



DIVISION OF ECONOMIC AND FINANCIAL STUDIES
ACCG323 FINANCIAL ACCOUNTING THEORY AND PRACTICE
UNIT OUTLINE

Year and Semester: Semester 2, 2006.

Unit convenor: Dr Lorne Cummings

Prerequisites: ACCG101 (P); 39 cp; Admission to BCom - Accounting

I. UNIT CONTENT

The unit is a mandatory requirement for students wishing to enter into the accounting programs offered by both professional accounting bodies, namely CPA Australia and The Institute of Chartered Accountants in Australia (ICAA) upon completion of their undergraduate degree. This unit is a combination of both financial accounting theory and practice at an advanced level. The objectives of the unit are for students to critically evaluate financial accounting information and standards through an understanding of the different theoretical and philosophical approaches to accounting that have evolved over time. Students also develop their technical accounting skills through an understanding of selected accounting standards. This unit also allows students to develop their generic skills, particularly their analytical, critical and interpersonal skills. The unit requires students to read a series of chapters and selected papers and/or articles, prepare reports or critiques of this material and present their ideas in both written and oral forms in class on a weekly basis. This requirement provides students with the opportunity to develop their ability to analyse, reason logically, conceptualise and construct arguments (analytic skills), to think and act critically (appreciative skills), to write reports (routine skills) and to present, discuss and defend views (interpersonal skills). Assessment is based on both the technical content and generic skill demonstration.

The unit begins in week 1 with an introduction to the unit and a focus on the institutions and processes involved in accounting standard setting both here in Australia via the Australian Accounting Standards Board (AASB) and internationally through the International Accounting Standards Board (IASB). In week 2, students are introduced to the nature of accounting theory, i.e. what is theory and why is theory useful? Approaches to theory construction will be outlined, and consideration will be given to the scientific method as a basis for obtaining a greater understanding of accounting practice, and its role in society. In week 3, we examine normative accounting theory. The essential elements of our conceptual framework are also considered, together with a number of examples that demonstrate how these elements can be used in practice. An historical overview of accounting theory is provided, with particular emphasis on the limitations of the existing historical cost system. We then evaluate normative accounting theory, and outlines of alternative accounting

measurement and disclosure systems such as current purchasing power, current cost accounting and continuously contemporary accounting will be given.

In week 4 we examine positive accounting theory with the primary focus being on agency theory and the principal-agent relationship, and how accounting numbers affect both debt and equity contracts, as well as the politics of accounting standard setting. In week 5, we will examine the 'critical' perspective in accounting by exploring accounting in a social, political and environmental context. Emphasis will be placed on social and environmental accounting and critical perspectives in the accounting literature such as a political economy of accounting. An overview will also be provided on gender based issues in the accounting profession.

In week 6, students will learn the issues associated with related party disclosures. In week 7 we cover ethics in accounting, and examine current ethical frameworks for decision-making, and some of the different ways ethics in accounting can be compromised. Specific emphasis will be placed on recent corporate collapses that involved creative accounting techniques.

In week 8 we will explore the international harmonisation of accounting with particular reference to its benefits and the difficulties that are associated with implementing international accounting standards across countries and cultures characterised by differing levels of size and development. In week 9 we examine accounting for both finance and operating leases, whilst week 10 is dedicated to the understanding of accounting for intangibles, with particular emphasis on research and development, goodwill and intellectual capital.

In week 11 we examine how to account for employee benefits such as annual leave, sick leave and long service leave, and in week 12, we examine the issue of the valuation of heritage assets, and biological assets such as agricultural products. The final lecture will involve a presentation by an external guest lecturer, and a brief revision and exam overview will be given.

II. UNIT STRUCTURE

The structure of the unit is a weekly two hour lecture and a weekly two hour small group tutorial. The unit relies heavily on assignment-based learning. In lectures, students are expected to grasp the main concepts and techniques that relate to the subject matter. In addition to the lecture materials it is expected that students will read specified references. Using the concepts and techniques presented in lectures or references, students are required to prepare solutions to weekly assignments.

Lecture material for each week will not be distributed in class but will be available online at the ACCG323 unit webpage at the web address listed below, in the week before the lecture. It is the student's responsibility to obtain a copy of the lecture notes before class, in order to make the appropriate notes during lectures. The solutions to weekly assignment questions will be discussed in tutorials in the week following the designated lecture. It is expected that tutors will lead and manage the discussion of assignment questions and that students will actively participate in the tutorial setting. The tutorials should be viewed by students as an active forum for any problems or difficulties that they are experiencing with the subject matter. In addition to the lecture notes, at the end of each week of tutorials, copies of the solutions to practical accounting problems only from that tutorial will be placed on the unit webpage. Students should refer to the unit webpage listed below for all material and any updates, announcements or general unit information.

The ACCG323 webpage is located via the Macquarie University 'Online Teaching Facility' at

<http://online.mq.edu.au/pub/ACCG323/>

For theory questions, students are expected to have obtained a good summary of the main issues from their own study and from the tutorial discussion. Please note: Hard copies of lecture notes and tutorial solutions will no longer be placed in ERIC. Students who wish to complete additional exercises from the textbooks may attempt these questions and then visit lecturers and tutors during consultation hours to obtain access to (but not photocopy) the solutions.

An important objective of the unit is the development of the written and verbal communication skills of students, in line with the generic skills requirements set out by the university. For this purpose the unit contains an assessed multi-choice tests, (see III below), an assessed tutorial assignment, (see IV below) an assessed tutorial presentation (see V below) and an assessed case study assignment (see VI below). Students who feel the need to improve their writing skills for assignment and examination purposes, are strongly encouraged to attend the Writing Skills Program run by the Centre for Open Education (9850-7470), as outlined on p.63 of the 2006 Undergraduate Handbook. Macquarie University provides a range of Academic Student Support Services. Details of these services can accessed at <http://www.student.mq.edu.au>.

III. MULTI-CHOICE TEST'S

Each week there will be a short multi-choice test containing 10 questions that are to be completed at the end of each tutorial. The total assessment for the best 10 of the 12 tests will be 15% (1.5% each week) of the overall unit assessment. It is only possible to sit for these tests in your designated tutorial. If you do not attend, the test marks for that week are automatically forfeited. The test questions will be based on material learnt throughout the lecture and through the designated readings each week. The tests are to be undertaken closed book, with the exception of the Accounting Handbook, which you can use. Tutors will collect the tutorial tests at the end of the tutorial, and students will mark them at the beginning of the next tutorial and then receive them back.

IV. TUTORIAL ASSIGNMENTS

During the semester tutors will collect your written assignments each week for the purpose of assessing whether or not you are making sufficient effort on the weekly assignments. This part of the assessment is worth 10%. Given that there are 12 tutorials, your best 10 will constitute the assessment. You will be graded either an "S" (satisfactory) which constitutes 1 mark or "U" (unsatisfactory) which constitutes 0 marks.

Once again it is only possible to submit your assignments in your designated tutorial. If you do not attend, the assignment marks for that week are automatically forfeited. No extensions will be granted by tutors for submitting the assignment late. Students absent from tutorials for medical reasons will be noted, and taken into account when determining your tutorial mark when appropriate medical evidence is produced. Assignments may be checked for "copying" (within tutorials and across tutorials) and guilty parties (being the person/s who copied and the person/s who allowed the copying) will be subject to a detailed investigation by the Division. A reminder regarding plagiarism is attached as Appendix 1.

V. TUTORIAL PRESENTATION

The unit also contains an assessed tutorial presentation worth 5% of the overall assessment (presentation to be marked out of 10). Each student is required to prepare a 5 minute (absolute maximum) presentation on an article or publication of interest to financial accountants. The article must be a maximum of one month old. i.e. published within the 30 day period prior to your presentation. Older articles will not be accepted. The week of your presentation is to be organised by your tutor, and your tutor has the discretion to allocate a topic to you. Once again it is only possible to present your tutorial presentation in your designated tutorial. If you do not attend, the tutorial presentation mark for your designated week is automatically forfeited. The following list is provided as a guide on what to present:

- An article that has appeared in the journals of the Australian professional accounting bodies, i.e. *Charter* or *Australian CPA* (available from the Library);
- An article that has appeared in an academic Australian accounting journal, i.e., *Australian Accounting Review*, *Accounting and Finance*, *Abacus*, *Accounting Forum* or *Accounting Research Journal* (only the first three journals are available from the Library);
- An accounting based newspaper article located within either *The Australian Financial Review* or *The Australian* (the leading financial press).

Your audience may not be very familiar with the article or publication you have read. You are asked to take a “big picture” approach and present a simple overview of the main issues canvassed by the article. Do not simply read your written answer, as this will result in zero marks. Try to make it reasonably simple and interesting for your audience. It is expected that there will be 2 or 3 presentations in each tutorial with discretion left to tutors regarding the order of presentations. Notes or cards and the use of overheads is encouraged during the presentation.

According to Malouf (1990) there are ten major mistakes that speakers make when delivering¹. When delivering your presentation try not to fall into any of these mistakes:

- Failing to speak to time
- The material is not suited to the audience
- Information overload
- The material is too technical
- Poor preparation
- Failure to practice speech
- Distracting visuals/verbals/vocals
- Inappropriate pace
- Lack of eye contact
- Lack of enthusiasm

At the conclusion of all presentations students will receive an evaluation form from their tutors of their presentation providing feedback across a range of criteria, including those above, and a mark out of 10. A copy of the presentation feedback form is attached at Appendix 2.

¹ Malouf, D. (1990) How to Create and Deliver a Dynamic Presentation. Simon & Schuster Australia.

VI. CASE STUDY ASSIGNMENT

The unit contains a case study assignment worth 15% of the overall assessment. The case study will be distributed in the lecture prior to the mid-term break.

The assignment must not exceed 2,000 words in length. The assignment must be word-processed, double spaced, on one side only of A4 paper, and properly referenced including a bibliography. It is expected that assignments will be completed over the vacation period 16th September to 1st October. In the lecture week prior to the mid-term break, students will be provided with a case study assignment. The case study assignment is due for submission **without exception on or before 8pm Tuesday 3rd October** and should be placed in a marked box inside ERIC (E4B106). You must attach the 'individual assessment task' cover sheet located on the ERIC website at <http://www.efs.mq.edu.au/services/eric.htm> with your assignment. Failure to attach the designated cover sheet with all fields completed will attract 0 marks. A deduction of 25% on the total assignment mark will be imposed each day for late submission. Assignments will be marked out of 15, and guidance to the answer will be provided at the time of feedback.

It is expected that students will be aware of the appropriate standard for assignment writing at university (including how to reference the work of other authors). Without exception any evidence of plagiarism discovered in submitted assignments will result in a detailed investigation by the Division, and may result in a fail in the unit and suspension from the University. A reminder regarding plagiarism is attached as Appendix 1 to this handout.

VII. UNIT ASSESSMENT AND GRADING

The unit is taught by a weekly 2 hour lecture followed by a weekly 2 hour tutorial. Students are expected to attend tutorials (approx 25 to each tutorial). Students are required to read the designated tutorial material before each class and attempt all questions for that week. Failure to attempt all questions will result in an 'unsatisfactory' performance for that particular week.

The following weightings apply for unit assessment:

	<u>%</u>
Multi-Choice Tests	15
Tutorial Assignments	10
Tutorial Presentation	5
Case-Study Assignment	15
Final Examination	<u>55</u>
	<u>100</u>

Irrespective of accumulated marks, students must pass the final examination to gain a passing grade in this unit. Furthermore, irrespective of the total exam score, students must achieve satisfactory marks for each of the theoretical and the practical components of the final exam to pass the unit. The best preparation for the final exam is completion of the weekly tutorial assignments and the discussion of assignment questions in the tutorials. In adhering to divisional policy, dictionaries will not be allowed into the final exam.

The University Examination period in Semester 2 of 2006 is from November 15 to December 1. 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.efs.mq.edu.au/services/policies_consideration.htm

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. 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, which is the final day of the official examination period.

Marks will be awarded according to the following grading system as set out in the Bachelor Degree Rules 10(2);

Grade	High Distinction (HD)	Distinction (D)	Credit (Cr)	Pass (P)	Conceded Pass (PC)	Fail (F)
%	85-100	75-84	65-74	50-64	45-49	0-44

High Distinction: denotes performance which meets all unit objectives in such an exceptional way and with such marked excellence that it deserves the highest level of recognition.

Distinction: denotes performance which clearly deserves a very high level of recognition as an excellent achievement in the unit.

Credit: denotes performance which is substantially better than would normally be expected of competent students in the unit.

Pass: denotes performance which satisfies unit objectives.

Conceded Pass: denotes performance which meets unit objectives only marginally.

Fail: denotes that a candidate has failed to complete a unit satisfactorily.

Raw internal assessment and exam scores are an interim stage in determining your final *Standardised Numerical Grade* or SNG awarded to you. SNGs are a ranking of students based on all components of the unit assessment. They indicate that the students within that band have satisfied the necessary criteria for that band and have accordingly been allocated a numeric grade based on their performance within that band.

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. There is no simple arithmetical relationship between raw marks and scaled marks. The relationship will almost always differ between units and between different performance bands within the same unit. 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>.

VIII. REQUIRED READINGS

Students must have a copy of the following books (all available in the bookshop). The Cummings text is a compilation of selected chapters from both Deegan texts *Financial Accounting Theory* and *Australian Financial Accounting - Fourth Edition* offered by McGraw-Hill Australia.

- Cummings, L., and Millanta, B., *ACCG323- Financial Accounting Theory and Practice – 2nd edition*, a custom publication by McGraw-Hill, 2006.
- Macquarie University, *Booklet of Readings in ACCG323*, 2006 – Semester 2.

Students are strongly recommended to purchase the following text, however if you wanted to save on costs, copies of accounting standards can be downloaded for free from the ACCG323 website or from the AASB website at www.aasb.com.au

- *Accounting Handbook 2006 - Volume 1*, Sydney, Australia: Prentice Hall, 2006.

In addition, students should regularly read the financial press, in particular *The Australian Financial Review*, *The Australian* and *The Business Review Weekly (BRW)* magazine, as the subject matter of this unit often comes up in topical business settings. This will broaden your understanding of the unit topics.

IX. STAFF

The full-time staff teaching on the unit are as follows:

<u>Name</u>	<u>Location</u>	<u>Contact No.</u>	<u>Email</u>	<u>Role</u>
Dr Lorne Cummings	E4A 327	9850-8531	lcumming@efs.mq.edu.au	Lecturer-in-Charge
Mr Parmod Chand	E4A 221	9850-6137	pchand@efs.mq.edu.au	Unit Administrator and Lecturer

All full time (and some part-time) staff teaching on the unit are available for individual consultation with students for a designated 2 hours per week. A timetable of when staff will be available will be posted on the ACCG323 website and although access to staff rooms are restricted for security reasons on most levels within the E4A building, staff can be accessed on the internal telephones by dialing the last 4 digits of the staff telephone number. Internal telephones are located in ERIC and outside the lift area on each level within the E4A building.

X. SUMMARY OF ACCG323 PROGRAM SEMESTER 2 - 2006

<u>WEEK</u>	<u>DATES</u>	<u>LECTURE TOPIC</u>	<u>LECTURER</u>
1	31 Jul	The Accounting Standard Setting Environment	L. Cummings
2	7 Aug	Introduction to Accounting Theory	L. Cummings
3	14 Aug	Normative Accounting Theory	L. Cummings
4	21 Aug	Positive Accounting Theory	P. Chand
5	28 Aug	Critical Dimensions in Accounting	L. Cummings
6	4 Sept	Accounting for Related Party Disclosures	L. Cummings
7	11 Sept	Ethics in Accounting	L. Cummings
18th Sept to 2nd Oct MID-SEMESTER RECESS (2 Weeks + Labour Day Holiday)			
8	3 Oct	International Harmonisation of Accounting	P. Chand
9	9 Oct	Accounting for Leases	P. Chand
10	16 Oct	Accounting for Intangible Assets	P. Chand
11	23 Oct	Accounting for Employee Benefits	P. Chand
12	30 Oct	Accounting for Heritage Assets and Biological Assets	L. Cummings
13	6 Nov	Guest Lecturer and Revision	L. Cummings

DUE WEEK 2
THE ACCOUNTING STANDARD SETTING ENVIRONMENT

Readings

- a) Deegan, C., “An Overview of the Australian External Reporting Environment”, Chapter 1 in *Australian Financial Accounting*, Fourth Edition, McGraw-Hill, 2005. 📖 (textbook)
- b) "Diversity in Accounting Principles: A Problem, a Strategic Imperative, or a Strategic Opportunity?", Harvard Business School Accounting Cases, 2004. 📖 (textbook)
- c) Fuller, J., “The Accounting Transparency Gap”, *Harvard Management Update*, 2004. 📖 (textbook)
- d) Gopalakrishnan, R., [2006], “Principles must guide accounting standards”, *The Hindu*, January 23, p. 17. Retrieved July 13, 2006, from <http://global.factiva.com/> 📁 (Booklet of readings)
- e) Hayes, R.S. and Baker, R., [2004], “Using a folk story to generate discussion about substance over form”, *Accounting Education*, June, Vol. 13(2), pp. 267-84. 📁 (Booklet of readings)

Assignment Questions Due for Submission

- 1. Deegan – Review Question 1 (p.66 of the textbook)
- 2. Deegan – Review Question 2 (p.66 of the textbook)
- 3. Deegan – Review Question 8 (p.66 of the textbook)
- 4. Deegan – Review Question 10 (p.66 of the textbook)
- 5. refer to the ‘Diversity in Accounting Principles’ chapter (p.73 of the textbook)
 - a) What are ‘Generally Accepted Accounting Principles’ or GAAP?
 - b) Why could organizations be using accounting methods and principles which are ineffective or incorrect?
- 6. refer to the Fuller reading (p.87 of the textbook)

What is the author referring to when he says that there are differences between accounting practice and what is practiced in business today?
- 7. refer to the Hayes and Baker reading (p.2 of the readings)
 - a) Explain what you believe to be the substance of the ‘Trading Dialogue for Lodging’ story. What does it say about substance? About form? How does this apply to accounting standards setting?
 - b) Explain how rules-based accounting standards may increase the complexity of accounting standards in comparison with principles-based standards. How do rules-based standards increase comparability between companies?

DUE WEEK 3
INTRODUCTION TO ACCOUNTING THEORY

Readings

- a) Davis, M., [2006], “Accounting debate divides profession”, *Australian Financial Review*, April 4, p.10. 📁 **(Booklet of readings)**
- b) Deegan, C., “Introduction to Financial Accounting Theory”, Chapter 1 in *Financial Accounting Theory*, First Edition, McGraw-Hill, 2000. 📖 **(textbook)**
- c) Deegan, C., “Theories of Financial Accounting”, Chapter 2 in *Australian Financial Accounting*, Fourth Edition, McGraw-Hill, 2005. 📖 **(only pp.118-119 of textbook)**

Assignment Questions Due for Submission

- 1. Deegan – Question 1.3 (p.114 of the textbook)
- 2. Deegan – Question 1.5 (p.114 of the textbook)
- 3. Deegan – Question 1.11 (p.115 of the textbook)
- 4. Deegan – Question 1.12 (p.116 of the textbook)
- 5. Deegan – Question 1.14 (p.116 of the textbook)
- 6. Deegan – Question 1.16 (p.116 of the textbook)
- 7. refer to the ‘Davis’ reading (p.16 of the readings)
 - a) What is the ‘whole of government’ approach to accounting and how does it differ from the ‘general government sector’?
 - b) Do you think there should be concern over how government budgets are composed?
- 8. Do you expect that we will ever have a single universally accepted theory of accounting, and if not, why not?

DUE WEEK 4
NORMATIVE ACCOUNTING THEORY

Readings

- a) AASB – ‘*Framework for the Preparation and Presentation of Financial Statements*’ (7/04).
📖 (ACCG323 website or Accounting Handbook)
- b) Deegan, C., “Theories of Financial Accounting”, Chapter 2 in *Australian Financial Accounting*, Fourth Edition, McGraw-Hill, 2005. 📖 (only pp.144-148 of textbook)
- c) Deegan, C., “Normative Theories of Accounting – the case of accounting for changing prices”, Chapter 4 in *Financial Accounting Theory*, First Edition, McGraw-Hill, 2000. 📖 (textbook)
- d) Deegan, C., “Normative Theories of Accounting – the case of conceptual framework projects”, Chapter 5 in *Financial Accounting Theory*, First Edition, McGraw-Hill, 2000. 📖 (textbook)

Assignment Questions Due for Submission

- 1. Deegan – Review Question 16 (p.163 of the textbook)
- 2. Deegan – Question 4.2 (p.225 of the textbook)
- 3. Deegan – Question 4.5 (p.226 of the textbook)
- 4. Deegan – Question 4.11 (p.226 of the textbook)
- 5. Deegan – Question 4.12 (p.226 of the textbook)
- 6. Deegan – Question 4.13 (p.226 of the textbook)
- 7. Deegan – Question 5.9 (p.265 of the textbook)
- 8. Deegan – Question 5.13 (p.265 of the textbook)

DUE WEEK 5
POSITIVE ACCOUNTING THEORY

Readings

- a) Deegan, C., “Positive Accounting Theory”, Chapter 7 in *Financial Accounting Theory*, First Edition, McGraw-Hill, 2000. 📖 (**textbook**)
- b) Deegan, C., “Theories of Financial Accounting”, Chapter 2 in *Australian Financial Accounting*, Fourth Edition, McGraw-Hill, 2005. 📖 (**only pp.120-143 of textbook**)

Assignment Questions Due for Submission

- 1. Deegan – Question 7.1 (p.313 of the textbook)
- 2. Deegan – Question 7.4 (p.313 of the textbook)
- 3. Deegan – Question 7.5 (p.313 of the textbook)
- 4. Deegan – Question 7.8 (p.313 of the textbook)
- 5. Deegan – Question 7.10 (p.314 of the textbook)
- 6. Deegan – Review Question 9 (p.162 of the textbook)
- 7. Deegan – Review Question 12 (p.162 of the textbook)
- 8. Deegan – Review Question 21 (p.163 of the textbook)
- 9. Deegan – Review Question 23 (p.163 of the textbook)
- 10. Deegan – Challenging Question 29 (p.167 of the textbook)

DUE WEEK 6
CRITICAL DIMENSIONS IN ACCOUNTING

Readings

- a) Deegan, C., “New Systems of Accounting – the incorporation of social and environmental factors within external reporting”, Chapter 9 in *Financial Accounting Theory*, First Edition, McGraw-Hill, 2000. 📖 (textbook)
- b) Deegan, C., “Critical Perspective’s of Accounting”, Chapter 12 in *Financial Accounting Theory*, First Edition, McGraw-Hill, 2000. 📖 (textbook)
- c) Hines, R. D., [1989], “Financial Accounting Knowledge, Conceptual Framework Projects and the Social Construction of the Accounting Profession”, *Accounting, Auditing and Accountability Journal*, Vol. 2(2), pp. 72-92. 📁 (Booklet of readings)
- d) Lehman, C. R., [1992], “Herstory in accounting: the first eighty years”, *Accounting, Organisations and Society*, Vol. 17(3/4), pp. 261-285. 📁 (Booklet of readings)
- e) Walters, K., [2003], “Big Four, big worry”, *Business Review Weekly*, April 10-16, pp. 48-53. 📁 (Booklet of readings)

Assignment Questions Due for Submission

- 1. Deegan – Question 9.1 (p.385 of the textbook)
- 2. Deegan – Question 9.7 (p.385 of the textbook)
- 3. Deegan – Question 9.11 (p.385 of the textbook)
- 4. Deegan – Question 12.4 (p.408 of the textbook)
- 5. Deegan – Question 12.6 (p.409 of the textbook)
- 6. (refer to the ‘Hines’ reading). From a socio-political context, what are 4 main problems that threaten the legitimacy of the accounting profession, and what role can the Conceptual Framework play in socialising/politicising the accounting profession?
- 7. (refer to the ‘Lehman’ reading) Lehman states that from the perspective of accounting, feminism can be separated into three general classifications. Briefly describe these classifications, and outline how women have progressed in accounting through the different time frames of the 20th century (1900-1920, 1920-1940, 1940-1960, 1960-1980, the 1980’s). In

light of your own opinion, to what extent have women progressed in the last 10 years, and do the views of Lehman still have relevance today?

8. (refer to the 'Walters' reading) To what degree do you think accounting firms should be restricted in the services that they provide to a particular client? Are the current problems in the accounting profession with respect to independence, a reflection of the failure of the accounting profession itself, or inherent in a system whereby audits are carried out by private organizations with a profit motive?

DUE WEEK 7
RELATED PARTY DISCLOSURES

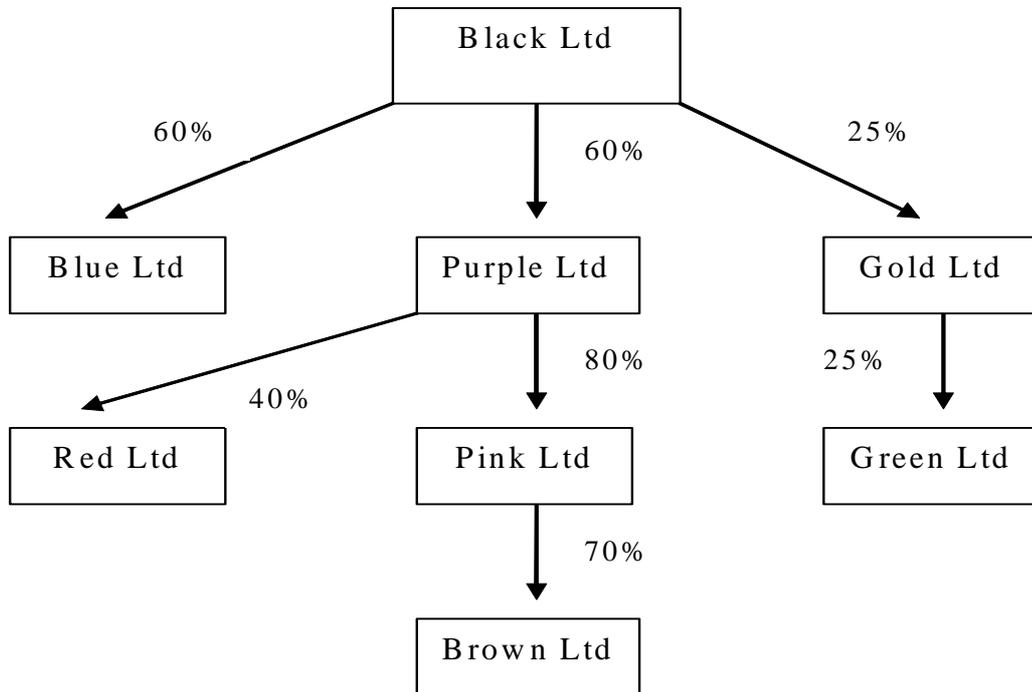
Readings

- a) AASB 124: Related Party Disclosures. 📄 (ACCG323 website or Accounting Handbook)
- b) BHP Billiton Limited Group Combined Financial Statements extract. 📁 (Booklet of readings)
- c) Deegan, C., “Related Party Disclosures”, Chapter 24 in *Australian Financial Accounting*, Fourth Edition, McGraw-Hill, 2005. 📖 (textbook)

Assignment Questions Due for Submission

- 1. Deegan – Review Question 1 (p.439 of the textbook)
- 2. Deegan – Review Question 2 (p.439 of the textbook)
- 3. Deegan – Review Question 3 (p.439 of the textbook)
- 4. Deegan – Review Question 5 (p.439 of the textbook)
- 5. Deegan – Review Question 11 (p.439 of the textbook)
- 6. Deegan – Review Question 12 (p.439 of the textbook) – **Please Note**: The Executive and Director disclosures referred to in this question titled ‘BHP Billiton Limited Combined Financial Statements’ have been placed in the booklet of readings for this week. The location of this Note 42 can also be found online at
http://www.bhpbilliton.com/bbContentRepository/Reports/bhpb_ltd_comb_04.pdf
- 7. Deegan – Challenging Question 13 (p.440 of the textbook)
- 8. Deegan – Challenging Question 16 (p.440 of the textbook)

9. Consider the following group structure in relation to Purple Ltd and determine who are the identifiable related parties in accordance with paragraph 9 of AASB 124;



Additional Information:

Assume that a shareholding of over 50% indicates control and a shareholding of over 20% indicates significant influence.

Directors of the companies are as follows:

Company	Directors
Black Ltd:	Adam, Abraham and Anne
Purple Ltd:	Charles and Caroline
Blue Ltd:	Barry
Gold Ltd:	Liam and Lillian

Director's relatives include:

Director	Relatives (relationship to Director)
Caroline	Robert (de facto)
Charles	Todd (nephew)

DUE WEEK 8
ETHICS IN ACCOUNTING

Readings

- a) Accounting Professional Ethics and Standards Board, “APES 110 - Code of Ethics for Professional Accountants”. 🖨️ (ACCG323 website)
- b) Charles, E., [2002], “Bad Company”, *Australian CPA*, August, pp. 28-33. 📁 (Booklet of readings)
- c) Kaplan, R. S, and Kibon, D, “Accounting Fraud at WorldCom”, *Harvard Business School Cases – Social Enterprise and Ethics*. 📖 (textbook)
- d) Lawrence, A. T, “The Collapse of Enron”, Cases in Crafting and Executing Strategy, Case 30, from *Thompson—Gamble-Strickland: Strategy, Winning in the Marketplace*. 📖 (textbook)
- e) Perks 2004, *Chapter 8 – Creative Accounting*, in Financial Accounting for Non-Specialists. 📖 (textbook)
- f) Professional Judgment and Ethics in Accounting, from Chapter 15 of Meigs-Meigs: *Financial Accounting*. 📖 (textbook)

Assignment Questions Due for Submission

1. What do you think is the purpose of having a ‘Code of Ethics for Professional Accountants’?
2. (refer to the Charles reading) What was the central theme of the article with respect to the cause of many of the corporate collapses?
3. (refer to the Kaplan and Kibon article) What were the specific accounting problems that led to the collapse of WorldCom, and do you think it was ethical for Cynthia Cooper to raise these problems with the board, which ultimately led to WorldCom’s bankruptcy?
4. (refer to the Lawrence article) What methods did Enron use to engage in creative accounting? In your opinion, what similar characteristics did both Enron and WorldCom share in their approach to business?
5. Enron’s use of SPE’s allowed it to transfer assets and liabilities to entities that received their financing from bank loans guaranteed by Enron. What was the legal form of these transactions? What was the economic substance?
6. Meigs-Meigs – Discussion Question 5 (p.492 of the textbook)

Questions 7 to 10 on the next page

7. Meigs-Meigs – Discussion Question 6 (p.492 of the textbook)
8. Perks – Assessment Question 1 (p.524 of the textbook)
9. Perks – Assessment Question 3 (p.524 of the textbook)
10. Perks – Assessment Question 5 (p.524 of the textbook)

DUE WEEK 9
INTERNATIONAL HARMONISATION OF ACCOUNTING

Readings

- a) Barker, R. G., “Global Accounting is Coming”, Harvard Business Review Accounting Articles, McGraw-Hill, 2004, pp.2-3. 📖 (textbook)
- b) Baydoun N., Willet, R., [1995], ‘Cultural Relevance of Western Accounting Systems to Developing Countries’, ABACUS, Vol. 31(1), pp. 67-92. 📁 (Booklet of readings)
- c) Deegan, C., “International accounting and the effects of cultural differences and harmonisation efforts”, Chapter 6 in *Financial Accounting Theory*, McGraw-Hill, 2000, pp. 169-199. 📖 (textbook)
- d) Douppnik, T. S. & Perera, M. H. B. “International Harmonization of Financial Reporting”, chapter 3 in *International Accounting*, McGraw-Hill, 2007, pp.74-116. 📖 (textbook)
- e) Lymer, A., “IFAC Board Approves Initiatives to Strengthen Financial Reporting, Assist Developing Nations and SMES, <http://accountingeducation.com/news - 5/08/2005>. 📁 (Booklet of readings)

Assignment Questions Due for Submission

- 1. Deegan – Question 6.1 (p.559 of the textbook)
- 2. Deegan – Question 6.5 (p.559 of the textbook)
- 3. Deegan – Question 6.13 (p.561 of the textbook)
- 4. Douppnik-Perera – Question 2 (p.595 of the textbook)
- 5. Douppnik-Perera – Question 7 (p.595 of the textbook)
- 6. Douppnik-Perera – Exercise 10 (p.597 of the textbook)
- 7. (Refer to Barker, R. G. article). The author suggests that there will be significant changes to the income statements due to the convergence between FASB and IASB. With examples, identify the changes that will take place in the income statements.
- 8. (Refer to the ‘Lymer, A.’ article). The authors raise the importance of formulating standards for SMEs. Identify the reasons why the complete suite of IFRSs is not appropriate in meeting the needs of SMEs.
- 9. (Refer to the ‘Baydoun and Willet’ article). The authors emphasise that many accounting systems are imported from other countries with possibly different cultures. Identify a number of problems in testing the Hofstede-Gray theory in relation to the author’s findings.

DUE WEEK 10
ACCOUNTING FOR LEASES

Readings

- a) AASB 1008: Accounting for Leases. 📄 (ACCG323 website or Accounting Handbook)
- b) Deegan, C., “Accounting for Leases”, Chapter 10 in *Australian Financial Accounting*, Fourth Edition, McGraw-Hill, 2005. 📖 (textbook)

Assignment Questions Due for Submission

- 1. Deegan – Review Question 3 (p.650 of the textbook)
- 2. Deegan – Review Question 4 (p.650 of the textbook)
- 3. Deegan – Review Question 6 (p.650 of the textbook)
- 4. Deegan – Review Question 7 (p.650 of the textbook)
- 5. Deegan – Review Question 13 (p.652 of the textbook)
- 6. Deegan – Challenging Question 15 (p.654 of the textbook)
- 7. Deegan – Challenging Question 17 (p.654 of the textbook)

* Present value tables are located between p.784-789 of the textbook.

DUE WEEK 11
ACCOUNTING FOR INTANGIBLE ASSETS

Readings

- a) AASB 138: Intangible Assets 📄 (**ACCG323 website or Accounting Handbook**)
- b) Abeysekera, I., [2002], “Mind over matter”, *CA Charter*, Sydney, June, pp. 58-59.
📁 (**Booklet of readings**)
- c) Abeysekera, I., [2004], “IC Eye”, *Financial Management*, May, pp. 28-29.
📁 (**Booklet of readings**)
- d) Deegan, C., “Accounting for Intangibles”, Chapter 7 in *Australian Financial Accounting*, Fourth Edition, McGraw-Hill, 2005. 📖 (**textbook**)

Assignment Questions Due for Submission

- 1. Deegan – Review Question 3 (p.699 of the textbook)
- 2. Deegan – Review Question 4 (p.699 of the textbook)
- 3. Deegan – Review Question 9 (p.699 of the textbook)
- 4. Deegan – Review Question 12 (p.699 of the textbook)
- 5. Deegan – Review Question 15 (p.700 of the textbook)
- 6. Deegan – Challenging Question 22 (p.706 of the textbook)
- 7. Deegan – Challenging Question 26 (p.707 of the textbook)
- 8. (refer to the Abeysekera “IC Eye” reading)
 - a) Give examples of intellectual capital items by intellectual capital category.
 - b) Why is there a limited amount of quantitative information on intellectual capital reporting?
 - c) What did the study expect and did the findings satisfy the expectations?
- 9. (refer to the Abeysekera “Mind over matter” reading)
 - a) Describe intellectual assets by internal, external, and human assets.
 - b) Give examples of emotional assets.
 - c) Why should firms pay attention to emotional assets?
 - d) As an accountant how can you help firms to manage emotional assets to increase the market value of the firm?

DUE WEEK 12
ACCOUNTING FOR EMPLOYEE BENEFITS

Readings

- a) AASB 119: Employee Benefits 📄 (ACCG323 website or Accounting Handbook)
- b) Deegan, C., “Accounting for Employee Benefits”, Chapter 12 in *Australian Financial Accounting*, Fourth Edition, McGraw-Hill, 2005. 📖 (textbook)

Assignment Questions Due for Submission

- 1. Deegan – Review Question 1 (p.740 of the textbook)
- 2. Deegan – Review Question 5 (p.740 of the textbook)
- 3. Deegan – Review Question 8 (p.740 of the textbook)
- 4. Deegan – Review Question 10 (p.740 of the textbook)
- 5. Deegan – Review Question 12 (p.740 of the textbook)
- 6. Deegan – Review Question 15 (p.740 of the textbook)
- 7. Deegan – Review Question 16 (p.741 of the textbook)
- 8. Deegan – Challenging Question 17 (p.741 of the textbook)
- 9. Deegan – Challenging Question 19 (p.742 of the textbook)

DUE WEEK 13
ACCOUNTING FOR HERITAGE ASSETS AND BIOLOGICAL ASSETS (FINAL TUTORIAL)

Readings

- a) AASB 141: Agriculture 📖 (ACCG323 website or Accounting Handbook)
- b) Burritt, R. L., and Cummings, L. S., [2002], “Accounting for Biological Assets – the Experience of an Australian Conservation Company”, *Asian Review of Accounting*, Vol. 10(2), pp. 17-42. 📁 (Booklet of readings)
- c) Carnegie, G. and Wolnizer, P., [1999], "Unravelling the rhetoric about financial reporting of public collections as assets", *Australian Accounting Review*, Vol. 9(1), pp. 16-21. 📁 (Booklet of readings)
- d) Deegan, C., “Accounting for Heritage Assets and Biological Assets”, Chapter 8 in *Australian Financial Accounting*, Fourth Edition, McGraw-Hill, 2005. 📖 (textbook)
- e) Muldowney, S., [2002], “Seeing the bigger picture”, Australian CPA, June, pp. 38-40. 📁 (Booklet of readings)

Assignment Questions Due for Submission

- 1. Deegan – Review Question 3 (p.780 of the textbook)
- 2. Deegan – Review Question 6 (p.780 of the textbook)
- 3. Deegan – Review Question 11 (p.780 of the textbook)
- 4. Deegan – Review Question 12 (p.781 of the textbook)
- 5. Deegan – Challenging Question 16 (p.781 of the textbook)

Questions 6 to 10 on the next page

6. (refer to the Burritt and Cummings reading) Examine the valuations inherent in the “economic accounts” of Earth Sanctuaries Ltd prior to the adoption of AASB 1037 “Self-Generating and Re-Generating Assets” in 1999.
 - a) What do the authors have to say with respect to the relevance and reliability of the asset figures contained in these “economic accounts”?
 - b) Do you feel Earth Sanctuaries was justified in preparing these alternative “economic accounts” alongside conventional financial accounts? What was the company trying to achieve?
 - c) Should endangered wildlife be allowed to be actively traded on an open market, and if so, would it protect endangered species and increase their numbers?
7. (refer to the Carnegie & Wolnizer reading). Evaluate C & W's argument that because public collections are valued for their cultural, heritage, scientific and educative qualities they cannot be valued in monetary terms.
8. Deegan – Challenging Question 18 (p.781 of the textbook)
9. Download the Australian Museum 2003/2004 annual report by clicking under “2003/2004 Financial Report” at <http://www.austmus.gov.au/about/report/> . How does the Australian museum value its “collections” (see notes to the financial statements)?
10. (refer to the Muldowney reading). The finance manager of the National Gallery of Victoria states that trying to put an economic value on gallery items can be ‘nasty and contentious’. What does he mean by this?

APPENDIX 1

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.

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.

- a) copying out part(s) of any document or audio-visual material (including computer based material);
- b) using or extracting another person's concepts, experimental results, or conclusions;
- c) summarising another person's work;
- d) 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.

WHY IS IT WRONG?

If you take and use the work of another person without clearly stating or acknowledging your source, you are falsely claiming that material as your own work and committing an act of plagiarism. This is wrong because:

- it violates the principle of intellectual and scholarly integrity.
- it devalues the grades and qualifications gained legitimately by other students.

PREVENTING CHEATING

All students and staff have a responsibility to prevent, discourage and report cheating.

Typically students cheat because they are having difficulty with the unit content, the language of the unit, or both. Cheating and/or plagiarism can be a temptation when students are experiencing difficulty with a heavy workload in the unit and seek to save time by using others work.

To avoid having students resort to cheating, the University provides many services to help students with their course or to make thoughtful decisions about whether to continue. Within the Division of Economic and Financial Studies, students should first seek assistance from their tutor and/or lecturer. The University also offers help through the Dean of Students or the University Health and Counselling Services.

There is a difference between getting help and cheating. You are encouraged to get help if you need assistance to understand the material and any set work so that you are in a better position to create your own answers.

HOW TO PLAY IT SAFE

To maintain good academic practice, so that you may be given credit for your own efforts, and so that your own contribution can be properly appreciated and evaluated, you should acknowledge your sources and you should *ALWAYS*:

- (i) State clearly in the appropriate form where you found the material on which you have based your work, using the system of reference specified by the Division in which your assignment was set;
- (ii) Acknowledge the people whose concepts, experiments or results you have extracted, developed or summarised, even if you put these ideas into your 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 you have thought about the material and understood it, but remember to state clearly where you found the ideas.

There is nothing wrong with working with other students in a group; indeed sometimes you will be encouraged to do so. But after a certain point, each student must work on their own to produce their own written answers. If no specific guidelines for group-work have been given, a reasonable interpretation is that it is acceptable for two or more students to discuss a problem among themselves or with a staff member. The group may then agree that the answer should include certain points. But then each member of the group must independently write their own answer to the problem.

PENALTIES

Offences of plagiarism will attract penalties which at a minimum, will result in the deduction of all marks for the test and/or assignment, to ultimately a 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. In some cases this can result in the suspension of the student from enrolment in the university. In all cases however, a record of any offence and/or incident, along with correspondence will be placed permanently on the students' individual record file held at the university.

APPENDIX 2

FEEDBACK ON PRESENTATION

Name :

The presentation contains a weighting of 5% of overall assessment, but the presentation will be marked out of 10. A score of 1 indicates that your presentation was not satisfactory while a score of 10 indicates an excellent effort.

Use of Key Questions

- at the beginning for focus
- during (to give structure and to stimulate curiosity)

Promoting Clarity

- new terms are defined
- the level of vocabulary used indicated awareness of the learners capacity
- word choice was precise and apt
- sentence structure was straight forward
- speech was fluent
- vagueness and excessive qualification were avoided
- pacing matched the complexity of the topic and capacity of the audience

Using Examples

- a sufficient number were used to promote understanding
- relevant to the topic being explained
- matched the levels of thinking and experiences within the group

Forming Connections

- linking words were used to indicate cause, result, or purpose
- the pattern or structure showed clearly the relations between generalisations and examples
- main points were *summarised* progressively or at end

Making Emphasis

- by variation in voice qualities, such as volume, stress or tone
- by selective repetition, para-phrasing of ideas, or enumeration of main points

Visual Techniques

- pictures, diagrams, demonstrations, or actual objects used to enhance understanding & provide variation

Monitoring feedback

- In a real teaching setting you would also use questions to locate problems in Understanding, then adjust pace, or, add more examples, or, clarify or reiterate

Acknowledgment: - Form written by *Fran Everingham* - Health Science Education, Faculty of Health Sciences, The University of Sydney.