THE UNIVERSITY OF NEW SOUTH WALES

SCHOOL OF ACCOUNTING

ACCT 3563: Issues in Financial Reporting and Analysis - ***formerly Accounting and Financial Management 3A***

ACCT 3573: Issues in Financial Reporting and Analysis (Honours) - ***formerly Accounting and Financial Management 3A (Honours)***

2001

COURSE OUTLINE

A. COURSE OBJECTIVES

This course aims to:

1. Introduce students to the problems encountered by preparers and users when they endeavour to ensure that financial statements fairly reflect the effects of complex transactions and mechanisms within financial structures.

2. Develop students' capacity to identify and analyse elements of these problems and to relate those elements or problems to broader analytical frameworks.

3. Develop an understanding of the suggested solutions to certain technical accounting problems that have been mandated or proposed by statutory and regulatory agencies, and of the extent to which these solutions can also be related to broader analytical frameworks.

4. Practise students in the application of the techniques indicated by current and pending prescriptions to a selection of financial accounting and reporting problems.

5. Examine aspects of these broader analytical frameworks, focusing on the academic and professional debates concerning the specification of key accounting concepts and issues and relevant research literature.

6. Extend students' awareness of the impact of globalisation on Australian external reporting.

7. Expose students to topics that highlight the present limitations of external reporting and thus indicate potentially fruitful areas of future intellectual and professional endeavour. (Topics covered in 2001 will be: the redefinition of the external reporting function in the era of environmental reporting and accounting for cultural and heritage assets.)

8. Expose students to professional issues. (Topics covered in 2001 will be: business ethics and gender.)

B. THE COURSE IN GENERAL

In broad terms, the subject areas of this course may be divided into two main streams. The first, *Accounting for Complex Structures and Instruments*, is associated with course objectives 1 — 6. The second, *Pushing the Envelope*, is associated with objectives 6 — 8.

Specific topics in the *Accounting for Complex Structures and Instruments* stream are: the preparation of consolidated financial statements for complex consolidated entity structures; significant investments in associates; material interests in joint ventures; cross border forex hedge transactions and contracts; and new generation derivative financial instruments. Broadly speaking, this stream will take up the first 10-11 weeks of session.

Specific topics in the *Pushing the Envelope* stream are: environmental reporting; accounting for cultural and heritage assets; business ethics; and gender issues. This stream will take up the last 3-4 weeks of session.

For further details see Section F of this ***Course Outline*** below.

C. PRESCRIBED TEXT BOOKS and other COURSE MATERIALS

The prescribed text-books are:

1. ***Course Reading Materials — Volumes I & II*** (hereinafter ***CRMI*** and ***CRMII,*** respectively*),* School of Accounting, 2001

2. Deegan, C., ***Australian Financial Reporting,*** 2nd edition, McGraw-Hill, 1999, (hereinafter ***Deegan***). Extracts from several chapters of this text form part of the required reading for this course. (***Deegan*** was a prescribed text in AFM 2B in 1999 and 2000; accordingly many students will already have a copy.)

3. Eddey, P., ***Accounting for Corporate Combinations and Associations,*** 4th edition, Prentice-Hall, 1995, (hereinafter ***Eddey*).** This text is available from the University Bookshop. Several preview chapters from the forthcoming 5th edition, which will form part of the prescribed reading, will be distributed through the University Bookshop when available from the publisher.

CRMI and ***CRMII*** are packaged with a ***Tutorial Solutions*** booklet and will be sold through the UNSW bookshop. The price of $50 covers the cost of materials to be distributed to students throughout the session and contributes to the cost of maintaining the ACCT 3563 home page. However, the price does <u>not</u> include the cost of this ***Course Outline*** or the ***Tutorial Programme*** booklet, which are provided without charge to students. Any GST concerns regarding these materials should be discussed with staff at the Bookshop.

In addition to the abovementioned hard-copy materials, much useful additional material will be made available on the ACCT 3563 homepage. The more important examples are:

- Solutions and/or guides to tutorial questions not included in the ***Tutorial Solutions*** booklet
- Spreadsheet templates for practical exercises in the 4th edition of Eddey.
- Examination questions from previous years and other practice questions to aid with revision

D. COURSE ORGANISATION

The best guide to learning tasks to be completed by students week-by-week is the tutorial programme, supplemented by announcements made in class and on the ACCT 3563 homepage.

1. Classes

Students enrolled in ACCT 3563 are expected to attend, each week, <u>two</u> (2) one-hour lectures and <u>one</u> (1) 90-minute (1.5 hour) tutorial. Lecture and tutorial time-table information is posted on the official notice boards outside the Students' Centre, John Goodsell Building and on the 1st and 3rd floors of the Quadrangle Building. This information is also available on the ACCT 3563 home page.

Students enrolled in ACCT 3573 (Issues in Financial Reporting Honours) will attend the same lectures, and complete the ACCT 3563 tutorial programme. However there may be some variation in tutorial content and assessment, depending on the requirements of the honours programme. Dr Richard Morris will supply further information.

2. *Lecture Programme*

The topics to be considered in the lecture programme are listed in Section F of this ***Course Outline*** below. The major objective of the lecture programme is to introduce students to the broader contexts and parameters of the topics under review, indicating those matters which need to be considered with greater intellectual rigour in the tutorial programme and in personal study of the recommended literature.

Students should attend at least one lecture on Tuesdays and at least one lecture on Thursdays. The content of each of the morning, afternoon and evening lectures will be the same for each day.

3. *Tutorial Programme*

Tutorials commence in Week 2 and continue weekly until Week 14. Students are expected to attend a total of thirteen (13) tutorials during the session. Questions to be addressed in tutorials may be found in the ***Tutorial Programme***.

The major objective of the tutorial programme is to examine critically a selection of reporting practices and associated issues. This objective is addressed by reviewing techniques explained in the texts and current debates in the academic and professional literature, as found mainly in ***CRMI*** and ***CRMII.***

It is emphasised that the tutorial programme will cover material not specifically mentioned in lectures. Likewise, the lecture programme will cover material not specifically mentioned in tutorials.

Maximum benefit from attendance at the tutorial classes is dependent on the quality of both your preparation for class and subsequent reflection on the tutorial.

The tutorial allocation system is administered by the Faculty, as advised on your re-enrolment form. If you have any difficulty with your tutorial choice, please consult Mrs Liz Hicks during or after the second week of session only.

4. *Staff*

At the time of writing, staff assigned to this course are:

	Room No.	Phone No.
Mrs L. Hicks	Quad 3116	9385-5833
Ms J. Loftus	Quad 3082	9385-5837
Professor M. Miller	Quad 3108	9385-5820
Dr R. Morris	Quad 3066	9385-5818

Any additions or other changes to this listing will be advised in Week 1.

5. *Consultation*

In Session 1, purely administrative matters should be referred to Mrs L. Hicks. Academic matters should be referred to the staff member responsible for your tutorial class. Special difficulties may be referred to Ms Loftus. Staff members are available for student consultation at set published times and/or at mutually convenient times, by private arrangement.

6. *Honours*

Enquiries regarding ACCT 3573 (Honours) should be addressed to Dr Morris.

E. ASSESSMENT

1. Assessment Plan

The course assessment plan is:

	Marks
Tutorial Participation (quizzes, presentations)	25
Final Examination –Multiple Choice (hereinafter **FEMC**)	35
Final Examination –Essay Style (hereinafter **FEES**)	40
Total	100

Further details regarding the tutorial participation component will be provided in the first tutorial (in Week 2).

FEMC will be based on the *Accounting for Complex Structures and Instruments* stream, as described in sections B and F of this ***Course Outline***. It will take the form of multiple-choice. Examples of the types of question students are likely to encounter will be made available on the ACCT 3563 home page.

FEES will be based on both streams as described in sections B and F of this ***Course Outline***. It will take the form of discursive/essay-style questions. The tutorial questions provide a guide to the types of questions students are likely to encounter. Further examples are available on the ACCT 3563 home page.

Students will sit both **FEMC** and **FEES** at the end of session. Further details will be provided in due course.

A pass grade in this course is achieved by attaining a minimum aggregate of fifty (50) marks accumulated in any proportion from the three (3) assessment components.

2. Supplementary Examinations

Students should consult the section on supplementary examinations in the **Commerce and Economics 2001 Handbook.** Be advised that the granting of a supplementary examination is not undertaken lightly. Special consideration is meant to address the problems of students who encounter abnormal and significant difficulties in completing course requirements. It is not an automatic compensation mechanism for failure. In particular, you should note that illness, employment and personal problems do not necessarily provide grounds for the automatic granting of a supplementary examination.

Should any supplementary examinations be necessary they will be held in July 2001. Examinations equivalent to **FEMC** and **FEES** will be held on the same day. Admittance to those examinations will be by invitation only.

3. Academic Misconduct

Students are reminded that the University regards academic misconduct as a very serious matter. Students found guilty of academic misconduct are usually excluded from the University for two (2) years but, because of the differing circumstances of individual cases, the period of exclusion can range from one (1) session to permanent exclusion.

The following are some of the actions which have resulted in students being found guilty of academic misconduct in recent years:

* taking unauthorised materials into an examination
* improperly obtaining prior knowledge of an examination paper and using that knowledge in the examination
* plagiarism.

F. Overview of Topics

First Stream: *Accounting for Complex Structures and Instruments*

1. Consolidated Financial Statements: Accounting for Investments in Subsidiaries
   (lectures in weeks 1-5; 5 tutorials)

2. Equity Accounting: Accounting for Investments in Associates
   (lectures in week 6; 1 tutorial)

3. Accounting for Interests in Joint Ventures
   (lectures in week 7; 1 tutorial)

4. Financial Instruments
   (lectures in week 8; 1 tutorial)

5. Foreign Currency
   A: Accounting for Foreign Currency Transactions (including Hedges)
   B: Translation of Accounts of Foreign Operations
   (lectures in weeks 9 – 10; 2 tutorials)

Second Stream: *Pushing the Envelope*

6. Ethics
   (lectures in week 11; 1 tutorial)

7. Accounting for Cultural and Heritage Assets
   (lecture in week 12; 1/2 tutorial)

8. Gender
   (lecture in week 12; 1/2 tutorial)

9. Accounting and the Environment
   (lectures in week 13; 1 tutorial)

Course Review

10. Revision
    (lectures in week 14)

Details of any modifications will be made available during classes and on the ACCT 3563 home page. Details of the specific content of each week's tutorial classes may be found in the ***Tutorial Programme,*** as supplemented by announcements in lectures and on the ACCT 3563 home page.

G. REFERENCE BOOKS

CRMI, CRMII, Deegan and ***Eddey*** will suffice for examination purposes. Additional references are provided for students who wish to pursue a particular interest in some of the course topics, seek additional background knowledge, enrich their understanding or broaden their horizons by consulting further sources. Two (2) copies of the following books are held in the Open Reserve Section of the UNSW Library, this Section being located on Level 2 of the Library Building:

Financial Instruments

1. Carew, E., **Derivatives Decoded,** Allen & Unwin, 1995.

2. Carew, E., **Fast Money 4,** Allen & Unwin, 1998.

Business Ethics

3. Clarke, F.L., Dean, G.W. and K.G. Oliver, **Corporate Collapse: Regulatory, Accounting and Ethical Failure,** Cambridge University Press, 1997.

4. Grace, D. and S. Cohen, **Business Ethics: Australian Problems and Cases,** 2nd edition, Oxford University Press, 1998.

Gender

5. Alverson, M. and Y.D. Billing, **Understanding Gender and Organizations,** Sage Publications, 1998.

Environmental Reporting

6. McIntosh, M., Lapziger, D., Jones, K. and G. Coleman, **Corporate Citizenship: Successful Strategies for Successful Companies,** Financial Times Pitman Publishing, 1998.

7. Aplin, G., **Australians and their Environment: An Introduction to Environmental Studies,** Oxford University Press, 1998.

8. Foster, J., **Valuing Nature? Economics, Ethics and Environment,** Routledge, 1997.

H. ACKNOWLEDGMENT

The contribution of the legendary G.G. Sullivan to the students and staff of Issues in Financial Reporting and Analysis is greatly appreciated and warmly remembered.

Ms Janice Loftus
Subject Co-ordinator
February 2001

<u>NOTE</u>: The full text of this ***Course Outline*** is available on the ACCT 3563 home page:
http://www.ace.unsw.edu.au/courses/acct3563.