

THE UNIVERSITY OF
NEW SOUTH WALES



Australian School of Business
School of Accounting

ACCT 3563
ISSUES IN FINANCIAL REPORTING AND ANALYSIS

COURSE OUTLINE
SEMESTER 2, 2010

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1. STAFF CONTACT DETAILS

1.1 Staff members and contact details:

Position	Name	Email	Phone/Room
Lecturer-in-charge	Dr Gary PFLUGRATH	g.pflugrath@unsw.edu.au	Quad 3109
Lecturer/tutor	Dr Jerry CHEN	j.chen@unsw.edu.au	9385 6930; Quad 3058

1.2 Communication and consultation with staff

Members of staff teaching the course will be available for consultation at specified hours (as posted on Blackboard) or by appointment. Each member of staff will be available for the specified hours to conduct consultations on a drop-in basis. You are encouraged to seek help from any staff member teaching on this course during their regular consultation hours. In special circumstances, an appointment may be made outside regular consultation hours. Staff will not conduct any consultations by e-mail, unless they indicate a personal preference to do so. You may, however, phone staff during their consultation hours.

Please note that common written etiquette must be observed when conducting any written communication with staff members. Shorthand and SMS language are not permitted. Students' UNSW email accounts (eg z1234567@student.unsw.edu.au) will be used if staff members wish 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 our messages so make sure you have available space. Email addresses such as Hotmail, Yahoo, Optusnet, MSN, Gmail etc. will **not** be used.

2. COURSE DETAILS

2.1 Teaching Times and Locations

<p style="text-align: center;">Wednesdays, 6pm – 9pm John Goodsell Building (LG21) These three hours include: (i) a Lecture of up to 2 hours per week; and (ii) a Tutorial of up to one hour per week.</p>

2.2 Units of Credit

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

2.3 Summary of Course

The Course begins with a refresher on the Conceptual Framework. It then introduces Positive Accounting Theory and discusses ethics from the perspectives of basic ethical theories and the accounting profession's *Code of Ethics for Professional Accountants*. 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 recent corporate crises. Several corporate failures since the year 2000 provide 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. It also encourages students to integrate knowledge across topics in the Course.

2.4 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 dealt with accounting for corporate groups (via consolidation accounting and equity accounting), ACCT 3563 takes group accounting as assumed knowledge and then adds currently controversial financial reporting issues. In order to enrol in ACCT 3563, you must have passed ACCT 2542.

The initial aim of the course is to equip you with the requirements and techniques found in various Australian accounting standards. The more important aim of the course is to develop your capabilities to analyse and assess financial reporting problems and financial reporting issues using theoretical frameworks. This is achieved by addressing questions about: (i) the recognition and measurement of assets, liabilities, revenues or 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.

This Course forms part of a major, double major or disciplinary minor in Accounting within the Bachelor of Commerce or Bachelor of Economics degrees. ACCT3563 constitutes part of the core curriculum studies required by CPA Australia and by the Institute of Chartered Accountants in Australia.

2.5 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 considerations
- (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 programme;
- (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; i.e. 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, you 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;
- (xiv) To provide an opportunity to write professional business reports.

ASB Graduate Attributes

This course contributes to your development of the following Australian School of Business Graduate Attributes, which are the qualities, skills and understandings we want you to have by the completion of your degree.

Course Learning Outcomes	ASB Graduate Attributes
i, ii, iii, ix, x	1. Critical thinking and problem solving
All outcomes	2. Communication oral and written
xii, xiii	3. Teamwork and leadership
v, vi, vii	4. Social, ethical and global perspectives
All outcomes	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 strongly suggests that some students do not adopt the most effective or the most efficient study habits.

The following advice is offered to all students. To maximise your learning and marks do the following (Note: Although the class will be held in one three-hour block, each class will comprise a lecture – of up to two hours – and a tutorial – of up to one hour – making up the three hours of class time):

- (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 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 and 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 their tutorial. Since classes are only 60 minutes long, there may not be 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 weeks 2 and 12, the Supplementary Materials are the only set reading.
- (e) Closer to the exam dates, 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.

3.2 Learning Activities and 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. Tutorial changes can only be made through NSS.

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 Blackboard 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 guidance on structured problem solving in the field of financial accounting and to stimulate discussion. Tutorial solutions will be

uploaded on Blackboard 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 of the class. In response to students' feedback in previous semesters, we have 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 Blackboard. Each week, priority will be given to discussing these questions. As the time available in each tutorial is limited, there may not be time to cover all set questions each week. However, 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. ASSESSMENT

4.1 Formal Requirements

In order to pass this course, you 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 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

Assessment Task	Weighting	Learning Outcomes assessed	ASB Graduate Attributes assessed
Mid-Session Test (Wednesday, 1 September – in class – Week 7)	30%	(i) through (viii)	All except 3
Group Assignment (Due: Wednesday, 22 September – in class – Week 9)	20%	(i), (ii), (iii), (v), (vi), (x), (xii), (xiii)	All
Final Examination	50%	All except (x), (xi) and (xiii)	All except 3

Mid-Session Test

The mid-session test will focus on topics covered in weeks 3 to 6. The purpose of the test is to test students' knowledge midway through the course and provide timely feedback of their progress to that point. This test will comprise a series of short answer questions – which include writing journal entries and making calculations and written questions that involve discussion and analysis.

The test will include a 10 minute reading time, and 90 minute writing time. It will be held in class time in **Week 7 – Wednesday 1 September**. Reading time will commence at 6.20pm, with writing commencing at 6.30pm. As the test is in class time, **there will be no clashes with other classes**, and therefore all students are expected to attend. There will be **no alternative sittings** of the test.

All students **must bring** pens, pencils, calculator and student id card. Students must ensure that the calculator is University approved. Under no circumstances will students be permitted to use mobile phones as calculators.

Group Assignment

Groups

In the first and second week of classes students will be put into groups of three or four students. Each group will submit one assignment by the due date. All group members are expected to take part in, and contribute to, the assignment. Unless there are exceptional circumstances, the assignment mark will be assigned equally to all group members.

Submission

All assignments are to be handed in **no later than 6.00pm (the start of class in Week 9 – Wednesday 22 September)**.

Late Submission

Refer Section 4.3 (below) – *“Late submission of your assignment without adequate reason will receive a penalty of one mark for each day late including weekends”*

Final Examination

The final exam will cover the entire course but with an emphasis on weeks 6 to 12 of the course. This exam will comprise multiple choice questions only.

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

Supplementary Examinations

All School of Accounting supplementary examinations will be held on Monday, 29 November 2010.

4.3 Late Submission

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

5. ACADEMIC HONESTY AND PLAGIARISM

The University 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 Plus tutorial for all new UNSW students: <http://info.library.unsw.edu.au/skills/tutorials/InfoSkills/index.htm>.

To see if you understand plagiarism, do this short quiz:
<http://www.lc.unsw.edu.au/plagiarism/plagquiz.html>

For information on how to acknowledge your sources and reference correctly, see:
<http://www.lc.unsw.edu.au/onlib/ref.html>

For the ASB Harvard Referencing Guide, see:
http://wwwdocs.fce.unsw.edu.au/fce/EDU/harvard_ref_guide.pdf

6. COURSE RESOURCES

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

1. Deegan, C., *Australian Financial Accounting*, 5th ed (2007) or 6th edition (2010), McGraw-Hill Irwin. This is the main text for ACCT 3563.
2. Picker, R., K. Leo, K. Alfredson, P. Pacter, V. Wise *Australian Accounting Standards* Wiley, 2006. Five chapters are set reading in ACCT3563.
3. *ACCT 3563 Supplementary Materials*, (Individual readings are posted on the Course Website on Blackboard. NOTE: Printed copies of the Supplementary materials will NOT be available.)

Deegan 6th edition is new in 2010. If you already have Deegan 5th ed. from last year, use that copy; if you do not already have Deegan, buy a copy of the 6th edition. The differences between the old (5th) and new (6th) editions are small overall but do vary from chapter to chapter. More up-to-date illustrations are used in the 6th edition. The lecture schedule shows week by week if the two editions differ significantly. Tutorial questions will be common to both editions.

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 at: www.aasb.com.au.

6.1 Course Website:

In 2010, the university has switched from WebCT Vista to Blackboard. There is a website for ACCT3563 on Blackboard. To access Blackboard go to:

<http://lms-blackboard.tel.tl.unsw.edu.au/webapps/portal/frameset.jsp>

The Course website will contain the Course Outline, Tutorial Program, the Group Assignment, Supplementary Materials Readings, a staff listing, and hotlinks to support resources. 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.

6.2 Other useful websites:

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

CPA Australia: www.cpaaustralia.com.au

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

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.

6.3 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 examinations and written assignments.

6.4 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* latest edition
- Elliott and Elliott *Financial Accounting and Reporting* 11th edition 2007 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, K. Herbohn, *Issues in Financial Accounting*, 13th 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*, 6th 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* 7th 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* 3rd ed (Pearson 2005)
- Scott, W.R. *Financial Accounting Theory* Prentice Hall 3rd ed. 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* 6th 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

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.

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/A.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 **ten hours** per week studying this course. This time should be made up of reading, research, working on exercises and problems, and attending classes. 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.

8.2 Attendance

Your regular and punctual attendance at lectures and seminars 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.

An attendance record will be taken each week and will be used in considering marginal cases at the end of session.

8.3 Special Consideration and Supplementary Examinations

You must submit all assignments and attend all examinations 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>

[Further information is on the ASB website \(Current Students/Help and Support/Policies and Guidelines for Current Students\).](#)

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

<http://wwdocs.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: <https://my.unsw.edu.au/student/atoz/BehaviourOfStudents.html>

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 http://www.hr.unsw.edu.au/ohswc/ohswc_home.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 [the Current Students/Resources/Student Feedback page here](#)
- **Blackboard eLearning Support:** For online help using Blackboard, follow the links from www.elearning.unsw.edu.au to *UNSW Blackboard Support / Support for Students*. For technical support, email: itservicecentre@unsw.edu.au; ph: 9385 1333
- **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/web/services/services.html>
- **UNSW IT Service Desk:** Technical support for problems logging in to websites, downloading documents etc. Library, Level 2; Ph: 9385 1333.
Website: www.its.unsw.edu.au/support/support_home.html
- **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. COURSE SCHEDULE

Week	Topic	Reading Materials
Week 1 21 July Gary Pflugrath	Introduction and Positive Accounting Theory <ul style="list-style-type: none"> • Welcome and course arrangements • IFRSs and the Conceptual framework • Positive Accounting Theory: • Agency costs & external financial reporting • The dependence of financial contracting on accounting information • Choice of accounting methods by companies • Opportunism vs contracting efficiency • Earnings management • Critique of positive accounting theory 	<i>Deegan</i> Chapter 1 section 1.4 pages 22-33 (5th ed. Pages 32-36) Either <i>Picker</i> , Chapter 2 <i>or</i> <i>Deegan</i> : Chapter 2 (6th ed. has material that is not in the 5th ed.) <i>Deegan</i> Chapter 3, sections 3.3 – 3.6 (5th or 6 th editions)
Week 2 28 July Gary Pflugrath	Ethics in Accounting <ul style="list-style-type: none"> • Why study ethics in accounting? • Are ethical principals axiomatic? • Teleological vs deontological ethical theories • Ethics and natural reason (Aristotle’s <i>Nichomachean Ethics</i>; Courage, Justice and Prudence – key natural virtues) • Ethics in the accounting profession 	Supplementary materials: <i>Henderson & Peirson</i> “Ethics in Accounting” section 31.2 on Normative Ethical Theories. <i>Vardy & Grosch</i> The Puzzle of Ethics Ch 3 “Aristotle and Virtue Theory” Extracts from Aristotle’s <i>Nicomachean Ethics</i> <i>APES 110</i> ‘Code of Ethics for Professional Accountants’
Week 3 4 August Gary Pflugrath	Accounting for Physical Assets and Intangible Assets <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"> o Meaning of cost of acquisition o The role of valuations o Impairment o Borrowing costs o Construction contracts • Accounting for intangible assets <ul style="list-style-type: none"> o Identifiable intangibles versus goodwill o Recognition and measurement rules o Research and development costs • Comparison between accounting for physical assets and accounting for intangible assets • Relationship to earnings management 	<i>Deegan</i> Chapter 6 (section 6.13 is new in the 6th ed) <i>Deegan</i> Chapter 8 (only small differences between 5th and 6th editions) <i>AASB 102</i> ‘Inventories’ <i>AASB 116</i> ‘Property, Plant and Equipment’ <i>AASB 123</i> ‘Borrowing Costs’ <i>AASB 136</i> ‘Impairment of Assets’ <i>AASB 138</i> ‘Intangible Assets’

Week	Topic	Reading Materials
Week 4 11 August Jerry Chen	Accounting for Assets in the Mining and Agricultural Industries <ul style="list-style-type: none"> • Accounting for the extractive industries <ul style="list-style-type: none"> o Exploration and evaluation expenditures and the area of interest method o Development and construction costs o Amortisation of capitalised costs o Inventories o Revenues from sale of product o Restoration costs • Overview of accounting for biological assets <ul style="list-style-type: none"> o Meaning of biological asset o Measurement of biological assets using valuation and impact on profits • Comparison between accounting for assets across the mining and agricultural industries • Relationship to earnings management 	<i>Deegan</i> Chapter 9 section 9.2 (the 6th ed. has a worked example that is not in the 5th ed.) <i>Deegan</i> Chapter 21 (6th ed contains a new section 21.15 that is not in the 5th ed.) <i>AASB 6</i> 'Exploration for and Evaluation of Mineral Resources' <i>AASB 141</i> 'Agriculture'
Week 5 18 August Jerry Chen	Accounting for Provisions <ul style="list-style-type: none"> • Accounting for employee benefits <ul style="list-style-type: none"> o Salaries and wages, profit sharing and bonuses, non-monetary benefits o Annual leave, sick leave o Long service leave • Provisions generally <ul style="list-style-type: none"> o Meaning of provision and how different to an accrual or contingent liability o Recognition and measurement of provisions • Relationship to earnings management 	<i>Deegan</i> Ch 10, sections 10.2, 10.4 (only small differences between 5th and 6th editions) <i>Deegan</i> Chapter 13 (only small differences between 5th and 6th editions) <i>Picker</i> Chapter 4 <i>AASB 119</i> 'Employee Benefits' <i>AASB 137</i> 'Provisions, Contingent Liabilities and Contingent Assets'
Week 6 25 August Jerry Chen	Revenue Recognition and Share-based Payments <ul style="list-style-type: none"> • Revenue recognition <ul style="list-style-type: none"> o Sale of goods o Rendering of services o Interest, royalties and dividends • Share based payments as expenses <ul style="list-style-type: none"> o Meaning of share based payment o Cash-settled and equity-settled share-based payment transactions • Relationship to earnings management 	<i>Deegan</i> Chapter 16, sections 16.1-16.5 (only small differences between 5th and 6th editions) <i>Deegan</i> Chapter 18 (only small differences between 5th and 6th editions) <i>Picker</i> Chapter 25 <i>AASB 2</i> 'Share-based Payment' <i>AASB 111</i> 'Construction Contracts' <i>AASB 118</i> 'Revenue'
Week 7 1 September Gary Pflugrath	<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 0 auto;"> <p>Mid-Session Test</p> <p>90 minutes</p> <p>Reading time to commence 6.20pm;</p> <p>Writing Time to commence at 6.30pm</p> </div>	<p>-----</p>
Mid-Session Break (no class)		

Week	Topic	Reading Materials
<p>Week 8 15 September</p> <p>Gary Pflugrath</p>	<p>Accounting for leases</p> <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 	<p><i>Deegan</i>, Chapter 11 (6th ed has a new section 11.12 “Future changes in accounting for leases” that is not in 5th ed)</p> <p><i>Picker</i>, Chapter 12 <i>AASB 117</i> “Leases”</p>
<p>Week 9 22 September</p> <p>Gary Pflugrath</p>	<div style="border: 1px solid black; background-color: #e0e0e0; padding: 10px; text-align: center; margin-bottom: 10px;"> <p>Group Assignment Due</p> </div> <p>Accounting for financial instruments and foreign currency transactions</p> <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. 	<p><i>Picker</i>, Chapter 5 (parts 5.1 - 5.3.5 pp. 126-158)</p> <p><i>Deegan</i>, Chapter 15 - Sections 15.1 to 15.3 inclusive and “Compound Instruments” in section 15.4 (only small differences between 5th and 6th editions)</p> <p><i>Deegan</i>, Chapter 35, Sections 35.1 – 35.5 inclusive (only small differences between 5th and 6th editions)</p> <p><i>AASB 7</i> “Financial Instruments: Disclosures”</p> <p><i>AASB 121</i> “The Effects of Changes in Foreign Exchange Rates”</p> <p><i>AASB 132</i> “Financial Instruments: Presentation”</p> <p><i>AASB 139</i> “Financial Instruments: Recognition and Measurement”</p> <p><i>Parkinson, G</i>, Brilliant Creatures, In The Black, October 2007, pp.42-45</p>

Week	Topic	Reading Materials
<p>Week 10 29 September</p> <p>Gary Pflugrath</p>	<p>Foreign currency translation and introduction to hedging</p> <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 	<p><i>Picker</i>, Ch. 5 (parts 5.3.6 – 5.4 pp. 158-167)</p> <p><i>Picker</i>, Chapter 21 (exclude sections 21.8 to 21.10 incl.)</p> <p><i>Deegan</i>, Chapter 15 (section 15.4 “Derivatives Used Within a Hedging Arrangement” (pp 478- 481 of the 6th edition contains practical illustrations that are not in the 5th edition)</p> <p><i>Deegan</i>, Chapter 35, Sections 35.5 and 35.6 (there are major differences between the 5th and 6th editions in section 35.6 – read the 6th edition here, not the 5th)</p> <p><i>AASB 121</i> “The Effects of Changes in Foreign Exchange Rates”</p> <p><i>AASB 139</i> “Financial Instruments”</p>
<p>Week 11 6 October</p> <p>Gary Pflugrath</p>	<p>Hedging</p> <ul style="list-style-type: none"> • Accounting for Forward Rate Agreements • Accounting for Options • Accounting for Futures Contracts 	<p><i>Picker</i>, Chapter 5 (parts 5.3.6 – 5.4 pp. 158-167)</p> <p><i>Deegan</i>, Chapter 15, section 15.4 “Derivatives Used Within a Hedging Arrangement” (pp 478- 481 of the 6th edition contains practical illustrations that are not in the 5th edition)</p> <p><i>Deegan</i>, Chapter 35, Section 35.6 (there are major differences between the 5th and 6th editions in section 35.6 – read the 6th edition, not the 5th)</p> <p><i>Kruger, J</i>, Shaping Hedges, Accountancy Magazine, December 2005, pp. 504-517</p> <p><i>AASB 139</i> “Financial Instruments: Recognition and Measurement”</p>

Week	Topic	Reading Materials
<p>Week 12 13 October</p> <p>Gary Pflugrath</p>	<p>Accounting issues arising from recent corporate crises</p> <ul style="list-style-type: none"> • The nature and causes of corporate collapses • Implications and costs of collapses • The fair value accounting controversy • The Enron, Worldcom, Parmalat, HIH, OneTel collapses and accounting failures • Regulatory responses • Earnings management in recent corporate failures 	<p>Supplementary Materials: <i>Clarke & Dean</i> Collapse Incorporated: Tales, Safeguards & Responsibilities of Corporate Australia 2001 Ch 3 <i>Dellaportas et al.</i> Ethics, Governance & Accountability: A Professional Perspective Wiley 2005, Ch 7 “Creative Accounting” <i>Healy & Palepu</i> “The Fall of Enron”. <i>L. Brooks</i> Business & Professional Ethics for Directors, Executives and Accountants, (2004) Ch 2.</p>