

**DIVISION OF ECONOMIC AND FINANCIAL STUDIES DEPARTMENT OF  
ACCOUNTING AND FINANCE**



**ACCG 310  
CORPORATE ACCOUNTING AND REPORTING**

***UNIT OUTLINE***

***2nd SEMESTER 2008***

**Unit convener:** James Lau

**Prerequisites:** ACCG 101 (P); 39 credit points

**Credit points:** 4

**Contact hours per week:** 4

**You 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 the unit convener.**

**ABOUT THIS UNIT**

ACCG 310 examines the framework and techniques that are used to prepare general purpose financial reports for companies. The unit considers the recognition and measurement of the financial statement elements and accounting for income tax. A major topic of the unit is the techniques of consolidation accounting used to prepare the consolidated financial statements for a corporate group.

This unit constitutes part of the core curriculum of studies required by CPA Australia and The Institute of Chartered Accountants in Australia.

*ACCG 310 is a 4 credit point unit, which means the workload is more demanding than most other ACCG units. On average students should devote between 12 and 14 hours of study time per week to the unit.*

### **ASSUMED KNOWLEDGE**

From prior studies you should already be proficient in the following technical aspects of accounting:

- Preparation of general journal entries for sales, cost of sales, cash receipts, cash payments, loans, issue of shares, dividends, transfers to reserves, asset revaluations, acquisition of assets, depreciation, bad and doubtful debts, reversing entries for prepayments and accruals, and closing entries.
- Posting to general journal entries to ledger or T accounts and produce the trial balance.
- Preparation of the income statement and balance sheet of a company from a trial balance.
- Description of the main elements of the financial statements including revenues, expenses, inventory, property, plant and equipment, receivables, payables, share capital and retained profits.

### **TEACHING STAFF**

Staff responsible for the presentation of ACCG 310 are as follows:

<u>Name</u>	<u>Room</u>	<u>Email</u>	<u>Telephone</u>
James Lau <b>Unit Convener</b> & Lecturer	E4A 349	jlau@efs.mq.edu.au	9850-9284
Jessica Chen <b>Unit Administrator</b> /Tutor	E4A 212	jhchen@efs.mq.edu.au	9850-4840
Shrutika Chugh Lecturer	E4A 213	shrutika.chugh@efs.mq.edu.au	9850-8572
Elaine Evans Lecturer	E4A 331	eevans@efs.mq.edu.au	9850-6477

The consultation timetable will be made available on the unit's website in week 2. Full-time staff members are available for two hours per week for consultation. You are encouraged to seek help from the staff during the set consultation hours.

### **TIMETABLE FOR LECTURES**

ACCG 310 requires that students attend one two-hour lecture every week. Lecture places have been allocated by the university's on-line enrolment system to ensure that lecture theatres do not become overcrowded, causing non-compliance with Occupational Health and Safety Guidelines including the fire safety regulations. Therefore you must attend your allocated lecture time. Proof of registration may be required if overcrowding occurs.

<u>Day</u>	<u>Time</u>	<u>Room</u>
Wednesday	1-3 pm	E7B Mason Theatre
Thursday	2-4 pm	E7B Mason Theatre
Friday	3-5 pm	E7B Mason Theatre

### **TIMETABLE FOR TUTORIALS**

ACCG 310 also requires students to attend a weekly small group tutorial of two hours duration. The maximum number of students in each group is twenty-five.

Tutorials begin in Week 2 – the week beginning August 11.

Tutorial places have been allocated by the university's on-line enrolment system. Most tutorials are already full. If you do not already have a tutorial time, then you must enrol on-line as soon as possible.

Due to the large number of students enrolled in ACCG 310 changes to tutorial times are managed by the on-line enrolment system. It is not necessary to contact members of staff about tutorial changes. On-line enrolment changes **will be shut down at the end of week three so all changes must be made by then.**

You **must** attend your official tutorial class. Tutors will keep attendance records and you can only attend class or sit for the class tests in your registered tutorial. Please ensure that you know your tutor's name and your tutorial number as this information is required to be noted on your mid-semester written report. Please note that assessment marks may be awarded for attending tutorials (see assessments section for details).

### **REQUIRED TEXT**

Jubb, P.B., Haswell, S.M. and I.A. Langfield-Smith, Company Accounting, 4<sup>th</sup> Edition 2005, Thompson/Cengage, Melbourne.

This text is used extensively for both lecture references and for tutorial work in each week of the unit. Ideally students should have a copy of this text that they can access at all times. Copies of this text are available on Library Reserve.

## **UNIT WEB PAGE**

ACCG 310 lecture handouts, notices and assignment solutions will be available in full from the unit's web page. You can access the web page on campus, at work or at home <http://learn.mq.edu.au/> where you can login to "Blackboard" (formerly WebCT). From Week 2 onwards you must download the lecture outlines. They will not be provided in the lecture. Check the web site on a weekly basis for notices, updates etc.

## **LEARNING OUTCOMES OF THE UNIT**

The learning objectives for this unit are set out below. The required readings of each week will provide an additional level of detail about how to achieve the unit learning objectives.

The unit learning objectives should be used throughout the semester to guide you through the lecture material, required readings, assignment questions and to answer any questions you have concerning "what do I need to know for the final exam?"

- a) Demonstrate understanding of the theory and practice of compiling company financial statements including:
  - Understand the significance of the IASB and the impact of AIFRS
  - Describe and apply the concepts for the financial statement elements set out in the *Framework*
  - Understand the regulatory framework in which Australian companies operate
  - Describe the presentation and format of the financial statements
  
- b) Demonstrate understanding of the theory and practice of the recognition and measurement of assets and liabilities including
  - Prepare journals for the initial measurement of the cost of property, plant and equipment and subsequent measurement using the cost basis or fair value basis under AASB 116
  - Account for impairment losses
  - Distinguish provisions from contingent liabilities and reserves
  
- c) Demonstrate understanding of the theory and practice of accounting for business combinations in Australia including:
  - Measure the cost of acquisition for a business combination and prepare the journal to allocate this cost to the assets and liabilities of the business acquired under AASB 3
  - Describe the recognition, measurement and impairment of goodwill under AASBs 136 and 138
  
- d) Demonstrate understanding of the theory and practice of consolidation accounting in Australia (AASB 127) including:
  - Describe the use and meaning of important consolidation terminology
  - Describe the inputs, process and outputs of consolidation accounting
  - Prepare the necessary consolidation journal entries to remove the financial effects of intra-economic entity transactions and balances and make other adjustments to

- portray the financial performance and financial position of the economic entity
  - Prepare a consolidation worksheet including the allocation to minority interests in order to derive the consolidated income statement and consolidated balance sheet
- e) Demonstrate understanding of accounting for associated companies using equity accounting under AASB 128.
- f) Demonstrate understanding of the theory and practice of accounting for company income tax including:
  - Understand the difference between accounting profit and taxable income
  - Define, recognize and measure deferred tax assets and tax liabilities
  - Prepare journal entries in accordance with AASB 112

### **GENERIC SKILLS**

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop students' generic skills in a range of areas. Cognitive and behavioural generic skills areas valued by the accounting profession are embedded into the various assessment tasks including the final examination. Class participation in discussion and the mid semester written report are directed at enhancing your generic skills.

### **TEACHING AND LEARNING STRATEGY**

The teaching strategy of ACCG 310 recognises that students must take personal responsibility for the learning experience. The teaching philosophy of ACCG 310 can be described as follows:

- **The Lecture – large group learning**

The purpose of the lectures is to provide you with an overview of the main concepts and techniques. Each lecture should give you a framework to use when solving problems in the particular topic for that week.

- **Private study – learning by doing**

ACCG 310 relies heavily on assignment-based learning and private study.

During your private study after each week's lecture, you are expected to revise your lecture notes and read the specific textbook materials that have been prescribed. Using the concepts and techniques presented in lectures and textbook materials, you are then required to prepare solutions to weekly assignment questions and exercises.

*You should attempt all assignment questions and exercises before attending the relevant tutorial in which the solutions are discussed.*

On average the unit will require students to complete between 8 and 10 hours of private study per week.

- **The Tutorial – small group learning**

In tutorials, tutors will assume that you have read each question or exercise and have made a bona fide attempt to answer it. You might come to class with half an answer or even less but at least you know the question or exercise and you tried to answer it as best as you could.

Tutors will lead and manage the discussion of assignment questions and exercises and it is expected that you will actively participate in the tutorial setting. Active participation includes a preparedness to explain to the rest of the class what you did in your answer. You will not be allowed to bring last semesters' answers to the tutorial and pretend that it is your work.

The tutorials should be viewed as an active forum for any problems or difficulties that you have experienced when preparing answers. Ask your tutor questions and make good use of consultation hours, not just towards the examination but all through the semester.

- **After the tutorials – the learning process continues**

At the end of each week (Friday p.m.), copies of the textbook solutions to the relevant weekly assignment will be placed on the internet (Blackboard). While your understanding of the topic material is fresh you should review the model solutions for each weekly assignment. Check your answers against the model solutions and learn from your mistakes. Form study groups to help clarify issues but try to work independently on the questions so that you do not copy other students' answers.

### **RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES**

In ACCG 310 you must demonstrate that you have satisfied all the learning objectives of the unit. The final assessment (SNG) in ACCG 310 is based on raw scores calculated as follows:

	<u>%</u>
Tutorial attendance (9 or more tutorials)	5
Two short tests completed in tutorials	10
Written report to be completed during the mid-semester break	10
Final exam	<u>75</u>
	<u>100</u>

The tutorial attendance, short tests and written report provide the means of continuous assessment and continuous learning throughout the semester. The primary objective of the continuous assessment tasks in ACCG 310 is to make you ready, willing and able to demonstrate your understanding of the learning objectives on the day of the final exam.

**To pass this unit you must pass (obtain at least 50%) in the overall performance and you must pass (obtain at least 50%) in the final examination.** These components are explained in more detail below.

## **CONTINUOUS ASSESSMENT (25%)**

### a) Tutorial attendance (5 %)

Five marks will be allocated for attendance at **9 or more tutorials**. You will receive **zero marks** if you attend less than 9 tutorials. Medical certificates are not accepted for missed tutorials. To have an attendance recorded, you must attend your registered tutorial.

### b) Short in-class tests (10%)

Throughout the semester there will be two in-class tests. The purpose is to give you a focus for your study and to give you timely feedback on your performance. The questions will be closed book, answered under examinations conditions and of examination standard. Your tutor will mark the tests in the same way as an examination question and give you detailed feedback on your performance. You must sit for the test in your assigned tutorial and there is no supplementary test if you are absent.

**In class test No. 1 will be held in the tutorial during week 6.** The coverage will be all lecture and tutorial material from weeks 1 to 4 inclusive and also the tutorial material from chapter 16 that is set for week 5 tutorial.

**In class test No. 2 will be held in the tutorial during week 11.** The coverage will be all lecture and tutorial material from weeks 5 to 9 inclusive and also the tutorial material from chapter 22 that is set for week 10 tutorial.

### c) Written report (10%)

You will be advised of the content, format and assessment criteria later in the semester. The requirements of the assignment will be made available on Blackboard on Friday 19 September. The assignment is due on Thursday 9 October at 4 pm. Please submit your assignment to ERIC, Ground Floor E4B. **Do not submit to your tutor.** You will be given a cover sheet to attach to your assignment. That sheet requires you to note your tutor's name, day and time of tutorial. Ensure that you know your tutor's name. A full list of tutor's names will be available on the web at the time you download the assignment. If you do not include the correct tutor/tutorial details your assignment will incur a penalty of 25%. Late assignments will incur a penalty of 25% of the awardable marks per day late.

## **FINAL EXAM (75%)**

The final exam of ACCG 310 is designed to test you against the learning objectives of the unit. Past exam papers in ACCG 310 are not made available because the emphasis and the unit material changes from semester to semester. Students in ACCG 310 for 2008 will be required to do a final exam that tests them on **all** the material covered in ACCG 310 in 2008. Students should not put any faith in contraband copies of previous ACCG 310 exam papers because the final exam in ACCG 310 is never the same from one year to the next.

The University Examination period in the Second Half Year 2008 is from Wednesday 11 November to Friday 5 December. You are expected to present yourself for examination at the time and place designated in the University 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>

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 regarding the form and scope of the final exam will be provided to you during the final lecture. In the meantime you should be aware that the best preparation for the final exam is as follows:

- Attend lectures and take notes - what are the main points the lecturer has made?
- Complete the required readings from the textbooks each week.
- Attend all tutorials – not just the 9 required
- Complete independent solutions to tutorial discussion questions, exercises and problems
- Form study groups at the beginning of semester
- Participate in the in-class tests and use them to monitor your own progress against the unit learning objectives. A low score on an in-class test is a signal that you need to do more work on the topic.
- Check your solutions to the tutorial assignments against the “suggested solutions” that are available at the end of each week on a timely basis.
- Use the consulting times when you need extra help not just before the exam.

### **SPECIAL CONSIDERATION AND SUPPLEMENTARY EXAMS**

The only exception to not sitting an examination or in-class test at the designated time is because of documented illness or unavoidable disruption.

Students who do not sit for the final examination 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>

The most common form of Special Consideration is a Supplementary Examination, because it is impossible to quantify the effect of illness on your performance. You will not be granted a Supplementary Examination if you do not meet the Division's requirements which include a requirement of satisfactory coursework. 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.

### **Unit policy regarding illness and supplementary exams**

1. If you are **genuinely** too unwell to attend the final exam then do not attend the exam but get a doctor's certificate and apply for a supplementary exam.
2. If you are unwell during the exam report this to the exam supervisor. You will be taken to the medical centre for an assessment by the doctor. Depending on the assessment you may qualify to apply for special consideration or a supplementary exam.
3. Special consideration/supplementary exams are not automatically granted:
  - a. they depend on the nature of any illness or other circumstances.
  - b. they may not be granted when coursework results are unsatisfactory.
4. If you:
  - (a) attend the exam, and
  - (b) you do not report unwell to the exam supervisor as required in (2) above,

then do **NOT** apply for a supplementary exam later. We will **NOT** grant an application for a supplementary exam when the student has already attended the main exam.

### **What is satisfactory coursework?**

To have satisfactory coursework in this unit you must have attended sufficient tutorials to obtain five assessment marks **and** you must have passed (obtained 50% or more) in the aggregate marks of your in-class tests and the written report.

### **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. This is particularly relevant for your Written Report to be prepared in the mid-semester break

## **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. To illustrate, a student who receives 20 out of 25 in continuous assessment and 30/75 in the final, will not receive an SNG of 50. The reason is that students must pass the final exam in order to achieve a passing grade in ACCG310 (as explained on page 10). 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>.

## **STUDENT SUPPORT SERVICES**

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

## **GRADE APPEALS AND EXAM SCRIPT VIEWING**

If you honestly believe that an error has occurred that has affected your final grade (and you have evidence to support this) you may:

- a) view your exam script (deadline to register on the web is 10:00am 22 December; viewing 23, 24 December 2008; 5 January 2009) and
- b) if necessary lodge a Grade Review application (in person or by proxy) with the Division by 12:30pm on 5 January 2009

for further information on these two processes please refer to  
[http://www.efs.mq.edu.au/current/ug/admin\\_central/grade\\_appeals](http://www.efs.mq.edu.au/current/ug/admin_central/grade_appeals).

## **LECTURE SUMMARY**

The first lecture (week 1) begins with administration of the unit. Topic areas covered include the International Accounting Standards Board, Australian equivalents of International Financial Reporting Standards, and the *Framework*.

Week 2 examines share issues and the elements of financial statements and how they are presented in a company's accounting records and classified in the financial statements.

Week 3 deals with recognition and measurement of property, plant and equipment together with the related depreciation/amortization and testing for impairment.

Week 4 considers investment in new assets, especially those that lead to business combinations, an important concept. Generally the discussion this week is from the point of view of the acquirer of the asset. Investments are considered for a single asset, then for multiple assets that amount to a business (and those that do not); and these are contrasted with equity (share) investments in other companies. The latter may lead to the acquirer having significant influence over the other company, or control over it. The accounting in each case is different. Significant influence leads to equity accounting. Control leads to consolidation accounting. All of these are introduced in the same text chapter (ch. 16) so that the purpose of each is compared and contrasted.

Week 5 concludes the material in text chapter 16 with an examination of accounting for controlled entities (still from the acquirer's point of view). Then we consider the business combination known as the corporate group, to learn that consolidated reports are prepared from the point of view of the group itself.

Week 6 is the first of four weeks devoted to the study of consolidation accounting. We begin with the principles of consolidation accounting including the control criterion, the entity concept, consolidation processes and the preparation of a consolidation worksheet.

Week 7 covers the elimination of intra-entity transactions within a consolidated group.

Week 8 considers impact of minority interests on the consolidation worksheet.

Week 9 covers the consolidation accounting of indirect ownership interests which can arise when there are more than two companies in the group.

Week 10 takes a break from the consolidations topics to examine the re-organization of a company's capital. Of special interest is the share buyback, a procedure commonly used recently by a number of high-profile companies.

Week 11 expands on the topic of equity accounting that was introduced in week 4.

Week 12 covers accounting for company income tax including tax-effect accounting.

Week 13 revises the unit's objectives to assist students with their final exam preparation.

### Accounting 310 Semester 2 2008 Lecture Schedule

	<b>Week beginning</b>	<b>Lecture Topic</b>	<b>Jubb Text</b>	<b>Homework Assignment (Jubb text)</b> Note: not all questions are discussed in class – some require self-study
1 (JL)	August 4	Unit introduction, overview of regulation.	Chs 1, 2 & 3.	
2 (JL)	August 11	Introductory company accounting, share issues, distributions to owners.	Ch 4 Ch 5	1.1, 1.2, 2.8, 2.12, 2.14, 2.20, 2.25, 3.13, 3.15, 3.20.
3 (SC)	August 18	Advanced asset and liability issues.	Ch 9	4.1, 4.2, 4.9, 4.32, 4.34, 4.40, 4.48, 5.2, 5.6, 5.18, 5.24.
4 (SC)	August 25	Asset investment / business combinations.	Ch 16 (up to p.407)	9.1, 9.4, 9.9, 9.23, 9.26, 9.28.
5 (SC)	September 1	Controlling share investments. The corporate group.	Ch 16 (p.408 - end) Ch 17	16.4, 16.15, 16.16, 16.23, 16.24, 16.26, 16.27, 16.28.
6 (EE)	September 8	Purchase consolidation.	Ch 18	16.32, 16.35, 16.36. 17.1, 17.2, 17.3, 17.11, 17.16, 17.20. <b>In-class test No. 1</b>
7 (EE)	September 15	Intercompany transactions.	Ch 19	18.4, 18.7, 18.15, 18.17, 18.20, 18.21, 18.22. 18.23
	September 22 & 29	Mid term break, no classes		Prepare written report during the break.
8 (JL)	October 6	Direct minority interest.	Ch 20	19.1, 19.2, 19.3, 19.13, 19.15, 19.23.
9 (JL)	October 13	Indirect interest.	Ch 22	20.4, 20.5, 20.7, 20.9, 20.12, 20.16, 20.17.
10 (JL)	October 20	Company reorganization.	Ch 6	22.1, 22.5, 22.10, 22.11, 22.12, 22.13, 22.14, 22.16.
11 (JL)	October 27	Equity accounting.	Ch 25 (up to p.740)	6.4, 6.10, 6.17, 6.18, 6.22, 6.27, <b>In-class test No. 2</b>
12 (JL)	November 3	Company income tax.	Ch 10	25.1, 25.4, 25.6, 25.26, 25.31.
13 (JL)	November 10	Discussion of exam.		10.1, 10.2, 10.7, 10.9, 10.13, 10.15, 10.16.