

MACQUARIE  
UNIVERSITY



FACULTY OF  
BUSINESS AND ECONOMICS

**ACCG855**  
**Corporate Accounting**

**Semester 2, 2010**

**MACQUARIE UNIVERSITY  
FACULTY OF BUSINESS AND ECONOMICS  
UNIT OUTLINE**

**Year and Semester: Semester 2, 2010**

**Unit convenor: Emma Holmes**

**Prerequisite: ACCG862 – Financial Accounting**

**Credit points: 3**

Students in this unit should read this unit outline carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

**ABOUT THIS UNIT**

- ACCG855 is the third unit in the financial accounting sequence of units within the Masters of Accounting (Professional), following on from ACCG862 Financial Accounting, which is a pre-requisite. ACCG855 is a core unit of study for students intending to study the further programs offered by CPA Australia or the Institute of Chartered Accountants in Australia.
- This unit focuses on the accounting issues that pertain to the corporate form of organisations operating in the private sector. It commences with an in-depth study of the requirements for the preparation of financial statements for a group of companies operating under common control and continues onto examining accounting issues pertaining to foreign operations and accounting for other types of investments.
- Students successfully completing this unit will be awarded 3 credit points.

**TEACHING STAFF**

Unit convenor: EMMA HOLMES  
E-mail: [blackdogconsultants@bigpond.com](mailto:blackdogconsultants@bigpond.com)

Lecturer: LEISA HENNESSY  
E-mail: [lhenness@optusnet.com.au](mailto:lhenness@optusnet.com.au)

Lecturer: DAVID SILIPO  
E-mail: [equinoxtc@yahoo.com.au](mailto:equinoxtc@yahoo.com.au)

## CONSULTATION TIMES

Lecturers are available for consultation at the following times each week that lectures are held:

Emma Holmes:	Tuesday 8.30am-9.00am	C4A 318
Leisa Henness:	Tuesday 11.30am-12.00pm	E4B 104
David Silipo:	Thursday 11.30am-12.00pm	E4B 104

You are encouraged to seek help at a time that is convenient to you from a staff member teaching on this unit 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.

Students experiencing significant difficulties with any topic in the unit are strongly advised to seek assistance immediately.

## CLASSES

This unit offers one 3 hour class per week as follows:

Tuesday	9am-12pm	C4A 318	Emma Holmes
Tuesday	12pm-3pm	C5A 304	Emma Holmes
Tuesday	6pm-9pm	C4A 318	Leisa Henness
Friday	12pm-3pm	E6A 131	David Silipo

The timetable for classes can be found on the University web site at:

<http://www.timetables.mq.edu.au/>

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.

## REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

Prescribed texts

Picker, Leo, Loftus, Clarke and Wise, *Australian Accounting Standards*, 2<sup>nd</sup> ed. John Wiley & Sons Australia Ltd, 2009

Prescribed unit materials

ACCG855 Weekly lecture notes. Available on the Macquarie University online teaching facility: [learn.mq.edu.au](http://learn.mq.edu.au)

## TECHNOLOGY USED AND REQUIRED

Students will need access to Microsoft Excel and Microsoft Word to enable completion of various assessment tasks throughout the semester.

## LEARNING OUTCOMES

The learning outcomes of this unit are:

1. Prepare consolidated financial statements, including:
  - Determine when companies are required to prepare consolidated financial statements
  - Identification and recognition of fair value adjustments
  - Calculation and treatment of goodwill and excess
  - Accounting for intra-entity transactions and balances
  - Accounting for non-controlling interest, direct and indirect
2. Account for investments in foreign operations, including:
  - Determining the functional currency of foreign operations
  - Translate the financial statements of foreign operations
  - Prepare consolidation journals in respect of investments in foreign subsidiaries
  - Account for a net investment in a foreign investment
3. Determine and apply the appropriate accounting treatment for investments in associates
4. Determine and apply the appropriate accounting treatment for interests joint ventures
5. Compare and contrast the consolidation, equity and joint venture methods of accounting.
6. Identify relevant disclosures in an entity's consolidated financial report.

## GRADUATE CAPABILITIES

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop the capabilities the University's graduates will need to develop to address the challenges, and to be effective, engaged participants in their world. This unit contributes to this by developing the following graduate capabilities:

1. Discipline Specific Knowledge and Skills
2. Critical, Analytical and Integrative Thinking
3. Problem Solving and Research Capability
4. Creative and Innovative
5. Effective Communication
6. Capable of Professional and Personal Judgement and Initiative
7. Commitment to Continuous Learning

## TEACHING AND LEARNING STRATEGY

- Page 11 of this outline contains a list of the topics that will be covered in classes over the duration of the semester. Also included are details of weekly readings, weekly homework questions and additional self-study questions.

### ***Class structure***

- 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 **not** required to have completed the weekly reading prior to attending the weekly lecture. However, the content within the readings is examinable and you are expected to have completed the readings prior to attempting relevant assessment tasks.

### ***Weekly homework questions (mandatory)***

- You are required to prepare solutions to the weekly homework questions prior to attending the following class. As solutions to selected weekly homework questions will be discussed in class, this gives you an opportunity to discuss any problems or difficulties you are experiencing with the subject content.
- Solutions to weekly homework questions will be placed online ([learn.mq.edu.au](http://learn.mq.edu.au)) in accordance with the timetable on page 11 of this outline.

### ***Additional self-study questions (optional)***

- Solutions to additional weekly self-study questions for all weeks will be placed online ([learn.mq.edu.au](http://learn.mq.edu.au)) at the beginning of the semester. For theory questions, brief summaries are included in the solutions to add to your own work and notes from discussion in the session.

### ***In class case studies***

Solutions to the in class case studies will be discussed in classes but will not be posted online.

### ***Communication skills***

To assist students in developing their communication skills a session will be run during normal class time by representatives from CME during the week commencing 13 September.

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 assessed as part of the written assignment.

## RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

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

		%
i)	Computer based assignments	15
ii)	Mid-term examination	35
iii)	Written assignment	15
iv)	Final examination	<u>35</u>
		<u>100</u>

The following table sets out a link between the learning outcomes and graduate capabilities provided earlier in this unit outline and the assessment tasks detailed above:

	Computer based assignments	Written assignment	Mid-term examination	Final examination
<b>Learning outcomes assessed</b>				
1	X		X	
2			X	
3	X			X
4	X			X
5		X		X
6		X		X
<b>Graduate capabilities assessed</b>				
1	X		X	X
2	X		X	X
3	X	X		
4		X		
5		X		
6		X	X	X
7		X		

Specific details of each assessment task are provided below:

### i) Computer based assignments

**Date:** various (refer below for details)

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

During the semester, you will be required to complete and submit 3 computer (excel) based assignments. Detailed information on how to complete and submit these assignments will be provided to you in week 1 of lectures.

<i>Assignment #</i>	<i>Topics covered</i>	<i>% age</i>	<i>Due date</i>	<i>Feedback available</i>
<b>1**</b>	<b>2 &amp; 3</b>	<b>5</b>	Tues classes – 10pm Wed 25 <sup>th</sup> Aug Fri class – 10pm Sat 28 <sup>th</sup> Aug	Tues 31 <sup>st</sup> Aug
<b>2</b>	<b>4 &amp; 5</b>	<b>5</b>	Tues classes – 10pm Wed 8 <sup>th</sup> Sept Fri class – 10pm Sat 11 <sup>th</sup> Sept	Tues 14 <sup>th</sup> Sept
<b>3</b>	<b>9 &amp; 10</b>	<b>5</b>	Tues classes – 10pm Wed 3 Nov Fri class – 10pm Sat 6 <sup>th</sup> Nov	Tues 9 <sup>th</sup> Nov
<b>TOTAL WEIGHTING</b>		<b>15</b>		

*\*\* This assignment has been identified as an early low risk diagnostic task. The purposes of this task is to ensure that students have a solid understanding of the basic principles of consolidation, as these concepts are an important building block for the remainder of the semester.*

A penalty of 50% per day (or part thereof) for late submission will be applied to each assignment. Any assignment submitted more than 2 days late will receive a mark of zero.

Results and individual feedback will be provided by e-mail for each assignment by the dates specified above.

## ii) Mid Term Examination

**Date:** To be held during the mid-semester University Examination period. Date, time and location TBA

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

The mid semester examination will be a 2 ½ hour written exam. This examination will examine material covered in topics 1 to 6. The examination will comprise of a number of written questions as well as multiple choice questions.

Results for the mid-term examination will be placed on the ACCG855 website no later than Friday 8<sup>th</sup> October 2010. A breakdown of the total marks between those received for the written component and those received for the multiple choice component will be provided.

## iii) Written Assignment

**Due:** Noon, Friday 8<sup>th</sup> October 2010

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

Details of the assignment will be available online no later than Thursday 9<sup>th</sup> September 2010.

Marks and individual feedback for the written assignment will be available for collection from BESS on Wednesday 27<sup>th</sup> October 2010.

## iv) Final Examination

**Date:** To be held during the final University Examination period. Date, time and location TBA

**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 8 to 12. The examination will comprise of a number of written questions as well as multiple choice questions.

## **Examinations**

A mid-term and final examination is included as an assessment task for this unit to provide assurance that:

- i) the product belongs to the student and
- ii) the student has attained the knowledge and skills tested in the exam.

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations.

<http://www.timetables.mq.edu.au/exam>

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. The University's policy on special consideration process is available at [http://www.mq.edu.au/policy/docs/special\\_consideration/policy.html](http://www.mq.edu.au/policy/docs/special_consideration/policy.html)

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period. (Individual Faculties may wish to signal when the Faculties' Supplementary Exams are normally scheduled.)

The Macquarie university examination policy details the principles and conduct of examinations at the University. The policy is available at:

<http://www.mq.edu.au/policy/docs/examination/policy.htm>

## **ACADEMIC HONESTY**

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at [http://www.mq.edu.au/policy/docs/academic\\_honesty/policy.html](http://www.mq.edu.au/policy/docs/academic_honesty/policy.html)



## GRADES

To be eligible to pass the unit it is necessary to perform satisfactorily in all components of the assessment for this unit. 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:

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

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).

The student numerical grade (SNG) is not a summation of the assessment components.

To be awarded a specific grade, students are required to perform at an equivalent standard in the final examination, as well as other assessments within the unit.

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://www.mq.edu.au/senate/MQUonly/Issues/Guidelines2003.doc> or  
<http://www.mq.edu.au/senate/MQUonly/Issues/detailedguidelines.doc>.

## GRADING APPEALS AND FINAL EXAMINATION SCRIPT VIEWING

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

[http://www.businessandeconomics.mq.edu.au/for/new\\_and\\_current\\_students/undergraduate/admin\\_central/grade\\_appeals](http://www.businessandeconomics.mq.edu.au/for/new_and_current_students/undergraduate/admin_central/grade_appeals).

## SPECIAL CONSIDERATION

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at: [http://www.mq.edu.au/policy/docs/special\\_consideration/procedure.html](http://www.mq.edu.au/policy/docs/special_consideration/procedure.html)

## STUDENT SUPPORT SERVICES

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

## **IT CONDITIONS OF USE**

Access to all student computing facilities within the Faculty of Business and Economics is restricted to authorised coursework for approved units. At all times, student ID cards must be displayed in the locations provided.

Students are expected to act responsibly at all times when utilising University IT facilities. The following regulations apply to the use of computer labs and online services:

- Accessing inappropriate web sites, or downloading inappropriate material, are not permitted, material that is not related to coursework in units authorised to use these facilities is deemed inappropriate.
- Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may possibly result in criminal proceedings.

Non-compliance with these conditions may result in disciplinary action without further notice.

Students are reminded to communicate to staff only through the Macquarie University email as this is the only official channel.

## Lecture Timetable Topics and References

Week commencing Monday	Topic		Readings	MANDATORY questions		OPTIONAL self study questions
				Questions	Solutions available online	
2 August	1	Consol. I – the consolidation method	Ch. 22 (excl 22.5)			Discussion qu: 3,8, 16,20, 21, 26
9 August	2	Consol. II – wholly owned subsidiaries	Ch. 23 (excl 23.8)	Problems: 23.3, 23.4	7.30 pm, Fri 20 August	Discussion qu: 1,2,4,8,9, 14 Exercises: 23.6, 23.7, 23.8 Problem: 23.1
16 August	3	Consol. III - Intra-group transactions	Ch. 24	Problems; 24.1 <sup>i</sup> , 24.3 <sup>ii</sup>	7.30pm, Fri 28 August	Discussion qu: 2,3, 9, 10 Exercises: 24.4, 24.7, 24.8 Problem: 24.2
23 August	4	Consol. IV – Non-controlling interests <b>Computer assignment #1 due this week</b>	Ch. 25	Problems: 25.3, 25.4 <sup>iii</sup>	7.30pm, Fri 3 September	Discussion qu: 5,8, 15, 17 Exercises: 25.6, 25.8, 25.10, 25.11
30 August	5	Consol. V – Indirect ownership interests	Ch. 26 (excl 26.4)	Exercises: 26.8, 26.12 <sup>iv</sup>	7.30pm, Fri 3 September	Discussion qu: 3, 12 Exercises: 26.6, 26.10, 26.11
6 September	6	Consol VI -In class Case Study – advanced consolidation exercise <b>Computer assignment #2 due this week</b>				
13 September	7	Communication skills – CME report writing session				
<b>20 Sept – 1 Oct</b>	<b>Mid term break – mid term exam to be held during this period</b>					
4 October		No lectures <b>Written assignment due</b>				
11 October	8	Translation of foreign currency financial statements and accounting for foreign subs	Ch. 27 (excl 27.6 & 27.11)	Prob: 27.2	7.30pm, Fri 22 October	Discussion qu: 13,15,18 Exercises: 27.2, 27.5 <sup>v</sup> Problems: 27.1, 27.3, 27.4 <sup>vi</sup>
18 October	9	Equity accounting	Ch. 28 (excl 28.6.2 and 28.8)	Exercise: 28.6 <sup>vii</sup> , Problem: 28.2	7.30pm, Fri 29 October	Discussion qu: 3,7,8, 13 Exercises: 28.5, 28.7,28.8
25 October	10	Joint ventures	Ch. 29 (excl 29.8 and 29.9)	Prob: 29.4	7.30pm, Fri 5 November	Discussion qu: 3, 4 Exercises: 29.6, 29.8 Problem: 29.5 <sup>viii</sup>
1 November	11	In class Case Study – Fast Air Pty Ltd <b>Computer assignment #3 due this week</b>				
8 November	12	In class Case Study – Consolidated annual report review				

Refer to the following page for additional information relating to homework questions (where annotated i, ii, iii etc).

## Additional information relating to homework questions

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- i Problem 24.1 – Ignore the words “in the consolidation worksheet” after the comment Moe wrote goodwill down by \$1 500.
- ii Problem 24.3 – Ignore the comments in additional information (a) which says “(incl. \$50 previous period sales)”.
- iii Problem 25.4 – In part c) of the additional information the date should refer to the year 2010, not 2008.
- iv Exercise 26.12 – The paragraph relating to inventory should say that all inventory on hand as at 1 July 2009 was sold by 30 June 2010.
- v Exercise 27.5 – The cost of acquisition should read \$977 400, NOT \$997 400.
- vi Problem 27.4 – Additional info 1. – Please amend the comment re the inventory to state that all inventory was sold by June 2011, rather than July 2011.
- vii Exercise 28.6 – the second lot of data provided in the question (Share capital \$100,000; ARR \$60,000; GR \$10,000; RE \$40,000) relates to balances as at 30 June 2009. You should assume that significant influence was achieved at 1 July 2007.
- viii Problem 29.5 – you should assume that all inventory distributed to the venturers has been sold by 30 June 2011.