



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

Year and Semester: Semester 2, 2006

Unit convenor: Ms Samantha Sin

**Prerequisites / Corequisites: 2006 Handbook of Undergraduate
Studies**

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: 2006 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, E4A 344, email: ssin@efs.mq.edu.au, tel.: 9850 8529
- Charlene Chen, unit administrator and tutor, E4A 355, email: cchen@efs.mq.edu.au, tel: 9850 9285

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. *Financial Accounting: An Integrated Approach*, by Trotman and Gibbons, 3rd Edition, Thomson.
2. *Generic Skills in Accounting: Competencies for Students and Graduates* by Jones and Sin. Pearson Education Australia.
3. *Surfari: An Accounting Practice Set*, by R. Grose. Pearson Prentice Hall.

UNIT WEB PAGE

WebCT.

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.
- d) Financial statement assumptions.

2. Financial Statements and their elements (W2)

- a) Know the purpose of and how to prepare a Balance Sheet.
- b) Know the purpose of and how to prepare an Income Statement.
- c) Understand the financial implications of these statements (preliminary analysis).

3. Transaction Analysis and double-entry bookkeeping (W3)

- a) Be able to conduct transaction analysis.
- b) Know the double-entry and debit-credit rules.
- c) Be able to apply the rules for recording transactions.
- d) 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. The Recording Process (W4)

- a) Know the accounting cycle.
- b) Know the purposes and types of special journals and subsidiary ledgers.
- c) 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 in accrual accounting and be able to relate them to practice.
- b) Be able to identify the need for adjusting the accounts.
- c) Know the 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. Internal and Cash Control (W6)

- a) Know the main components of internal control.
- b) Know how internal control principles are applied to cash.
- c) Know how to prepare a Bank Reconciliation Statement.

7. 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 to value inventory and calculate COGS.
- d) Know how the prudence principle is applied when accounting for inventory.

8. Accounting for non-current assets (W9)

- a) Know the cost components of non-current assets.
- b) Understand the concept and process of accounting for depreciation.
- c) Be able to calculate depreciation expense using different depreciation methods and provide for depreciation periodically.

- d) Be able to record the disposal of a non-current asset that has not been fully depreciated.
- e) Be able to identify which accounting principles/assumptions necessitate the depreciation of non-current assets.

9. Financial Reporting Principles and Accounting Standards (W10)

- a) Know the principles and standards.
- b) Know how to relate the above to practice.

10. Statement of Cash Flows (W11)

- a) 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 only)
- b) Know the purpose of a cash flow analysis.
- c) Know how to interpret a Statement of 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.

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.

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.

Peer Assisted Learning (PAL) Support

PAL is a FREE program that is offered to all students in this unit for this semester. It is a great way to improve your understanding of the course, help with your study skills, to get better grades and to have the opportunity to meet other people in your unit.

PAL is a weekly 1 hour class led by a student leader who has previously succeeded in this unit. They are fully trained and qualified. PAL leaders help to facilitate your learning and provide examples, activities, case studies and assist with exam preparation. To sign up for PAL please come to ERIC (E4B 106) in Weeks 1 and 2 of semester 2.

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.

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

Surfari 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, prior to completion. Questions on the Practice Set will be presented at the same time as the final exam. These questions will focus on information found in the Practice Set; having worked through the whole practice set yourself is more important than the correctness of the answers. 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 2006 is from 15 November to 1 December.

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, 31 July

Financial Accounting: Users, preparers, auditors

Accrual accounting Vs cash accounting

The key financial statements

Financial statement assumptions

Read Chapter 1 (pp1-20)

Homework

Discussion Questions: 1, 2, 6 (list 2 only), 12 and 15

Problems: 1.9, 1.13, 1.18

Cases: 1B

Week 2, 7 August

The Balance Sheet and its elements

The Income Statements and its elements

Connecting the Balance Sheet and the Income Statements

Read Chapter 2 (pp37-66 and 87-92)

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

Homework

Discussion Questions 4, 5, 6, 10 and 15

Problems: 2.9, 2.10, 2.11, 2.12, 2.14, 2.15 and 2.23

Week 3, 14 August

Transaction analysis
Double-entry bookkeeping
Debits and credits
Journal entries
Read chapter 3 (pp93-119)

Homework

Discussion Questions: 2, 3, 4 and 13
Problems: 3.8, 3.12, 3.17 and 3.21
Case: 3D
From the Generic Skills text (Jones & Sin) - Practice Task 2.1 (pp27-30) Chapter 2
Note: We'll be using the accounting practice set, Safari, in the lecture next week.

Week 4, 21 August

The Accounting cycle
Record keeping
The trial balance
Notes and start-up guide will be given for Safari: An Accounting Practice Set

Homework

Record the transactions for the first week of July for Safari

Week 5, 28 August

Accrual accounting: Revenues and expense
Conceptual foundation of accrual accounting
Accrual accounting adjustments
Chapter 5 (pp205-221 and 228-244).

Homework:

Discussion Questions: 1, 8, 10 and 23
Problems: 5.7, 5.12, 5.21, 5.22, 5.23, 5.32
Case: 5C

Week 6, 4 September

Internal control and cash
The main components of internal control
Internal control of cash
Bank reconciliation
Read Chapter 6 (pp295-308)

Homework:

Discussion Questions: 1, 2, 5, 6 and 8
Problems: 6.7, 6.9, 6.17
Case: 6D
From the Generic Skills text (Jones & Sin) - Practice Task 2.2 (pp31-35) Chapter 2

Week 7, 11 September

Inventory

The perpetual and periodic inventory methods

Accounting entries

Inventory valuations and COGS

Inventory cost flow assumption

Read Chapter 7 (pp339-347)

Homework:

Discussion Questions: 1, 2, 3, 6, 9 and 10

Problem: 7.1, 7.8, 7.15

Case: 7A

From the Generic Skills text (Jones & Sin) – Practice Task 3.2 (pp33-56) Chapter 3

15 September is Conception Day.**Mid-semester recess (15 September to 3 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, 2 OctoberFeedback for the first generic assignment and the 2nd guide for practice set.**Week 9, 9 October**

Non-current assets

The components of the cost of an asset

Depreciation of assets and depreciations

Depreciation bases and methods

Non-current assets disposals

Read Chapter 8 (pp371-382)

Homework:

Discussion Questions: 1, 2, 4, 5 and 14

Problems: 8.4, 8.5, 8.9 and 8.18

Case: 8A

Week 10, 16 October

Financial reporting principles and accounting standards

Read Chapter 9 (pp409-418 and 422 to 430)

Homework:

Discussion Questions: 1, 2, 3, 10 and 17

Problems: 9.5, 9.15, 9.17 and 9.21

The 2nd generic skills assignment is due next week (week 11) during tutorials.

Week 11, 23 October

The Statement of Cash Flows

The purpose of cash flow analysis

Classification of cash flow transactions

Format of the statement of cash flows

Preparation of a statement of cash flows (direct method only), See lecture example, (reconstruction of ledgers is not required)

Interpreting statements of cash flows (direct method only)

Read Chapter 13 (pp 581-587 Interpreting a statement of cash flows {direct method} is included), (pp597-599 and 605-606)

Homework:

Discussion Questions: 1, 2, 3 and 6

Problems: 13.5, 13.7, 13.16, 13.33 and Humana Hospital

Week 12, 30 October

Financial statements analysis

Introduction to financial statement analysis

Financial statement ratio analysis

Cash flow ratios

Read Chapter 15 (pp671-688)

Homework:

Discussion Questions: 1, 3, 4, 5, 6, 7, 9 and 20

Problems: 15.5, 15.8 and 15.15

Case: 15D

Week 13, 6 November

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>.