



**Division of Economics and Financial Studies
Department of Accounting and Finance**

CORPORATE ACCOUNTING

UNIT OUTLINE

ACCG855

Trimester 3 2004

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Lecturers:

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Consultation by appointment

Emma Holmes

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Consultation by appointment

Text books:

You will need:

Eddey, Arthur and Knapp, Accounting for Corporate Combinations and Associations, 5th Edition, Prentice Hall 2001

Value Accounts Holdings – Annual and interim financial reporting 2003 or 2004,
PricewaterhouseCoopers 2003 or 2004

Lecture notes are available on the Library Reserve website (see next page for details) or as a hard copy in ERIC - the EFS Resource and Information Centre (Building C5C, Room 244) . You will need to print or copy these in advance if you want to have them for each lecture.

Unit Objectives:

By the end of this unit you should be able to:

- explain how to select appropriate accounting policies for a company
- disclose the accounting policies for a company appropriately
- determine when companies are required to prepare consolidated financial statements
- prepare consolidated financial statements, including:
 - treatment of goodwill
 - outside equity interest, direct and indirect
 - intra-economic entity sale of inventory
- translate the financial statements of foreign subsidiaries
- determine when companies are required to equity account for associates
- equity account for associates
- determine and apply the appropriate accounting treatment for joint ventures

This unit will cover these topics under the existing accounting standards and the 2005 accounting standards.

Method of teaching:

Each session will involve a tutorial segment, discussing the lecture content from the previous week and using the weekly assignments to illustrate the content. The session will then continue with a lecture covering the next topic.

You are strongly encouraged to prepare solutions to the weekly assignments between sessions. As solutions to selected weekly assignments will be discussed in sessions, this gives you an opportunity to discuss any problems or difficulties you are experiencing with the subject content. At the end of each week, solutions to practical accounting problems will be placed in reserve unit folders on the Web, Macquarie University Library Reserve. For theory questions, brief summaries are included in the solutions to add to your own work and notes from discussion in the session.

All lecture notes and solutions to assignments will be available on the internet. The pages are administered by the library and can be accessed as follows:

- go to the Macquarie homepage: mq.edu.au
- select Library
- select Reserve
- follow menu prompt and enter 'ACCG855'
- the screen will show a menu of folders available for the unit. Select the folder you need
- a menu prompt will ask for your ID and password. These should have been sent to you by the University after you enrolled
- the folder should open in PDF and you can download

If you have any problems the IT help desk downstairs in the library is the place to go.

Assessment:

Report	15%
Mid term exam	25%
Final exam	60%

To pass this unit you are required to:

1. submit a report in the required format
2. attend and attempt the mid term exam
3. obtain a pass in the final exam
4. obtain an overall pass

Report

Submission requirements:

1. Bring your draft report (just key points) including the numerical example you have developed to your class on 11 or 13 October. You will discuss and develop your report with your classmates in this class. Students who do not bring their draft report to this class will be penalised 2 marks.
2. Hand in 2 copies in your class on Monday 18 or Wednesday 20 October. Late submissions will be penalised.

Maximum length 1,500 words excluding the appendix and bibliography

Hand in TWO copies of your report

You are a CPA/CA working for an Australian listed company. This company has one subsidiary.

You have been assigned the task of reporting to the audit committee the changes resulting from the introduction of international accounting standards in Australia in 2005, in the area of accounting for subsidiaries. Most importantly, the audit committee is aware that the company has a number of options on the first time adoption of the consolidations under the 2005 AASB standards and

want your advice on which one of these transitional options would be most appropriate for the company.

REQUIRED

Prepare a 1,500 word report for the audit committee:

- a) outlining the key changes to accounting standards as they relate to consolidations under the 2005 AASB standards**
- b) recommending which transitional option your company should adopt**

You are required to include calculations in an appendix supporting your recommendation in b) above.

Hints

You will need to make assumptions for this assignment including:

- the name of your company
- when it acquired its subsidiary
- the cost of the acquisition
- the fair value of the assets at the date of acquisition
- the goodwill amortisation period under the current standards
- the amortisation period of any intangible assets if applicable

Useful references are:

www.iasplus.com

www.ey.com.au

www.pwc.com.au

www.kpmg.com.au

www.icaa.org.au

The transitional provisions for Business Combinations are in AASB 1 (not AASB 3). You can find the AASB 2005 standards on the AASB website: www.aasb.com.au (under pronouncements).

Marks will be awarded for depth of research, clarity of expression, competence of structure and organisation, strength of argument and for presentation. You should always get to the point and avoid wordy repetitions. Be succinct and clear. Don't copy lengthy quotes. Please note that this report will be separately marked for the report writing and technical components.

Please keep a photocopy of your essay as the hand-in copies will not be returned.

Reports must be neatly presented, double spaced, typed on one side of the page only.

Plagiarism

Your work must be your own. Group collaboration in relation to writing the report is not permitted: this fulfils an obligation to the professional accounting bodies to ensure that students have a certain amount of practice with written expression. Ability to write competent reports is increasingly a desirable skill for accounting and management professionals.

You should write in a professional way and acknowledge all sources of material in an accepted academic manner. It is not sufficient just to have a bibliography at the end. Each statement, quote, piece of information that is not your own must be identified throughout the essay and a reference given which shows full details of author, publication, date, and page number.

Macquarie University has very strict rules relating to plagiarism. Any students found to have plagiarised will be penalised.

Plagiarism involves using the work of another person and presenting it as one's own.

A STUDENT WILL BE GUILTY OF PLAGIARISM if they do any of the following in their essay, without clearly acknowledging their source(s) for each quotation or piece of borrowed material:

- i) copy out part(s) of any document or audio-visual material, including computer-based material;
- ii) use or extract someone else's concepts or experimental results or conclusions, even if they put them in their own words;
- iii) copy out or take ideas from the work of another student, even if they put the borrowed material in their own words;
- iv) submit substantially the same final version of any material as a fellow student
- v) submit an assignment written by a third person and represented by a student as their own work.

Mid term exam

The mid term exam will be held at the end of Week 6. The date will be confirmed closer to the time. The exam will be one and a half hours long. It will consist of 30 multiple choice questions (25 marks). The exam will be closed book.

The exam will cover the first 6 weeks of lecture topics, including all of Consolidations , and will include both theory and practical questions.

Please note that the question paper, and any rough workings you have must be submitted at the end of the test. The answers to the multiple choice questions will not be available.

Final exam

This will be of three hours duration plus reading time, and will be held in the exam time at the end of the trimester. The paper will include written theory questions, practical numerical questions and a written question similar in style to the report. All topics covered in the unit will be tested in the final exam, although more marks will be allocated to the second half of the unit.

The exam is a closed book exam.