and tutorial</b>	<b>Monday</b>	<b>3:00-6:00pm</b>	<b>OMB 151</b>
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## 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 Summary of Course**

The Course begins with a brief refresher on the Conceptual Framework. It then introduces Positive Accounting Theory and several ethical theories, the latter focuses on the aspects of Aristotle's *Nichomachean Ethics* applicable to business. This groundwork will be relevant throughout the Course. A series of contentious issues in financial reporting then follows. These commence with the more general topics of recognition and valuation of assets, revenues and provisions. After that, more specific topics are introduced, namely extractive industries and agricultural assets, share based payments, leases, and financial instruments. Financial instruments are a complex and controversial issue. They are covered over several weeks and students are introduced to compound financial instruments, foreign exchange transactions, derivatives and hedging. The Course concludes with coverage of accounting issues arising in a recent corporate failure – the case of Enron. The case of Enron provides striking examples of accounting abuses, particularly faulty recognition and measurement of assets, revenues and liabilities. Studying these abuses allows students to reflect on: (a) the accounting methods that should have been used; (b) the economic incentives which led to the abuses; and (c) the ethical issues involved. These reflections will encourage integration of knowledge across topics in the Course.

### **2.5 Course Aims and Relationship to Other Courses**

ACCT 3563 extends what you learnt in ACCT 2542 Corporate Financial Reporting & Analysis by dealing with currently controversial financial reporting issues. While ACCT 2542 deals with accounting for corporate groups (via consolidation accounting and equity accounting), ACCT 3563 assumes group accounting and then adds currently controversial financial reporting issues.

Running through these issues are important questions about (i) the recognition and measurement of assets, liabilities, revenues and expenses, (ii) whether accounting information is useful to investors, (iii) the role of accounting information in contracting; (iv) the incentives managers face to report truthfully versus their incentives to distort financial reports, (v) the political and economic forces that shape regulatory and corporate responses to accounting issues, and (vi) ethical issues related to accounting policy choices. The Course aims to make you familiar with these questions.

This Course 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.

ACCT3563 constitutes part of the core curriculum studies required by CPA Australia and by the Institute of Chartered Accountants in Australia.

## 2.6 Student Learning Outcomes

### *Content-based Outcomes*

By the end of the Course, students should be able to:

- (i) understand how particular accounting issues are dealt with by relevant IASB-based Australian accounting standards;
- (ii) interpret accounting issues by reference to the Conceptual Framework, Positive Accounting Theory and ethical theories;
- (iii) apply definitions of concepts and recognition criteria plus measurement principles in accounting standards to accounting issues;
- (iv) demonstrate relevant practical bookkeeping techniques;
- (v) identify if political forces appear to have shaped relevant accounting standards and other regulations, including the role of the IFRS harmonisation program;
- (vi) understand what economic factors appear to motivate companies in the way they actually report financial information;
- (vii) appreciate the ethical issues that can arise in the way companies choose accounting methods;
- (viii) understand if information provided in financial statements is useful to investors and creditors;
- (ix) integrate their knowledge across topics; that is to apply what they have learned in one topic to other topics in the Course;
- (x) conduct applied business research – acquiring, analysing and presenting accounting information.

### *Skills-based Outcomes*

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

- (xi) to learn independently and to assume responsibility for the learning process;
- (xii) to work effectively in teams
- (xiii) to reflect on your own strengths and weaknesses as a learner; and an opportunity to write academic research papers.

## 2.7 Alignment of Course Learning Objectives with ASB Graduate Attributes

<b>Course Learning Objectives</b>	<b>ASB Graduate Attributes</b>
i, ii, iii, iv, ix, x	1. Critical thinking and problem solving
All	2. Communication oral and written
xii, xiii	3. Teamwork and leadership
v, vi, vii	4. Social, ethical and global perspectives
All	5. In-depth engagement with relevant disciplinary knowledge
xi, xii, xiii	6. Professional skills

### 3. LEARNING AND TEACHING ACTIVITIES

#### 3.1 Approach to Learning and Teaching in the Course

You are in third year at UNSW so by now you should have developed your own personal study techniques. However, experience in teaching this subject over many years strongly suggests that some students do not adopt the most effective or the most 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. An abridged version of lecture notes and handouts will be posted on the Course website. They will **not** contain everything the lecturer says - you need to attend all lectures to fill these gaps. In preparing for exams, note which aspects of each topic the lectures cover and/or the lecturer emphasises. It is surprising that some students do not follow this very simple advice. They thus put themselves at a great disadvantage. 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. Most answers will be posted on the Course website before the relevant tutorial, and students must download these and bring them to tutorials. Since classes are only 60 minutes long, it is impossible to cover all questions every week in class. However, for exam purposes you are expected 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 week 3, the Supplementary Materials are the only set reading.
- (e) Closer to the exam dates, work through specimen mid-semester exam and final exam questions, which will be posted on WebCT Vista.
- (f) Study consistently throughout semester 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.

#### 3.2 Learning Activities and Teaching Strategies

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

Tutorials. The tutorials cover both practical and theoretical 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 Vista before the relevant classes. Bring these solutions to class. You will get most out of your tutorial if you prepare the set questions in advance. In response to students' feedback in previous semesters, the Course has included in the Tutorial Program past exam questions. However, solutions to these past exam questions are

provided in tutorials only, no written solutions will be uploaded on WebCT Vista. Each week, priority will be given to discussing these questions. As the time available in each tutorial is limited, it is impossible cover all set questions each week. However, you are expected to know all tutorial material for exam 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 depend to a large extent on students' active participation during the tutorial.

## 4. ASSESSMENT

### 4.1 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 exam may 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 is only granted by the Faculty's Assessment Committee, and not by the Head of School or by the Course Coordinator of this course.

### 4.2 Assessment Details

The weighting of your total composite mark is as follows:

Assessment Item	Weight	Learning Outcomes Assessed	ASB Graduate Attributes Assessed
Mid-semester exam Week 7 (Friday 4 September 2009)	35%	i through viii	All except 3
Group essay (due by 5pm Friday 25 September Week 9)	20%	All	All
Final exam	45%	All except x, xii, xiii	All except 3
<b>TOTAL</b>	<b>100%</b>		

### **MID-SEMESTER EXAM (35%)**

***Friday 4 September 2009, 5.00-7.30pm Week 7***

The mid-semester exam will cover lectures for weeks 1-6 and tutorials for weeks 1-7. The purpose of the mid-semester exam is to test students' knowledge midway through the course and provide timely feedback of their progress at that point. The mid-semester exam will be 2 hours long (plus ten minutes reading time) and comprise multiple choice questions and long answer questions. **The exam will be CLOSED BOOK.** Further information on the number of questions, location and time of the exam will be provided in the week prior to the exam. Non-programmable calculators are permitted in the exam. A selection of past mid-semester exam papers will be posted on WebCT Vista.

### **GROUP ESSAY (20%)**

***Due by 5pm, FRIDAY 25 September 2009 WEEK 9***

The essay is to be completed in groups. Details of the essay will be provided on WebCT Vista by the end of the first week of lecture. The essay will develop your understanding of accounting theories and ethics in accounting and their relevance to accounting issues and the accounting method choices made by financial report preparers. The essay will be structured so as to develop skills in relating theory to real-life financial reporting practice and giving you an awareness of the stakeholders involved in the financial reporting process. The essay will develop your written communication skills. Assessment criteria that will be used to mark the essay and detailed submission procedures will be provided with the essay. Students must lodge the essay by 5pm on the due date in **both** electronic form (through the Turn-It-In on WebCT Vista) and hard copy to the Assignment Box on Level 1 West Wing of the Quadrangle Building. Late essays will be penalised at the rate of 10% per day or part thereof (weekends included). **EXCLUDING SITUATIONS WHERE SPECIAL CONSIDERATION IS GRANTED. NO ESSAY WILL BE ACCEPTED FOR SUBMISSION AFTER 9 OCTOBER 2009.**

### **FINAL EXAM (45%)**

The final exam will be 2 hours long (plus ten minutes reading time) and will examine the material covered in lectures 7 through 12 (inclusive) and materials covered in the group essay. Topics examined in the mid-semester exam will not be re-examined in the final exam. **The exam will be CLOSED BOOK.** Further information on the format of the exam will be provided in the last week of lecture. Non-programmable calculators are permitted in the exam. A selection of past final exam papers will be posted on WebCT Vista.

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

## 5. ACADEMIC HONESTY AND PLAGIARISM

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For UNSW's 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.

## 6. COURSE RESOURCES

### 6.1 Course Resources

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

- 1) Deegan, C., *Australian Financial Accounting*, 5<sup>th</sup> edition, McGraw-Hill Irwin 2007
- 2) Picker, R., K. Leo, K. Alfredson, P. Pacter, V. Wise, *Australian Accounting Standards*, Wiley 2006. (This was the textbook for ACCT 2542, so you should already have a copy.) Five chapters are set readings in ACCT3563.
- 3) **ACCT 3563 Supplementary Materials**, (*Individual readings are posted on the WebCT Vista. NOTE: Printed copies of the Supplementary Materials will NOT be provided.*)

**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 in lectures. 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 at: [www.aasb.com.au](http://www.aasb.com.au).

### 6.2 Course Website

**WebCT Vista** (<http://vista.elearning.unsw.edu.au/webct/entryPageIns.dowebct>) provides the main online learning support. It is essential that you log in at least twice a week to keep abreast of course-wide announcements and use the resources to supplement your learning.

The Course website will contain the Course Outline, Group essay topic, Tutorial Program, Supplementary Materials and hotlinks to support resources. During the semester, 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 exam papers.

Lecture slides for each lecture are available the day before the lecture for you to download from WebCT Vista and bring with you to class. **Please note that lecture slides are not a substitute for attending lectures. Solutions to the examples in the lecture slides covered in lectures WILL NOT be posted on WebCT Vista.**

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.

**Online discussion forums** will be available throughout semester to all students on WebCT Vista. These can be used to clarify questions relating to course content, the essay and course administration. Please follow discussion forum rules when placing posts. **To encourage you to use the discussion forums and to ensure consistent information is available to all students, the coordinator will not answer emails on course content, administration or assessment items.**

Appropriate online behaviour in such discussions is expected at all times. The course coordinator will attempt to answer questions posted on WebCT Vista discussion forums within **three business days** (i.e., do not expect questions to be answered on weekends/public holidays).

**Results** on each assessment (except the final exam) item are posted into the “My Grades” on WebCT Vista when all marks have been finalised.

Students can also access a useful student guide to WebCT Vista at:  
[http://support.vista.elearning.unsw.edu.au/content/student\\_default.cfm?ss=3](http://support.vista.elearning.unsw.edu.au/content/student_default.cfm?ss=3)

### 6.3 Other Resources, Support and Information

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

- **Learning and study support**
  - ASB 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** - <http://www.studentequity.unsw.edu.au> 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. Early notification is essential to enable any necessary adjustments to be made. (<http://www.studentequity.unsw.edu.au/content/AboutUs.cfm?ss=1>).

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

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

#### Other useful websites:

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

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

Australian Society of CPAs: [www.cpaaustralia.com.au](http://www.cpaaustralia.com.au)

The International Accounting Standards Board: [www.iasb.org](http://www.iasb.org)

Australian Securities and Investments Commission: [www.asic.gov.au](http://www.asic.gov.au)

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

Financial Accounting Standards Board: [www.fasb.org](http://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](http://www.library.unsw.edu.au)), and also from [www.EquitiesInfo.com.au](http://www.EquitiesInfo.com.au)

Students may wish to become student members of the International Association for Accounting Education and Research (IAAER) (cost US\$20.00 per year). Student

membership entitles you to unlimited access to eIFRS which covers all IFRS and educational materials of the IASB. Further details at: [www.iaaer.org](http://www.iaaer.org).

#### 6.4 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 are fluent 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 clearly in English in exam and written assignments.

#### 6.5 Reference Books

(Students do not need to 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* latest edition

Elliott and Elliott *Financial Accounting and Reporting* 11<sup>th</sup> ed., Prentice-Hall 2007

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*, 5<sup>th</sup> ed., Wiley 2003

Henderson, S., G. Peirson, K. Herbohn, *Issues in Financial Accounting*, 13<sup>th</sup> ed., Longman 2008

Henderson, S., G. Peirson, K. Harris, *Financial Accounting Theory*, Pearson Prentice-Hall 2004

Leo, K.J., J.R. Hoggett, J. Sweeting and J Radford, *Company Accounting in Australia*, 6<sup>th</sup> ed., Wiley 2005

Nobes, C., and R. Parker (eds), *Comparative International Accounting*, latest edition, Prentice Hall

Peirson, G, R. Brown, S. Easton and P. Howard, *Peirson and Bird's Business Finance* 7<sup>th</sup> ed., McGraw-Hill latest edition, chapters on leasing, futures contracts, options, and international financial management

Revsine, L, DW Collins and WB Johnson, *Financial Reporting & Analysis* 3<sup>rd</sup> ed., Pearson 2005

Scott, W.R., *Financial Accounting Theory*, 3<sup>rd</sup> ed., Prentice Hall 2003

Drever, M., P. Stanton and S. McGowan, *Contemporary Issues in Accounting*, Wiley 2007

Arthur, N., R.Grose, J. Campbell and L. Luff, *Accounting for Corporate Combinations and Associations*, 6<sup>th</sup> ed., Pearson Prentice-Hall 2008

Kieso, D., N.Fargher, V.Wise, J. Weygandt, T., Warfield, *Fundamentals of Intermediate Accounting*, Wiley 2008

## 7. COURSE EVALUATION AND DEVELOPMENT

At the end of each teaching term, formal feedback is sought through UNSW's Course and Teaching Evaluation and Improvement (CATEI) process from students. Significant changes to courses and programs within the School are communicated to subsequent cohorts of students (<http://www.unsw.edu.au/learning/pve/catei.html>). Student feedback is also gathered informally through teacher-student interactions during the semester. This feedback is valuable because it enables academic staff 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. Your constructive feedback is welcome and you can direct any feedback outside the CATEI process to the course coordinator.

## 8. STUDENT RESPONSIBILITIES AND CONDUCT

### 8.1 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, researching, working on exercises and problems, performing internet searches. In periods where you need to complete assignments or prepare for exam 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

Students are expected to attend a two-hour lecture and a one-hour tutorial each week. **TUTORIALS BEGIN IN WEEK 1. ATTENDANCE AT LECTURES AND TUTORIALS IS COMPULSORY.** An attendance record will be taken in each tutorial and used in considering marginal cases at the end of session. Your regular and punctual attendance at lectures and tutorials 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.

### 8.3 Special Consideration and Supplementary Exams

UNSW Policy and Process for Special Consideration

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

- Applications for special consideration (including supplementary exam) must go through UNSW Central administration (within 3 working days of the assessment to which it refers) – applications will not be accepted by teaching staff;
- 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 notify your Course Coordinator;
- Please note that a register of applications for Special Consideration is maintained. History of previous applications for Special Consideration is taken into account when considering each case.

### **Australian School of Business Policy and Process for Special Consideration and Supplementary Exams in Undergraduate Courses:**

In the ASB, requests for special consideration are determined by a Faculty wide panel which will advise the Course Coordinator of appropriate action. If the Faculty panel grants a special consideration request, this may entitle the student to sit a supplementary exam. In such cases the following procedures will apply:

- Supplementary exams will be scheduled centrally and **will be held approximately two weeks** after the formal exam period. Actual date will be advised by mid-semester.
- Where a student is granted a supplementary exam as a result of a request for special consideration, the student's original exam (if completed) will not be marked and only the mark achieved in the supplementary exam will count towards the final grade.

Further information concerning supplementary exam is available on the 'Policies and Guidelines for Current Students' page of the ASB website:

[www.business.unsw.edu.au/currentstudents](http://www.business.unsw.edu.au/currentstudents).

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>.

## **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](http://www.my.unsw.edu.au).

## **8.5 Keeping Informed**

You should take note of all announcements made in lectures, tutorials or on the course WebCT Vista. From time to time, the University will send important announcements to your university email 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. Specific announcement will also be made via WebCT Vista.

## **9. HONOURS COURSE ACCT3573**

The honours course will not be offered in Semester 2, 2009.

## 10. COURSE SCHEDULE: LECTURE TOPICS BY WEEK

	Topics	Reading Materials
<b>Week 1</b> <b>20 July</b> <b>2009</b>	<ul style="list-style-type: none"> <li>• Welcome and course arrangements</li> <li>• IFRSs and the Conceptual framework</li> <li>• Positive Accounting Theory                             <ul style="list-style-type: none"> <li>○ agency costs &amp; external financial reporting</li> <li>○ the dependence of financial contracting on accounting information</li> <li>○ choice of accounting methods by companies</li> <li>○ opportunism vs contracting efficiency</li> <li>○ earnings management</li> </ul> </li> <li>• Critique of positive accounting theory</li> </ul>	Deegan Ch 1, pp. 24-36 <i>Either</i> Picker Ch 2 <i>or</i> Deegan Ch 2 Deegan Ch 3, sections 3.3 – 3.6 Watts & Zimmerman (1990), “Positive Accounting Theory: A Ten Year Perspective”, <i>The Accounting                      Review</i> , Vol. 65, No. 1, pp.131-156
<b>Week 2</b> <b>27 July</b> <b>2009</b>	<b>Accounting for Physical Assets and Intangible Assets</b> <ul style="list-style-type: none"> <li>• Recognition and measurement issues in accounting for physical assets in the balance sheet including                             <ul style="list-style-type: none"> <li>○ meaning of cost of acquisition</li> <li>○ the role of valuations</li> <li>○ impairment</li> <li>○ borrowing costs</li> </ul> </li> <li>• Accounting for intangible assets                             <ul style="list-style-type: none"> <li>○ identifiable intangibles versus goodwill</li> <li>○ recognition and measurement rules</li> <li>○ research and development costs</li> </ul> </li> <li>• Comparison between accounting for physical assets and accounting for intangible assets</li> <li>• Relationship to earnings management</li> </ul>	Deegan Ch 6 Deegan Ch 8  Accounting Standards: AASB 102 AASB 116 AASB 123 AASB 136 AASB 138
<b>Week 3</b> <b>3 August</b> <b>2009</b>  <i>Self-study week</i>  NO CLASS	<b>Ethics in Accounting</b> <ul style="list-style-type: none"> <li>• Why study ethics in accounting?</li> <li>• Are ethical principles axiomatic?</li> <li>• Teleological vs deontological ethical theories</li> <li>• Ethics and natural reason – Aristotle’s <i>Nicomachean Ethics</i></li> <li>• Courage, Justice and Prudence – key natural virtues</li> <li>• Applications to accounting</li> </ul>	Supplementary materials: (on WebCT Vista): <i>Henderson &amp; Peirson</i> <i>“Ethics in Accounting”</i> section 31.2 & 31.3 <i>Vardy &amp; Grosch The</i> <i>Puzzle of Ethics ch 3</i> <i>“Aristotle and Virtue</i> <i>Theory”</i> <i>Extracts from Aristotle’s</i> <i>Nicomachean Ethics</i>

	<b>Topics</b>	<b>Reading Materials</b>
<b>Week 4 10 August 2009</b>	<b>Accounting for Provisions</b> <ul style="list-style-type: none"> <li>• Accounting for employee benefits <ul style="list-style-type: none"> <li>○ salaries and wages, profit sharing and bonuses, non-monetary benefits</li> <li>○ annual leave, sick leave</li> <li>○ long service leave</li> </ul> </li> <li>• Provisions generally <ul style="list-style-type: none"> <li>○ meaning of provision and how different to an accrual or contingent liability</li> <li>○ recognition and measurement of provisions</li> </ul> </li> <li>• Relationship to earnings management</li> </ul>	Deegan Ch 10, sections 10.2, 10.4 Deegan Ch 13 Picker Ch 4  Accounting Standards: AASB 119 AASB 137
<b>Week 5 17 August 2009</b>	<b>Accounting for Assets in the Mining and Agricultural Industries</b> <ul style="list-style-type: none"> <li>• Accounting for the extractive industries <ul style="list-style-type: none"> <li>○ exploration and evaluation expenditures and the area of interest method</li> <li>○ development and construction costs</li> <li>○ amortisation of capitalised costs</li> <li>○ inventories</li> <li>○ revenues from sale of product</li> <li>○ restoration costs</li> </ul> </li> <li>• Overview of accounting for biological assets <ul style="list-style-type: none"> <li>○ meaning of biological asset</li> <li>○ measurement of biological assets using valuation and impact on profits</li> </ul> </li> <li>• Comparison between accounting for assets across the mining and agricultural industries</li> <li>• Relationship to earnings management</li> </ul>	Deegan Ch 9, section 9.2 Deegan Ch 21  Accounting Standards: AASB 6 AASB 141
<b>Week 6 24 August 2009</b>	<b>Revenue Recognition and Share-based Payments</b> <ul style="list-style-type: none"> <li>• Revenue recognition <ul style="list-style-type: none"> <li>○ sale of goods</li> <li>○ rendering of services</li> <li>○ interest, royalties and dividends</li> <li>○ construction contracts</li> </ul> </li> <li>• Share based payments as expenses <ul style="list-style-type: none"> <li>○ meaning of share based payment</li> <li>○ cash-settled and equity-settled share-based payment transactions</li> </ul> </li> <li>• Relationship to earnings management</li> </ul>	Deegan Ch 16 Deegan Ch 18 Picker Ch 25  Accounting Standards: AASB 2 AASB 111 AASB 118

	<b>Topics</b>	<b>Reading Materials</b>
<b>Week 7 31 August 2009</b>	<b>Accounting for leases</b> <ul style="list-style-type: none"> <li>• Understand the economic importance of leasing, and why it is an important and controversial issue in accounting</li> <li>• Understand what leasing is, and distinguish between finance and operating leases</li> <li>• Understand the accounting treatments for: <ul style="list-style-type: none"> <li>○ finance leases</li> <li>○ operating leases</li> <li>○ sale and leaseback arrangements</li> </ul> </li> <li>• Consider consistency with conceptual framework and likely future developments</li> </ul>	Deegan Ch 11 Picker Ch 12  Accounting Standards: AASB 117
<b>MID-SEMESTER EXAM FRIDAY 4 SEPTEMBER 2009</b>		
<b>MID-SEMESTER BREAK: 7 – 11 SEPTEMBER 2009</b>		
<b>Week 8 14 September 2009</b>	<b>Accounting for financial instruments and foreign currency transactions</b> <ul style="list-style-type: none"> <li>• Understand what is a financial instrument, and how can they be categorised</li> <li>• Accounting for a particular type of financial instrument – a “compound instrument”</li> <li>• Understand and become acquainted with, another type of financial instrument – a “derivative”</li> <li>• Understand the accounting treatments of foreign currency transactions at: <ul style="list-style-type: none"> <li>○ date of transaction</li> <li>○ balance date (if applicable)</li> <li>○ settlement date</li> </ul> </li> <li>• Understand how to account for unhedged foreign transactions</li> </ul>	Picker Ch 5, sections 5.1 - 5.3.5, pp. 126-158 Deegan Ch 15, sections 15.1 – 15.3, pp. 504-521 and “Compound Instruments”, pp. 542-544 Deegan Ch 35, sections 35.1 – 35.6, pp. 1208-1218  Accounting Standards: AASB 7 AASB 121 AASB 132 AASB 139
<b>Week 9 21 September 2009</b>	<b>Foreign currency translation</b> <ul style="list-style-type: none"> <li>• Explain and understand the difference between functional and presentation currencies</li> <li>• Translate a set of financial statements from local currency into the functional currency, and translate financial statements into presentation currency</li> <li>• Prepare disclosures required by AASB 121</li> <li>• Accounting for a Qualifying Asset</li> </ul>	Picker Ch 21 (exclude sections 21.8 to 21.10 incl.) Deegan Ch 35, sections 35.5, pp. 1216-1218  Accounting Standards: AASB 121 AASB 139
<b>GRUOP ESSAY DUE BY 5.00 PM FRIDAY 25 SEPTEMBER 2009</b>		

	<b>Topics</b>	<b>Reading Materials</b>
<b>Week 10</b> <b>28</b> <b>September</b> <b>2009</b>	<b>Hedging</b> <ul style="list-style-type: none"> <li>• Understand a hedge transaction</li> <li>• Introduction to hedge accounting</li> <li>• Accounting for Forward Rate Agreements</li> <li>• Accounting for Options</li> <li>• Accounting for Futures Contracts</li> </ul>	Picker Ch 5, sections 5.3.6 – 5.4, pp. 158-167 Deegan Ch 15, “Derivatives Used Within a Hedging Arrangement”, pp. 522-535 Kruger, J, Shaping Hedges, Accountancy Magazine, December 2005, pp. 504-517  Accounting Standards: AASB 139
<b>Week 11</b> <b>5 October</b> <b>2009</b>	<b>PUBLIC HOLIDAY</b> <b>NO CLASS</b>	
<b>Week 12</b> <b>12 October</b> <b>2009</b>	<b>Film: The Smartest Guys in the Room</b> <b>Course Wrap-up</b>	