



FACULTY OF
BUSINESS AND ECONOMICS

ACCG310

Corporate Accounting and Reporting

2nd Semester 2010

Department of Accounting and Finance

**MACQUARIE UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
UNIT OUTLINE ACCG310**

Year and Semester: 2nd Semester 2010

Unit convenor: Stephen Haswell

Prerequisites: ACCG101 (P); 39 credit points

Credit points: 4

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

This unit examines the framework and techniques that are used to prepare general purpose financial reports for companies. The unit builds on ACCG100 Accounting IA and ACCG101 Accounting 1B and further considers the recognition and measurement of 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. Through the in-depth discussion of a number of key corporate accounting issues, this unit provides students with the technical accounting knowledge to prepare or use the company financial statements. This unit is a core part of the accounting degree. It seeks to develop graduate capabilities centred on higher order analysis and effective communication skills using a range of technical materials.

TEACHING STAFF

<u>Name</u>	<u>Email address</u>
Stephen Haswell Unit Convenor & Lecturer	accg310@mq.edu.au
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Our preferred contact method is email. Please send all emails to the class address above. Sorry but we are unable to respond to emails sent to any other address.

CONSULTATION TIMES

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 starting from week 3.

You are encouraged to seek help at a time that is convenient to you from a staff member teaching on this unit during their regular consultation hours. In special circumstances, an appointment may be made outside regular consultation hours. Staff will not conduct any consultations by e-mail. You may, however, phone staff during their consultation hours.

In order to gain access to staff located at levels 1, 2 and 3 of building E4A during their consultation hours please ring the staff member from the phones available in the lobby (phone numbers of relevant staff members will be provided on Blackboard and are available next to the phones).

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

CLASSES

- There are 3 hours face-to-face teaching per week consisting of 1 x 2 hour lecture and 1 x 1 hour tutorial each week.
- The timetable for classes can be found on the University web site at: <http://www.timetables.mq.edu.au/>

Timetable for lectures

ACCG310 requires students to attend one **two hour** lecture per 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>
Tuesday	8-10 pm	W5A Price Theatre
Wednesday	1-3 pm	E7B Mason Theatre
Friday	3-5 pm	E7B Mason Theatre

Timetable for tutorials

ACCG310 also requires students to attend a weekly small group tutorial of **one-hour** duration. The maximum number of students in each group is twenty-five.

Tutors will record attendance each week. **You must attend at least 9 of the 12 tutorials in order to complete satisfactory coursework requirements for this unit.** For this purpose we do not accept medical certificates for missed tutorials; it is up to you to organise yourself to come to at least nine tutorials.

Tutorials begin in Week 2 – the week beginning August 9.

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 ACCG310 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 can only attend class and sit for the class tests in your registered tutorial.

PRIZES

The Association of Chartered Certified Accountants Prize is awarded for best student in the unit ACCG310 Corporate Accounting and Reporting.

The CPA Australia Prize for 300-level Accounting - Graduating Student is awarded for proficiency in the units ACCG310 Corporate Accounting and Reporting and ACCG323 Financial Accounting Theory and Practice.

- http://www.businessandconomics.mq.edu.au/undergraduate_degrees/prizes_scholarships

REQUIRED TEXT

Jubb, P.B., Haswell, S.M. and I.A. Langfield-Smith, Company Accounting, 5th Edition 2010, Cengage, Melbourne.

The text can be purchased from the Macquarie University Co-op Bookshop.

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.

TECHNOLOGY USED AND REQUIRED

ACCG310 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". Check the web site on a weekly basis for notices, updates, etc.

Lectures will be audio recorded on 'i-lecture' and made available on Blackboard by the end of the week. Some tutorial classes may be made available on Blackboard by 'virtual tutorial' technology. Please see the notice on Blackboard.

LEARNING OUTCOMES

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?"

- 1) Demonstrate understanding of the theory and practice of compiling company financial statements including:
 - Understand the significance of the International Accounting Standards Board and the impact of Australian International Financial Reporting Standards
 - Understand the regulatory framework in which Australian companies operate
 - Describe the presentation and format of the financial statements
- 2) Describe and apply the concepts for the financial statement elements set out in the *Framework*
- 3) 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
- 4) 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

5) Demonstrate understanding of accounting for associated companies using equity accounting under AASB 128.

6) 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

GRADUATE CAPABILITIES

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

Learning Outcome	1	2	3	4	5	6
Discipline Specific Knowledge and Skills	✓	✓	✓	✓	✓	✓
Critical, Analytical and Integrative Thinking	✓	✓	✓	✓	✓	✓
Problem Solving and Research Capability			✓	✓	✓	✓
Creative and Innovative			✓	✓	✓	✓
Effective Communication		✓	✓	✓	✓	✓
Engaged and Ethical Local and Global citizens	✓					
Socially and Environmentally Active and Responsible	✓					
Capable of Professional & Personal Judgement and Initiative		✓	✓	✓	✓	✓

TEACHING AND LEARNING STRATEGY

The teaching strategy of ACCG310 recognises that students must take personal responsibility for the learning experience. The teaching philosophy of ACCG310 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**

ACCG310 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 throughout 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 ACCG310 you must demonstrate that you have satisfied all the learning objectives of the unit. The final assessment in ACCG310 is based on raw scores calculated as follows:

	<u>%</u>
One on-line quiz	10
Two short in-class tests	30
Final exam	<u>60</u>
	<u>100</u>

The following summary table indicates the alignment between the assessment tasks and learning outcomes.

Assessment Tasks	Value	Learning Outcomes					
		1	2	3	4	5	6
1. On-line quiz	10%	✓	✓	✓	✓	✓	✓
2. In class tests	30%	✓	✓	✓	✓	✓	✓
3. Final Exam	60%	✓	✓	✓	✓	✓	✓

The on-line quiz and short tests provide the means of continuous assessment and continuous learning throughout the semester. The primary objective of the continuous assessment tasks in ACCG310 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 (40%)

a) On line quiz (10 %)

The quiz will be held in **week 13**. The quiz will be computer based with multiple choice questions. More details about how to do the quiz will be given later.

b) Short in-class tests (30%)

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 tests 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 registered 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 material from weeks 1 to 5 and tutorial material from weeks 2 to 6 inclusive.

In-class test No. 2 will be held in the tutorial during week 12. The coverage will be all lecture material from weeks 6 to 10 and tutorial material from weeks 7 to 11 inclusive.

Test 1 is an early low-risk diagnostic task. Students who perform poorly in this test will be required to discuss with their tutors remedial plans to improve their study techniques in a timely manner.

FINAL EXAM (60%)

The final exam is of three hours and ten minutes duration. The final exam of ACCG310 is designed to test you against the learning objectives of the unit. Past exam papers in

ACCG310 are not made available because the emphasis and the unit material changes from semester to semester. Students in ACCG310 for 2010 will be required to do a final exam that tests them on **all** the material covered during the semester. Students should not put any faith in contraband copies of previous ACCG310 exam papers because the final exam in ACCG310 is never the same from one year to the next.

The University Examination period in the Second Half Year 2010 is from Monday 15 November to Friday 3 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.

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. The University's policy on special consideration process is available at:

http://www.mq.edu.au/policy/docs/special_consideration/policy.html Further details of unit policy on special consideration are given in the section below.

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.

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

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

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.
- 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.

ACADEMIC HONESTY

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

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

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at

http://www.mq.edu.au/policy/docs/academic_honesty/policy.html

GRADES

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG).

The student numerical grade (SNG) is not a summation of the assessment components. 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 that you receive. To illustrate, a student who receives 30 out of 40 in continuous assessment and 20/60 in the final exam, 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. Also, for other grades, students are required to perform at a consistent level in the exam and the other assessment components. Please also refer to relevant pages in the Handbook of Undergraduate Studies.

GRADING APPEALS AND FINAL EXAMINATION SCRIPT VIEWING

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

http://www.businessandconomics.mq.edu.au/for/new_and_current_students/undergraduate/admin_central/grade_appeals.

SPECIAL CONSIDERATION

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at:

http://www.mq.edu.au/policy/docs/special_consideration/procedure.html

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 Faculty's requirements which include a requirement of satisfactory coursework.

Unit policy regarding illness and supplementary exams

1. Special consideration/supplementary exams are not automatically granted: they depend on the nature of any illness or other circumstances. They may not be granted when coursework results are unsatisfactory.
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 for special consideration or a supplementary exam.
3. 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 under such circumstances.

What is satisfactory coursework?

To have satisfactory coursework in this unit you must you must have passed (obtained 50% or more) in the aggregate marks of your quiz and in-class tests AND have attended at least nine tutorial classes.

STUDENT SUPPORT SERVICES

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

IT CONDITIONS OF USE

Access to all student computing facilities within the Faculty of Business and Economics is restricted to authorised coursework for approved units. At all times, student ID cards must be displayed in the locations provided. Students are expected to act responsibly at all times when utilising University IT facilities. The following regulations apply to the use of computer labs and online services:

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

Non-compliance with these conditions may result in disciplinary action without further notice. Students are reminded to communicate to staff only through the Macquarie University email as this is the only official channel.

LECTURE 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 discusses the re-organization of a company's capital. Of special interest is the share buyback, a procedure used recently by a number of high-profile companies.

Week 4 covers different types of debt and demonstrates methods of accounting for the issue and repayment of debt.

Week 5 considers investment in new assets, especially those that lead to business combinations, an important concept. 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 6 is the first of five 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 at control date.

Week 7 continues the discussion of the consolidation process and the preparation of a consolidation worksheet, but this time is the application after control date.

Week 8 covers the elimination of intra-entity transactions within a consolidated group.

Week 9 considers impact of non-controlling interests on the consolidation worksheet.

Week 10 covers the consolidation accounting of indirect ownership interests which can arise when there are more than two companies in the group.

Week 11 covers the topic of equity accounting that accounts for the relationship between an investor and its associates.

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.

	Week beginning	Lecture Topic	Jubb Text	Homework Assignment (Jubb text) Note: not all questions are discussed in class – some require self-study
1	August 2	Unit introduction, overview of regulation.	Chs 1, 2 & 3.	
2 (JL)	August 9	Introductory company accounting, share issues, distributions to owners.	Ch 4 Ch 5	1.1, 2.12, 2.14, 2.20, 2.25, 3.15, 3.20.
3 (JL)	August 16	Company reorganisation.	Ch 6	4.1, 4.9, 4.40, 4.48, 5.2, 5.6, 5.24.
4 (JL)	August 23	Debt securities.	Ch 7	6.4, 6.10, 6.19, 6.20, 6.24, 6.31.
5 (SH)	August 30	Business combination.	Ch 16 (p. 439-454; p. 463 to 473)	7.2, 7.8, 7.9, 7.11, 7.13, 7.15.
6 (SH)	September 6	Purchase consolidation 1.	Ch 17 Ch 18 (up to p. 549)	16.3, 16.4, 16.23, 16.24, 16.26, 16.35, 16.36. In-class test No. 1
7 (SH)	September 13	Purchase consolidation 2.	Ch 19 (up to p. 605)	17.1, 17.16, 18.4, 18.7, 18.25, 18.29, 18.30.
	Sept. 20 & 27	Mid-term break		
8 (SH)	October 4	Intra-group transactions.	Ch 20 (up to p. 658)	19.1, 19.6, 19.16, 19.17, 19.19.
9 (SH)	October 11	Direct minority interest.	Ch 21	20.1, 20.2, 20.3, 20.14, 20.15, 20.24.
10 (SH)	October 18	Indirect interest.	Ch 23	21.1, 21.2, 21.5, 21.20, 21.21.
11 (JL)	October 25	Equity accounting.	Ch16 (p. 456-463) Ch 26 (up to p.907)	23.1, 23.5, 23.11, 23.17, 23.18, 23.20.
12 (JL)	November 1	Company income tax.	Ch 10	16.15, 26.1, 26.4, 26.28, 26.31. In-class test No. 2
13	November 8	Discussion of exam.		10.2, 10.9, 10.10, 10.14, 10.16, 10.17. On-line quiz