

MACQUARIE UNIVERSITY



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

UNIT OUTLINE

ACCG861 PRINCIPLES OF ACCOUNTING

Trimester 2 2008

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UNIT OUTLINE-TRIMESTER 2 2008

Unit Description

Accounting is an information system designed to enable the preparation of financial statements that will provide relevant information for the making of economic decisions. This course will focus on accounting information systems for non-incorporated businesses. When you have completed the course, you should understand accounting fundamentals including:

- Who are the users of accounting information;
- Some basic assumptions and principles underlying accounting;
- The meaning of the terms asset, liability, owner's equity, revenue and expense;
- The accounting systems for unincorporated single and multiple owner businesses.

This course provides the necessary theoretical concepts to understand accounting fundamentals, but is principally concerned with accounting practice. To enable you to understand and apply both the fundamentals and practices of accounting, selected questions and problems will be assigned each week. Students are required to complete these problems prior to their class in the next week at which time there will be an opportunity to resolve any problems experienced with material. Solutions to the questions will be made available through Online Learning @ MQ.

A pass is required in ACCG861 before commencing ACCG862.

Generic Skills

Throughout the Postgraduate Diploma/Master of Accounting program generic skills that are required within a professional accounting environment are developed. These skills include writing, reading, comprehension, problem solving, team building and communication. Students' participation within seminars, homework material and assessment tasks are designed to enhance these skills. A class presentation by the Careers Development Office and the related assignment will highlight particular generic skills that will be developed more fully in later units within the program.

Prescribed Reference Materials

The prescribed materials for the course are:

- Hoggett J., Edwards L. and Medlin J., "Financial Accounting" John Wiley & Sons, 6th Edition, 2006.
- Latimer, N. "DB Dance Studio - A Manual Accounting Practice Set" – John Wiley & Sons Australia, Ltd, 2007.

The above materials are available for purchase from the Co-op Bookshop on campus.

- Unit Topic Notes to be downloaded from Online Learning @ MQ each week prior to class.

Accessing Online Learning @ MQ

- Type <http://learn.mq.edu.au/> into the URL/Address/Location field of your browser and then press the 'Enter' key on your keyboard.
- Your username is your Macquarie Student ID number and your password is your "myMQ Student Portal" password issued on enrolment. Click login after entering these details.
- Once you are logged in, click on the underlined 'ACCG861' unit link under the courses section of the page.

Seminar Preparation

Students should prepare prior to seminars as indicated in the Guide to Unit Contents (later in this outline). The Guide to Unit Contents contains a list of relevant questions from the Hoggett et al text that students must attempt. Recommended answers or suggested approaches to answering most of the questions will be published on Online Learning @ MQ. Opportunities will be provided for students who wish to discuss any of these questions during seminars. However the onus is placed on the student in the unit to work on these questions independently.

For access to Online Learning @ MQ go to: <http://learn.mq.edu.au>

For access to information on administrative matters go to www.accg.mq.edu.au/ss/macc/

Teaching Staff

All staff are located on level 2 in the new building E4A.

Mrs Nila Latimer (Lecturer-in-charge)

Mr Adrian Klamer

Ms Clare O'Connor

Unit Structure

Sessions in this unit are offered at the following times:

3.00pm	-	6.00pm	Tuesday
6.00pm	-	9.00pm	Tuesday
9.00am	-	12.00pm	Wednesday
9.00am	-	12.00pm	Thursday
12.00pm	-	3.00pm	Thursday

To satisfy the requirements of the course you are required to attend the scheduled class into which you are enrolled. **Students are not permitted to move between classes and will not be permitted to submit any assessments at any time other than at the commencement of their enrolled class.**

Students are encouraged to read the prescribed unit notes and readings and chapter(s) in the textbook prior to attending each class in order to gain maximum benefit from the course.

The format of the class is flexible and may vary from time to time to meet the particular requirements of the group.

Student Consultation Hours

Students can initiate consultation by emailing the lecturer of their class. The lecturer will endeavour to answer the student's question or arrange an appointment. Any questions regarding non-content related issues such as queries relating to assessments and examinations should be directed to the lecturer-in-charge via the email address given on the previous page.

Please note that only emails from Macquarie University student email accounts will be read.

Assessment

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

“Connecting to Your Career” Assignment	5%
Mid-trimester examination	20%
Folios	10%
Accounting Practice Set	20%
Final examination	<u>45%</u>
Total	<u>100%</u>

To be eligible to pass the unit overall it is necessary to :

1. attend and attempt the mid-trimester examination
2. submit a satisfactory “Connecting to Your Career” assignment by the due date
3. achieve **at least 75%** of the total marks applicable to the Accounting Practice Set
4. submit satisfactory folios by the due dates
5. achieve a **pass in each question** in the final examination

Students are advised that dictionaries (electronic or paper) and programmable calculators with text-storing capabilities and mobile telephones are not permitted to be used in examinations.

Assessment: Mid-trimester examination

A 2 hour mid-trimester examination will cover topics 1- 5 and will be held on Saturday 21st June 2008. Time will be advised. **Students are required to obtain their seat allocation from the MACC website, the noticeboard outside C4A315, or the noticeboard outside ERIC (ground floor of E4B room 106) prior to attending the examination. Where examinations are held outside university campus, students are expected to allow for travel time to those venues.**

Assessment: “Connecting to Your Career” Assignment

Details of the assignment will be provided to you in class in the week commencing 5th May 2008. The assignment is to be submitted to your lecturer **AT THE BEGINNING** of your enrolled class in the week commencing 19th May 2008.

This Trimester all ACCG861 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 ACCG861 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://learn.mq.edu.au>

Detailed instructions explaining *Turnitin* and how students will be required to use this website for ACCG861 will be distributed to all students in class.

Important Information

Class ID: 2254208
Enrolment Password: ACCG861

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 a previous trimester. 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 INSTRUCTIONS. IT IS THE STUDENT’S RESPONSIBILITY TO COMPLETE THESE REQUIREMENTS.

Assessment: Accounting Practice Set

Note: An original copy of the practice set must be purchased. Alternatively the practice set can be hand-copied from the copy in Special Reserve Section of the library. Photocopying contravenes copyright laws. Photocopied sets will not be accepted for submission.

The Accounting Practice Set should be commenced no later than the week commencing 23rd June 2008 and must be submitted to your lecturer **AT THE BEGINNING** of **your enrolled class** in the week commencing 21st July 2008. Penalties will apply for late submission of the practice set.

A 20 minute test relating to the practice set will be held during the final examination. You will need to refer to the practice set in order to answer the test questions so your own previously submitted practice set will be available to you at the final exam.

Assessment: Folios

Each week questions, including discussion questions, exercises, problems, ethical case studies and others, are set from the Hoggett et al. text (and other sources) to assist students to practice material relating to the topic.

Students are required to:

- handwrite all answers (pro forma ledger accounts etc are allowed),
- check answers from the ACCG861 folder on the Online Learning @ MQ website and to indicate in a different colour pen, the areas where mistakes were made.
- correct their mistakes, using a different coloured pen to distinguish the correction from the original work.
- submit 2 folios. The first folio is to consist of all papers relating to homework questions for Topics 1-5. The folio is to be handed in at the mid-trimester examination. The second folio is to consist of all papers relating to questions from Topics 6-11 and is to be handed in at the final examination. All work **MUST** be handwritten. To be eligible for 10 marks, the folios must be **COMPLETE**. All folios **MUST** be submitted in flat files no wider than 22.5 cm with a coversheet which can be downloaded from Online Learning @ MQ. (See last paragraph on page 2.) .
- **Folios that are not submitted with the correct folder will receive a zero (0) mark.**

The solution to one homework question per week will not be available from Online Learning @ MQ. The solution will be discussed in class and students will be required to correct their answer at that time only.

Assessment: Final examination

The final examination will be a closed-book paper of 2.5 hours duration (plus 10 minutes reading time) which will potentially examine the material covered in the whole unit. Time allowed for the practice set test is in addition to the time allocated for the final examination. Details regarding the format of the examination will be provided to you during the trimester. **Students are required to obtain their seat allocation from the MACC website, the noticeboard outside C4A315, or the noticeboard outside ERIC (ground floor of E4B room 106) prior to attending the examination. Where examinations are held outside university campus, students are expected to allow for travel time to those venues. REMEMBER THAT TO PASS ACCG861, A PASS IN EACH QUESTION IN THE FINAL EXAM IS REQUIRED.**

Ways to enhance your chance of success in this unit

During 2007 the Master of Accounting program engaged in a significant research project that was designed to investigate and find ways to enhance student participation in the classroom.

Students who were interviewed during the research project stated that participating in classroom discussions, answering lecturer's questions and engaging in meaningful discussion with colleagues when directed by the lecturer:

1. assists them in retaining information and maintaining interest and concentration
2. allows them to clarify or check their understanding
3. provides opportunities to enhance and reinforce knowledge and learn from other students
4. improves their English proficiency
5. supports their development of communication skills
6. develops skills needed in professional practice

Lecturers expect students to participate in class as it:

1. provides opportunities for students to review or clarify lecture content and benefit from the experience of other students
2. assists students to think about concepts and test whether their understanding is correct
3. develops confidence in speaking
4. provides opportunities to think in a different way

The research concluded that the benefits of participation include:

- enhancing the learning process
- meeting lecturers' expectations of students
- helping to increase communication skills.

Macquarie University Rules and Regulations

All assessment is subject to the University's rules and information to students set out in the 2008 Calendar of Governance, Legislation and Rules.

The dangers of cheating and plagiarism and how to avoid them

To cheat in the context of university assignments, tests and examinations is to attempt to gain an unfair advantage by violating the principles of intellectual and scholarly integrity. Cheating also encompasses plagiarism, which is the appropriation or imitation of another person's ideas and manner of expressing them. Both cheating and plagiarism carry heavy penalties. For more details on this issue refer to the section of the 2008 Handbook of Postgraduate Studies, or to the section of the Division of Economic and Financial Studies website dealing with this issue, at <http://www.efs.mq.edu.au/cheating.html>.

Student Results

Student results for the course will consist of a Standardised Numerical Grade (SNG) and a grade denoted by a letter HD, D, Cr, P, PC, or F.

The SNG is expressed as a number between 0 and 100. In accordance with Macquarie University grading policy, final results will be based on the following official university definitions, as published by the University:

- *HD High Distinction (SNG 85-100)* - performance that meets all unit objectives in such an exceptional way and with such marked excellence that it deserves the highest level of recognition.
- *D Distinction (SNG 75-84)* - performance that clearly deserves a very high level of recognition as an excellent achievement in the unit.
- *Cr Credit (SNG 65-74)* - performance that is substantially better than would normally be expected of competent students in the unit.
- *P Pass (SNG 50-64)* - performance that satisfies unit objectives.
- *PC Conceded Pass (SNG 45-49)* - performance that meets unit objectives only marginally.
- *F Fail (SNG 0-44)* - failure to complete the unit satisfactorily.

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>

Guide to Unit Contents - Trimester 2, 2008

Class	Week commencing	Topic	Chapters*	Questions
1 SM	5 May	“Connecting to Your Career”		Assignment to be advised
2	12 May	1. Introduction to Accounting	1 and 2 11 pages 490 - 495	Ch 1: DQ 2, 7, 8, 10. Ex. 1.1.Ethical Issues page 26. Ch 2: DQ 3, 6, 8. Ex. 2.7, 2.8, 2.9 Pr 2.1, 2.5, 2.10, 2.11. Decision Case p.61 Ch 11: DQ 9, Ex. 11.1 [excl.part (6)] Ex. 11.4
3	19 May	2. Principles of Accounting & the Accounting Process to Trial Balance “CONNECTING TO YOUR CAREER” DUE (beginning of class)	3	Ch 3 DQ 4, 7 Ex.3.4, 3.6, 3.8, 3.10 Pr 3.2, 3.4, 3.8, 3.9
4	26 May	3. Balance Day Adjustments and Payroll	4 17 pages 727 - 731	Ch 4: DQ 3, 5, 7 Ex. 4.2, 4.5, 4.6, 4.9 Pr 4.1(a) only, 4.3 Ch 17 Ex. 17.4, 17.5, Pr17.1(a) & (b), 17.2
5	2 June	4. Preparation of Accounting Worksheet & Completion of Accounting Cycle	4 and 5	Ch 4:DQ 8, Pr 4.8, 4.10 Ethical Issues p181 Ch 5: DQ 3, 4, 7. Ex. 5.4, 5.7 Pr 5.2, 5.4, 5.9
6	9 June	5. Accounting for Retailing	6	Ch 6: DQ 1, 2, 4, Ex. 6.3, 6.5, 6.6, 6.7, 6.9, 6.10, 6.11 Pr 6.6, 6.9, 6.13 Decision Case p.281
7	16 June	6. Inventories	14	Ch 14: DQ 2, 6, 7 Ex. 14.2, 14.3, 14.4, 14.6, Pr 14.3, 14.6 Ethical Issues p.635
	Saturday 21 June	MID-TRIMESTER EXAM	TOPICS 1-5	Time and location available on MACC website, C4A315 or E4B noticeboards
8	23 June	7. Accounting Systems 8. Cash and Cash Controls	7 12	Begin Practice Set Enter all transactions in the correct journals for the month of May.
9	30 June	Practice Set Revision		Ch 12 DQ 1, 2, 3, 4 Ex 12.4, 12.7, 12.8 (cash in Q12.8 should be \$47 not \$105), Pr 12.3, 12.5, 12.7, 12.8 Critical Thinking Case p. 552
10	7 July	9. Receivables	13	Ch 6 Ex. 6.11 Ch 13 DQ 1, 4, 6 Ex13.3, 13.4, 13.7, 13.9 Pr 13.6, 13.7, 13.10, 13.11 Decision Case p. 590
11	14 July	10. Property, Plant & Equipment	15 and 16	Ch 15 DQ 6, 7, 9 Ex 15.1, 15.2, 15.4 (1,3 &4), 15.8 Pr 15.8 Ethical Issues p 674, Ch 16 Ex 16.3, Pr 16.1A, B (1 & 2), Attached questions 1 and 2
12	21 July	11. Partnerships	8 and 9	Ch 8: DQ 2, 3, 5, Ex. 8.2, 8.6, 8.9, Pr 8.1, 8.3, Decision Case p 380 Ch 9: DQ 3, 4, Ex. 9.9, Pr 9.11
	21 July	PRACTICE SET SUBMISSION – start of class		Test 20 minutes at final examination
13	28 July	FINAL EXAMINATION – 2.5 hrs plus 10 minutes reading Practice Set Test - 20 minutes	TOPICS 6-11	Date and time will be advised on final examination timetable

ACCG861 Principles of Accounting Trimester 2, 2008

Topic 10 – Property, Plant and Equipment

Homework questions

QUESTION 1

PART A

Rose Ltd purchased machinery on 1 January 2005 at a cost of \$80 000. The machinery has an expected useful life of 8 years and an estimated residual value of \$10 000. The estimated useful life in machine hours is 40 000. Actual hours of use in the first 3 years were:

2005 – 3 000 hours, 2006– 5 500 hours, 2007 – 3 500.

Required:

- (1) Calculate the amount of accumulated depreciation for the machine up to 30 June 2007 under the following three depreciation methods:
 - Straight line
 - Reducing balance (using 1.5 times the straight-line rate)
 - Units of production
- (2) Which method would result in the highest reported profit for the year ending 30 June 2007?
- (3) What factors should be considered when choosing a depreciation method for accounting purposes?

PART B IGNORE THE EFFECTS OF GST IN THIS QUESTION

Johnson Ltd purchased a computer on 1 March 2004 for \$36 000. It had an estimated useful life of 7 years and a residual value of \$1 000, but Johnson Ltd decided to sell the computer on 30 June 2007 for \$18 000.

Required:

For each of the following options:

- (1) The computer has been depreciated using straight-line depreciation.
- (2) The computer has been depreciated using reducing balance depreciation (1.5 times the straight line rate).

Prepare the journal entries for the sale of the computer.

State the dollar amount of any gain or loss on sale showing your workings.

QUESTION 2

The information below relates to the purchase of a piece of equipment to be used by Agnew Stockfeeds.

Invoice price including GST	\$49,500
Cash discount taken	990
Freight paid including GST	1,100
Installation costs including GST	1,210
Repairs due to damage to asset during installation (includes GST)	880

Required:

(a) What is the total cost at which this asset should be recorded in the books of Agnew Stockfeeds?

PARTS (b), (c), and (d) OF THIS QUESTION ARE NOT RELATED TO PART (a)

(b) Agnew Stockfeeds purchased a forklift on 4 April 2006 at a cost of \$25,000 (excluding GST). The forklift has an expected useful life of 8 years or 8,000 engine hours and a residual of \$1,000.

Determine the amount of depreciation expense that would be recorded for the years ending 30 June 2006 and 2007 if the machine worked for 300 hours in the year ending 30 June 2006 and 1050 hours in the following year under each of the following depreciation methods:

- (1) straight line
 - (2) reducing balance
 - (3) units of production
- (c) Agnew Stockfeeds decided to sell the forklift on 1 October 2007 for \$18,000. Prepare all the journal entries required to record the sale and show whether there has been a gain or loss on sale using:
- (1) straight line depreciation
 - (2) reducing balance depreciation
- (d) Agnew Stockfeeds cannot decide which depreciation method should be used for the forklift. Explain the factors which should be considered when selecting a method of depreciation.