

MACQUARIE UNIVERSITY



**POSTGRADUATE DIPLOMA
IN ACCOUNTING
and
MASTER OF ACCOUNTING**

UNIT OUTLINE

ACCG855 CORPORATE ACCOUNTING

Trimester 1 2008

ACCG 855 CORPORATE ACCOUNTING

UNIT OUTLINE-TRIMESTER 1, 2008

Unit Description

By the end of this unit you should be able to:

- Determine when companies are required to prepare consolidated financial statements
- Prepare consolidated financial statements, including:
 - Identification and recognition of fair value adjustments
 - Calculation and treatment of goodwill
 - Accounting for the intra-economic entity sale of inventory and non-current assets
 - Accounting for minority interest, direct and indirect
- Translate the financial statements of foreign subsidiaries
- Prepare consolidation journals in respect of investments on foreign subsidiaries
- Determine and apply the appropriate accounting treatment for associates
- Determine and apply the appropriate accounting treatment for joint ventures

In addition, specific communication skills will be developed through assessment tasks.

Prescribed Reference Materials

The prescribed materials for the unit are:

- Leo, K., Hoggett, J., Sweeting, J and Radford J., (2005) ***Company Accounting In Australia***, 6th ed, John Wiley & Sons.
- Alfredson, Leo, Picker, Pacter, Radford, ***Applying International Accounting Standards***, 1st ed. John Wiley & Sons Australia Ltd, 2005 **Chapters 21 - 23 only** (e-reading)
- ACCG855 Weekly lecture notes

The above materials are available on the Macquarie University online teaching facility:
learn.mq.edu.au

Additional Resource Material

- The Institute of Chartered Accountants provides *free* benefits and services to students, including:
 - monthly electronic newsletters with information on career planning, profiles on CA firms, interviews with successful CAs, news on important developments within the CA profession and business world;
 - access to Charter online, the CA e-magazine (also available in print);
 - access to the students only websiteStudents can establish an “e-relationship” with the Institute by completing the on-line registration form at www.charteredaccountants.com.au. Alternatively you can freecall the Institute on 1800 808 402.
- The CPA Passport Program offered by the CPA is a fee paying program. For details contact CPA at www.cpaustralia.com.au/passport

Teaching Staff

Lecturer in charge EMMA HOLMES
Room: Building E4A Level 2
Telephone: 0400 839 930 (Business hours only)
E-mail: blackdogconsultants@bigpond.com

Lecturer: LEISA HENNESS
Room: Building E4A Level 2
Telephone: 0413 809 927 (Business hours only)
E-mail: lhenness@optusnet.com.au

Lecturer: DAVID SILIPO
Room: Building E4A Level 2
Telephone: 0411 287 274 (Business hours only)
E-mail: equinoxtc@yahoo.com.au

Student Consultation Hours

All lecturers are available for consultation by phoning for an appointment in advance.

Consultation may be made in relation to any question about the unit content or any related issues. Alternatively, you may e-mail your queries to the e-mail addresses above.

All queries relating to assessments and examinations, requests for extensions of assignment etc should be directed to Emma Holmes, lecturer in charge, via the e-mail address above. Please note that all applications for Special Consideration (including in advance of designated assessment tasks) are required to be submitted to the Master of Accounting office, E4A Level 2 Reception. A copy of any such requests will be forwarded to Emma Holmes.

Unit Structure

This unit offers classes as follows:

| | | | |
|-----------|----------|---------|---------------|
| Monday | 9am-12pm | C4A 318 | Emma Holmes |
| Monday | 12pm-3pm | C4A 318 | Emma Holmes |
| Monday | 3pm-6pm | C4A 315 | David Silipo |
| Tuesday | 9am-12pm | C5A 304 | David Silipo |
| Wednesday | 6pm-9pm | C4A 315 | Leisa Henness |

You **MUST** attend only the class in which you are enrolled. In the event that you have to attend an alternative class for a particular week you are required to notify your lecturer in advance of attending the alternate class. A roll will be taken at each class.

Each session will involve a tutorial segment, discussing assigned weekly homework questions from the previous week. The session will then continue with a lecture covering the next topic.

You are required to prepare solutions to the weekly assignment questions prior to attending each weeks class. As solutions to selected weekly assignments will be discussed in

sessions, this gives you an opportunity to discuss any problems or difficulties you are experiencing with the subject content.

Solutions to weekly assignment questions will be placed online on the Saturday morning of the **week following the lecture**.

Solutions to additional self study homework questions for all weeks will be placed on the website at the beginning of the trimester. For theory questions, brief summaries are included in the solutions to add to your own work and notes from discussion in the session.

Please note that solutions will **NOT** be provided for the Topic 10 in-class case study.

All lecture notes and solutions to weekly assignments and additional self study questions can be accessed on the online learning portal: learn.mq.edu.au.

Communication skills

To assist students in developing their communication skills a session will be run during normal class time by representatives from NCELTR in classes during the week commencing Monday 3rd March.

This session will be focussed on report writing. The session will be interactive and attendance is **compulsory** for all students. Material covered in this session will be examined in the assignment for this subject.

Assessment

The assessment for the unit will consist of the following components:

| | |
|-----------------------------------|------------|
| | % |
| Weekly computer based assignments | 15 |
| Mid-term examination | 35 |
| Written assignment | 15 |
| Final examination | <u>35</u> |
| | <u>100</u> |

To be eligible to pass the unit it is necessary to perform satisfactorily in **all** of the above components. Your final grade for the unit will take account of your overall performance (in total) **and** your individual performance in **each** of the assessment components. To pass this unit you must:

- (i) obtain a pass in the combined examination component (mid-term + final);
- (ii) satisfactorily submit all weekly computer based assignments;
- (iii) obtain a pass in the written assignment; and
- (iv) obtain an overall pass.

Assessment – Weekly computer based assignments

Date: various (refer below for details)

Assessment percentage: 15% (out of 100% total)

| Assignment # | Topics covered | % age | Due date ** (by 6pm two days AFTER your lecture) |
|---------------------|-----------------------|--------------|---|
| 1 | 2 & 3 | 3 | Week commencing 18 February |
| 2 | 4 | 3 | Week commencing 25 February |
| 3 | 5 | 3 | Week commencing 3 March |
| 4 | 7 | 3 | Week commencing 17 March |
| 5 | 8&9 | 3 | Week commencing 7 April |
| | | 15 | |

During the trimester, you will be required to complete and submit 5 computer (excel) based assignments. Detailed information on how to complete and submit these assignments will be provided to you in week 1 of lectures.

A penalty of 20% per day (or part thereof) for late submission will be applied to each assignment. Any assignment submitted more than 5 days late will receive a mark of zero.

** Due date – eg if your class is on Monday, you will be required to submit assignment #1 by 6pm on Wednesday 20 February. If your class is on Wednesday you will be required to submit assignment #1 by 6pm on Friday 22 February.

Assessment - Mid Term Examination

Date: Saturday 8th March 2008, time and location TBA

Assessment percentage: 35% (out of 100% total)

The mid trimester examination will be a 2 ½ hour written exam. This examination will examine material covered in Topics 1 to 5. The examination will comprise of a number of written (theory) questions as well as multiple choice questions.

Assessment – Written Assignment

Due: Tuesday 25th March 2008

Assessment percentage: 15% (out of 100% total)

Details of the assignment will be provided in class during the week commencing Monday 3rd March.

This trimester all ACCG855 students will be required to submit assignments electronically to the *Turnitin* website.

Turnitin is an internet database that identifies papers containing unoriginal material. All students will be given detailed instructions on how to register for and use the *Turnitin* website before the first assignment is released to students.

Assignment Submission Requirements

When submitting assignments for ACCG855 students must complete all the steps below:

1. **Submit your assignment to *Turnitin*:** when you submit your assignment the *Turnitin* website will produce an **Originality Report**. You must print the **Originality Report** and hand it in with your assignment by the due date as instructed by your lecturer.
2. **A Cover Sheet** must be attached to the front of your assignment when submitted in hard copy. The cover sheet must be signed and dated. Coversheets can be downloaded from http://www.efs.mq.edu.au/student_support/eric

Detailed instructions explaining *Turnitin* and how students will be required to use this website for ACCG855 will be distributed to all students in class.

Important Information

Class ID: 2131336
Enrolment Password: ACCG855

You will need the above *Class ID* and *Enrolment Password* when you register and create your user profile in *Turnitin*.

Some students may have used Turnitin in Trimester 3 2007. If you already have a user profile you do not need to create a new one. For instructions on how to enrol in a new class by adding it to your current user profile please refer to section 3 “Enrolling in a new Class” of your Turnitin Student User Guide.

PENALTIES WILL APPLY TO STUDENTS WHO FAIL TO FOLLOW THESE INTRUCTIONS. IT IS THE STUDENT’S RESPONSIBILTY TO COMPLETE THESE REQUIREMENTS.

Assessment - Final Examination

Date: In the exam week commencing Monday 14th April 2008
Assessment percentage: 35% (out of 100% total)

The final examination will be a 2 ½ hour written exam. This examination will examine material covered in Topics 7 to 10 (including the case study covered in Topic 10). The examination will comprise of a number of written (theory) questions as well as multiple choice questions.

Macquarie University Rules and Regulations

All assessment is subject to the University's rules and information to students set out in the Handbook of Postgraduate Studies. You are particularly referred to rules of the various postgraduate awards and Student Information regarding Plagiarism and Assessment. (www.student.mq.edu.au/plagiarism).

PLAGIARISM

What is plagiarism?

The Academic Senate in June 2001 approved policies and procedures to ensure that the University takes a consistent and equitable approach to plagiarism. The Senate adopted the following definition of plagiarism.

Definition: Plagiarism involves using the work of another person and presenting it as one's own. Any of the following acts constitutes plagiarism unless the source of each quotation or piece of borrowed material is clearly acknowledged.

- i) copying out part(s) of any document or audio-visual material (including computer based material);
- ii) using or extracting another person's concepts, experimental results, or conclusions;
- iii) summarising another person's work;
- iv) in an assignment where there was collaborative preparatory work, submitting substantially the same final version of any material as another student.

Encouraging or assisting another person to commit plagiarism is a form of improper collusion and may attract the same penalties which apply to plagiarism. Opportunities and temptations for plagiarism have increased with the spread of internet access. Plagiarism is a serious threat to the teaching and accreditation process, and seriously undermines the collegial and ethical principles which underpin the work of a University.

The Dangers of Plagiarism and How to Avoid It

The integrity of learning and scholarship depends on a code of conduct governing good practice and acceptable academic behaviour. One of the most important elements of good practice involves acknowledging carefully the people whose ideas we have used, borrowed, or developed. All students and scholars are bound by these rules because all scholarly work depends in one way or another on the work of others.

Therefore, there is nothing wrong in a student using the work of others as a basis for their own work, nor is it evidence of inadequacy on the student's part, provided they do not attempt to pass off someone else's work as their own.

To maintain good academic practice, so that a student may be given credit for their own efforts, and so that their own contribution can be properly appreciated and evaluated, they should acknowledge their sources and they should ALWAYS:

- i) state clearly in the appropriate form where they found the material on which they have based their work,
- ii) acknowledge the people whose concepts, experiments, or results they have extracted, developed, or summarised, even if they put these ideas into their own words;
- iii) avoid excessive copying of passages by another author, even where the source is acknowledged. Find another form of words to show that the student has thought about the material and understood it, but stating clearly where they found the ideas.

If a student uses the work of another person without clearly stating or acknowledging their source, the result is falsely claiming that material as their own work and committing an act of PLAGIARISM. This is a very serious violation of good practice and an offence for which a student will be penalised.

A STUDENT WILL BE GUILTY OF PLAGIARISM if they do any of the following in an assignment, or in any piece of work which is to be assessed, without clearly acknowledging their source(s) for each quotation or piece of borrowed material:

- i) copy out part(s) of any document or audio-visual material, including computer-based material;
- ii) use or extract someone else's concepts or experimental results or conclusions, even if they put them in their own words;
- iii) copy out or take ideas from the work of another student, even if they put the borrowed material in their own words;
- iv) submit substantially the same final version of any material as a fellow student. On occasions, a student may be encouraged to prepare their work with someone else, but the final form of the assignment must be their own independent endeavour.

Examples

Examples of plagiarism, scaled from the mildest to most serious offences, which may be collectively known as "The Plagiarism Continuum" (Walker, J. (1998) "Student Plagiarism in Universities: What Are We Doing About it?" Higher Education Research and Development, 17, 1, 89-105) are provided on the following web page: www.student.mq.edu.au/plagiarism. The web site also includes the procedures approved by Academic Senate to be followed in cases of suspected plagiarism.

Penalties

Offences of plagiarism will attract penalties which may vary from counselling and a warning, the deduction of all marks for the assignment, to failure in the unit and reference to the University Discipline Committee. The penalty will depend upon the extent of the plagiarism, whether it is a first or repeated offence, whether there is evidence of deliberate deceit and whether advantage has been taken of another student.

Grading

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG).

On occasion your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should achieve similar results.

It is important that you realise that the policy does not require that a minimum number of students are to be failed in any unit. In fact it does something like the opposite, in requiring examiners to explain their actions if more than 20% of students fail in a unit. The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another also receives a higher final scaled mark.

For an explanation of the policy see <http://senate.mq.edu.au/rules/Guidelines2003.doc> or <http://senate.mq.edu.au/rules/detailedguidelines.doc>.

STUDENT SUPPORT SERVICES:

Macquarie University provides a range of Academic Student Support Services. Details can be accessed at: <http://www.student.mq.edu.au>

Further, NCELTR provides Study Skills workshops for MAcc students. For the timetable, see <http://www.accg.mq.edu.au/macc> .

Lecture Topics and References – ACCG855

| Topic | Week commencing | Topic | Readings L&H = Leo & Hoggett AIAS = e-readings | Weekly assignment question – MANDATORY | Additional self study questions - OPTIONAL |
|-------|--------------------|--|--|--|--|
| 1 | 21 Jan | Consolidations (1) Control, groups | L&H Chapter 13 (excluding sections 13.2, 13.6) | | Disc qu: 2,5,6,8,13 |
| | 28 Jan | Monday public holiday – no lectures | | | |
| 2 | 4 Feb | Consolidations (2) Principles of consolidation | L&H Chapter 14 (excluding section 14.8, 14.9) | Ex: 14.4 Prob: 14.7 | Disc qu: 3,6 Ex: 14.3, 14.5 Prob: 14.2, 14.4 |
| 3 | 11 Feb | Consolidations (3) Intra-economic entity sale of assets | L&H Chapter 15 (excluding section 15.4.3, 15.4.4, 15.7.3) Section 15.8 Advances only – IGNORE the rest of this section | Ex: 15.1 (excl (d)&(f)), Prob: 15.8 | Disc qu: 2,7 Ex: 15.2 (excl (g)), 15.6 (Part A only) Prob: 15.5 |
| 4 | 18 Feb | Consolidations (4) Minority interest – direct Computer assignment # 1 due | L&H Chapter 16 | Ex: 16.2 Prob:16.6 | Disc qu: 1, 5, 7, 8 Ex: 16.3, 16.7 ⁱ Prob: 16.2 ⁱⁱ , 16.7 |
| 5 | 25 Feb | Consolidations (5) Minority interest – indirect Computer assignment #2 due | L&H Chapter 17 (excluding sections 17.4 and 17.5) | Ex: 17.6 Prob: 17.4 ⁱⁱⁱ | Disc qu: 1, 2 Ex: 17.2, 17.4 Prob: 17.2 |
| 6 | 3 Mar | Communication skills – NCELTR report writing session Computer assignment #3 due | | | |
| | Sat 8 March | Mid term exam | | | |
| 7 | 10 Mar | Translation of foreign currency financial statements and consolidation accounting for foreign subsidiaries | AIAS Chapter 21 (excluding section 21.6) | Prob: 21.2 ^{iv} | Disc qu: 3, 4,9 Ex: 21.2 (Part 1 & 2 only), 21.3 (Part 1 only) 21.4 ^v , 21.5 ^{vi} (Part 1(a), 2 and 3(a) only) Prob: 21.1, 21.3 (Part 1 only) 21.4 ^{vii} |
| 8 | 17 Mar | Equity accounting Computer assignment #4 due | AIAS Chapter 22 (excluding section 22.4.4, 22.4.5, 22.4.7) | Ex: 22.6 ^{viii} Prob: 22.2 | Disc qu: 2, 5, 7, 8 Ex: 22.1, 22.5 |
| | 24 Mar | No lectures – Monday public holiday WRITTEN ASSIGNMENT DUE | | | |
| 9 | 31 Mar | Joint ventures | AIAS Chapter 23 | Prob: 23.4 | Disc qu: 3, 4 Ex: 23.2 ^{ix} , 23.4 ^x Prob: 23.5 ^{xi} |
| 10 | 7 Apr | In class Case Study Computer assignment #5 due | | | |

Refer to the last page of this unit outline for additional (endnote) information relating to homework questions (where annotated i, ii, iii etc).

Endnotes relating to homework questions

- i Exercise 16.7 – assume share capital of Juliet is \$100,000, NOT \$120,000 as advised at the beginning of the exercise.
- ii Problem 16.2 – assume that there is \$30,000 worth of share capital (ie each share is \$1 each)
- iii Problem 17.4 –The amount paid by Rock for the 80% interest in Sun should read \$71,600 instead of \$72,000. Also there should be a cum div (dividend payable of \$5,000 recorded by Rock at the date of acquisition).
- iv Problem 21.2 - Please assume that the Singapore dollar is the base currency (rather than the AUD as has been shown in the question).
- v Exercise 21.4 - Please assume that the HK dollar is the functional currency of Nathan Ltd, instead of Singapore dollars (as is stated in the question).
- vi Exercise 21.5 – The cost of acquisition should read \$977 400, NOT \$997 400.
- vii Problem 21.4 – Additional info 1. – Please amend the comment re the inventory to state that all inventory was sold by June 2007, rather than July 2007.
- viii Exercise 22.6 – Delete the sentence on the top of page 974 “ On 1 July 2005 as an associate”. Also, additional information part (a) should read “Burgdorf Ltd sold to Sursee Ltd some inventory, which had previously cost Burgdorf Ltd \$8,000, for \$10,000. Sursee Ltd still had one-quarter of these items on hand at 30 June 2008. Additional information part (b) should then be removed.
- ix Exercise 23.2 – the fair value for Bangor should read \$400,000, instead of \$450,000
- x Exercise 23.4 – the equipment balance needs to be changed from \$720,000 to \$820,000 and the total assets changed from \$1,420,000 to \$1,520,000.
- xi Problem 23.5 – you should assume that all inventory distributed to the venturers has been sold by 30 June 2007.