



**MACQUARIE UNIVERSITY
DIVISION OF ECONOMIC AND FINANCIAL STUDIES
ACCG 105 UNIT OUTLINE**

Year and Semester: Semester 2, 2005

Unit convenor: Ms Samantha Sin

**[Prerequisites / Corequisites:] 2005 Handbook of Undergraduate
Studies: 389.**

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

- Unit description: Please see page 488 of the 2005 Handbook of Undergraduate Studies.
- Credit points: 3
- Unit rationale: ACCG105 is a prerequisite unit for a number of higher level units in programs of study offered in the Division.

TEACHING STAFF

- Samantha Sin, Lecturer-in-charge, C5C 438, email: ssin@efs.mq.edu.au, tel.: 9850 8529
- Susan Greer, Lecturer, C5C 440, email: sgreer@efs.mq.edu.au, tel.: 9850 8520
- Julie Zhou, Administrator, C5C 447, email: jzhou@efs.mq.edu.au, tel.: 9850 8449

Staff consultation times to be advised.

CLASSES

The timetable for classes can be found on the University web site at:
<http://www.timetables.mq.edu.au/>

It is a requirement that students attend lectures and tutorials.

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

Prescribed text:

1. *Accounting: Building Business Skills* by Kimmel et al. (2003). John Wiley & Sons Australia, Ltd.
2. *Generic Skills in Accounting: Competencies for Students and Graduates* by Jones and Sin (2004, revised ed.). Pearson Education Australia.
3. *Ants Pants: An Accounting Practice Set* by Grose. Pearson Education Australia.

UNIT WEB PAGE

The web page for this unit can be found at:
<http://www.lib.mq.edu.au/resources/reserve/>

LEARNING OBJECTIVES

The learning objectives for this unit are set out below and these should be referred to throughout the semester. They can help you answer the following questions:

- 1) *What have I learnt?*
- 2) *Have my learning and understanding been deep or surface?*

The learning objectives stated below indicate the hierarchy and inclusiveness of the levels of understanding and learning for each topic.

1. Financial information and user needs (W1)

- a) Know the three main financial statements and the nature of the information therein.
- b) Know the types of users of financial reports and their information needs.
- c) Be able to *relate* the information needs of users for their type of decisions to the sources of information and *explain* how the information could be useful.

2. Assumptions, principles and qualitative characteristics (W2)

- a) Understand the assumptions, principles and qualitative characteristics in accounting.
- b) Be able to *relate* the assumptions/principles and qualitative characteristics to accounting practices (recording and reporting).

The accounting equation and transaction analysis (W2)

- a) Know that the accounting equation is a representation of an entity's financial position and the relation of its components.
- b) *Be able to analyse business transactions based on the accounting equation and identify the offsetting effects on the components of the equation.*
- c) Know that the accounting equation is the basis of the accounting and reporting processes and be able to *appreciate* its economic significance.

3. Accounting and recording process (W3)

- a) Know the double entry and debit-credit rules.
- b) Be able to apply the rules for recording transactions.
- c) Be able to relate the above rules to the basis of the accounting equation – ie that the DR & CR double entry system is a way of representing the accounting equation.

4. Accounting sub-systems (W4)

- a) Know the purposes and types of special journals and subsidiary ledgers.
- b) Be able to record transactions through to statement presentations using a manual practice set.

5. The adjusting process (W5)

- a) Know the revenue and expense recognition criteria and be able to relate them to practice.
- b) Be able to identify the need for adjusting the accounts.
- c) Know the four types of adjustments and be able to record them.
- d) Be able to relate the adjusting process to the accrual basis of accounting and to the period assumption
- e) Understand the effect (i.e. overstatement/understatement) on assets, liabilities, owners' equity and net profit if adjustments to the accounts are not made.

6. Closing the accounts and preparing financial statements (W6)

- a) Know how to prepare fully classified financial statements from an adjusted trial balance or work-sheet (including making end-of-period adjustments).
- b) Be able to close the accounts.

7. Merchandiser and accounting for inventories (W7)

- a) Know the difference between the perpetual and periodic inventory systems.
- b) Be able to record inventory related transactions and determine cost of goods sold under both inventory systems.
- c) Know how the prudence principle is applied when accounting for inventory.

- d) Be able to identify and relate accounting assumptions and principles to inventory accounting.

8. Accounting for non-current assets (W9)

- a) Understand the concept and process of accounting for depreciation.
- b) Be able to calculate depreciation expense using different depreciation methods and provide for depreciation periodically.
- c) Be able to record the disposal of a non-current asset that has not been fully depreciated.
- d) Be able to identify which accounting principles/assumptions necessitate the depreciation of non-current assets.

9. Internal control, cash and receivables (W10)

- a) Know the principles of internal control and cash management.
- b) Be able to prepare a bank reconciliation statement.
- c) Be able to explain *how* a bank reconciliation is an effective control over cash.
- d) Know how to account for doubtful and uncollectible accounts.

10. Statement of Cash Flows (W11)

- a) Know the purposes and limitations of the Statement of Cash Flows.
- b) Be able to correctly classify cash receipts and payments into operating, investing and financing activities and then prepare the Statement of Cash Flows (Direct method)
- c) Be able to understand the process of reconciling after tax net profit and cash from operating activities and relate it to the accrual and cash bases of accounting.
- d) Appreciate how to use a Statement of Cash Flows to evaluate a company, and the impact of the product life cycle on a company's cash flows.

11. Financial statement analysis (W12)

- a) Know the various methods of financial statement analysis, in particular ratio analysis, and their limitations.
- b) Be able to calculate, interpret and comment on ratios used to analyse a set of financial statements for decision making purposes.
- c) Be able to appreciate the insights into the way that a company is run (especially in regards to efficiency, profitability, liquidity and solvency) that financial statement analysis provides.

GENERIC SKILLS IN ACCOUNTING

Macquarie University expects all its graduates to possess a range of generic, practical skills, in addition to a good knowledge of their subject area(s). These include the basic skills of literacy, numeracy and information technology; a range of analytical, critical and creative thinking skills; interpersonal communication skills, especially cross-cultural communication skills, and the ability to work collaboratively, in teams; problem-solving skills that allow one to apply and adapt abstract knowledge to real world situations; and self-awareness skills, including the capacity for self-management and effective leadership.

In ACCG105, we will focus on analytical and critical thinking skills and professional communication skills for accounting (in particular, written communication skills). Accountants must not only have a good knowledge and understanding of accounting concepts and principles, they must also be able to explain these things clearly, both to accounting specialists and to non-accountants, and to discuss their implications in real-life terms in real-life situations. To do this they need to be proficient in the specialised language of accounting, which involves the ability to put technical notions into plain words, both when speaking and when writing. This will involve mastering specialised writing skills. However, in ACCG105 you are only expected to express your specialized knowledge in plain words in relation to given problems, potential solutions, and the issues each of these may raise.

You are required to complete two written assignments related to generic skills development. Some of the questions are in the form of real-life communication situations where you might have to study a situation and then write a memo or a letter. Others might require you to combine your knowledge from two or more topics when writing your answers. This means that the solution to each problem needs to be discussed in a few paragraphs of clear English.¹ The exercises that accompany each question/problem should be worked through *before* you answer the question and/or solve the problem. They have been designed to help you revise the basic concepts, conceptualise the issues, and put all this into the language you will need to answer the question appropriately. So you should study the language of the exercises carefully. The secret of good communication in accounting is the ability to conceptualise and verbalise key issues in accounting. Research shows that conceptualisation and verbalisation are interdependent processes.

¹ This requirement is not designed to make the course harder or easier for students whose first language is not English. Native speakers who may have achieved high marks in English in the HSC, also need to develop a new style of writing to communicate clearly the concepts and issues peculiar to accounting.

RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

Note: Overall learning outcomes will be assessed on three levels:

- a) knowledge and understanding – i.e. what you know;
- b) practical/technical abilities – i.e. what you should be able to do; and
- c) ability to appreciate the relatedness of the concepts/topics, applications in practice, and interpretation of ‘real’ situations – i.e. what you should be able to appreciate from drawing on, applying and integrating collective knowledge of accounting.

Components for assessment

Written assignments (generic skills)	15 %
Tutorial attendance and assignments	10 %
Practice set test (held with final exam)	10 %
Final examination	65 %
Total	100%

It should be noted that students are required to pass the final exam in order to gain a pass grade or better in this unit.

Generic skills written assignments

They are due in Weeks 5 and 11. Further information will follow.

Tutorial attendance and weekly assignments

Tutorials commence in the second week of semester. Weekly assignments are due in the week following the lecture topic(s), for example, assignments listed in Week 1 are to be handed in during week 2 tutorials. Half a mark is awarded for attendance at tutorials each week up to a maximum of five marks. Half a mark is awarded for each assignment where a bona fide attempt has been made to complete all the questions and problems. Note that it is only possible to gain marks for attendance and assignments in your registered tutorial. ***Late assignments will not be accepted under any circumstances.***

Practice Set Test

Ants Pants: An Accounting Practice Set is the title of the prescribed practice set. Each student is required to purchase a copy of this book and to complete it ***on an individual basis***. However, discussion with peers is encouraged. There will be a practice set test held at the same time as the final exam. The questions will focus on information found in the practice set rather than the correct recording of transactions. Thus it is important that students work through the whole practice set diligently. The completed Practice Set is

due in Week 13 (during tutorials), *and up to five marks may be deducted for incomplete work.*

Final examination

There is a three-hour final examination that examines all topics covered during the semester. Dictionaries are not allowed in the examination.

The University Examination period in Second Half Year 2005 is from 16 November to 30 November.

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. Information about unavoidable disruption and the special consideration process is available at

<http://www.reg.mq.edu.au/Forms/APSCon.pdf>

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 Divisions may wish to signal when the Division's Supplementaries are normally scheduled.)

You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, that is the final day of the official examination period.

DETAILS OF WEEK-BY-WEEK CURRICULUM

Week 1, 1 August (SS)

Types of accounting report users and their information needs

Introduction to financial statements and their elements

The basic accounting equation and how it relates to the Statement of Financial Position.

Interrelationships of financial statements

Read Chapter 1 (pp1-10 and 15-27)

Homework

Questions: 1, 2 and 3

Brief Exercises: BE1.3 and BE1.5

Exercises: E1.4 and E1.8

Problems: P1.2

Week 2, 8 August (SS)

Accounting assumptions, principles and qualitative characteristics

The Accounting Equation revisited

Analyzing financial transactions and events

Read Chapter 1 (pp10-15) and Chapter 2 (pp66-74)

Read Jones & Sin (Generic Skills text) pp13-22

Homework

Questions (Chapter 1): 6

Additional Question: Briefly explain the following accounting assumptions. For each assumption, give an example from which an accounting practice has developed.

- a) accounting entity assumption
- b) monetary assumption
- c) accounting period assumption

Exercises (Chapter 1): E1.6

Questions (Chapter 2): 1, 2 and 3

Exercises (Chapter 2): E2.1 and E2.3

Week 3, 15 August (SS)

Double-entry system and the debit-credit rule

Expansion of the basic accounting equation

Steps in the recording process

Trial balance

Read chapter 2 (pp75-96)

Homework

Questions: 4, 5, 7, and 10

Brief Exercises: BE2.2

Exercises: E2.8, E2.10

Problems: P2.8

From the Generic Skills textbook (Jones & Sin): Practice Task 2.1 in Chapter 2.

Bring your accounting practice set to next week's lecture.

Week 4, 22 August (SS)

Accounting sub-systems

Guide and useful notes for the practice set.

Read Chapter 6 (pp256-278). **Note that the special journals from *Ants Pants* (rather than from Kimmel et al.) are used in the lecture this week.**

Homework

Read the introduction and requirement sections in *Ants Pants* (pp1-6).

Use the information in the 'Practice Set Guide' handout and open the accounts for July.

Tutors will explain select transactions in June to be used as examples for recording July's transactions.

The 1st generic skills assignment is due next week (beginning 29/8) and is to be handed to your tutor at the end of the tutorial.

Week 5, 29 August (SS)

Measuring business profit: the adjusting process.

Chapter 3 (up to page 137).

Homework:

Questions: 2, 8 and 9

Brief Exercises: BE3.2

Exercises: E3.3 and E3.4

Problems: P3.4

Building Business Skills: BBS3.7

Week 6, 5 September (SS)

Completing the accounting cycle.

Adjusted trial balance

Preparing financial statements

Classified statement of financial position (Chapter 1, pp27-30)

Closing the accounts

Accounting worksheet

Read Chapter 3 (pp138 onwards) and appendix (p147)

Homework:

Questions: 5 and 11

Brief Exercises: BE3.7

Exercises: E3.1, E3.2 and E3.10

Problems: 3.3 (complete a 10-column worksheet before statement preparation and ignore part d)

Week 7, 12 September (SS)

Conception Day, Friday 16 September. Classes cancelled from 1pm to 6pm.

More guide for the practice set.

Generic and communication skills in accounting

Review previous topics base on student feedback and needs.

Tutors will discuss the 1st written assignment and provide feedback to students during tutorials in the first week back from the break.

Mid-semester recess (19 September to 2 October)

Students should have finished recording all the transactions for the month, completed the worksheet, and finished the adjusting entries in the practice set by the end of the break.

Week 8, 3 October (SS)

Note that Monday 3 October is a public holiday.

Merchandiser

Perpetual and periodic inventory systems

Recording purchases and sales of inventories
Determining cost of goods sold
Valuing inventory at lower of cost and market
Overview of GST
Read Chapter 4 (pp168-182) and Chapter 5 (pp210-219)

Homework from Chapter 4:
Questions: 2 and 3
Exercises: E4.2, E4.5 (part a only)
Problem: P4.1 (parts a and c only), P4.3 (part a only)
Homework from Chapter 5
Exercises: E5.2
Problems: P5.7 (ignore part b)
From the Generic Skills Textbook (Jones & Sin): Practice Task 3.2 in Chapter 3.

Week 9, 10 October (SG)

Accounting for non-current assets
Read Chapter 8 (pp360 – 373 and 378 – 385)

Homework from Chapter 3:
Questions: 7
Additional Question
Which accounting principles/assumptions/concepts necessitate the fact that:
a) Property, Plant & Equipment (PPE) are stated at historic cost; and
b) PPE are depreciated.
Homework from Chapter 8
Questions: 3
Exercises: E8.1, E8.2 and E8.6
Problems: P8.5
Building Business Skills: BBS8.6
From the Generic Skills Textbook (Jones & Sin): Practice Task 2.3 in Chapter 2.

Week 10, 17 October (SG)

Internal control
Internal control over cash
Bank reconciliation
Accounting for receivables
Read Chapter 7 (pp 302 to 319 and 324 to 329)

Homework:

Questions: 2, 5 and 10
Brief Exercises: 7.1
Exercises: E7.1, E7.2 and E7.3
Problems: P7.1 and P7.3
From the Generic Skills textbook (Jones & Sin): Practice Task 2.2 in Chapter 2.

The 2nd generic skills assignment is due next week during tutorials.

Week 11, 24 October (SG)

Statement of Cash Flows: purpose, usefulness and format

Classification of cash flows

Preparing the Statement of Cash Flows

Reconciliation of net profit to cash flow from operations

Using cash flows to evaluate a company

Read Chapter 10 (pp 452 to 482)

Homework:

Questions: 1, 2, 3 and 7

Brief Exercises: BE10.1, and BE10.7

Exercises: E10.1, E10.4, E10.8 and E10.9

Building Business Skills: BBS10.3

Problems: P10.1

Week 12, 31 October (SG)

Earning power and irregular items

Comparative analysis

Ratio analysis

Limitations of financial statement analysis

Read Chapter 11 (pp 500-530)

Homework:

Questions: 3, 4, 7, and 10

Brief Exercises: BE11.4 and BE11.6

Exercises: E11.4 and E11.7

Problems: P11.5

Building Business Skills: BBS11.7

Week 13, 7 November (SS)

Review previous topics according to student feedback and needs.

Comprehensive revision.

PLAGIARISM

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found in the *Handbook of Undergraduate Studies* or on the web at: <http://www.student.mq.edu.au/plagiarism/>

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found

guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

UNIVERSITY POLICY ON 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 will also receive 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>.

The accounting professional bodies have a policy on conceded passes (contact the professional bodies for more information).

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>.