1. COURSE STAFF

1.1 Staff members and contact details

Staff members assigned to the course are listed below:

<table>
<thead>
<tr>
<th>Room</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td>QUAD 3103</td>
<td>9385 5808</td>
</tr>
<tr>
<td>QUAD 3091</td>
<td>9385 5811</td>
</tr>
<tr>
<td>QUAD 3081</td>
<td>9385 5807</td>
</tr>
<tr>
<td>QUAD 3095</td>
<td>9385 5814</td>
</tr>
<tr>
<td>QUAD 3116</td>
<td>9385 5840</td>
</tr>
<tr>
<td>QUAD 3085</td>
<td>9385 5837</td>
</tr>
</tbody>
</table>

1.2 Communication and consultation with staff

Members of staff teaching the course will be available for consultation at specified hours (as posted on WebCT) or by appointment. Problems should be directed in the first instance to your tutorial instructor. Each member of staff will be available for up to three hours per week to conduct consultations on a drop-in basis. You are encouraged to seek help at a time that is convenient to you from any staff member teaching on this course 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, unless they indicate a personal preference to work otherwise. You may, however, phone staff during their consultation hours.

Please note that common written etiquette must be observed when conducting any written communication with staff members. Communications that use short hand and “SMS” language are not permitted.

2. INFORMATION ABOUT THE COURSE

2.1 Teaching times and locations

Lecture time and location follows:

<table>
<thead>
<tr>
<th>Lecture</th>
<th>Day</th>
<th>Time</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lect a</td>
<td>Tue</td>
<td>11:00 - 12:00</td>
<td>CLB 7</td>
</tr>
<tr>
<td></td>
<td>Thu</td>
<td>10:00 - 11:00</td>
<td>CLB 7</td>
</tr>
<tr>
<td>or</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lect b</td>
<td>Tue</td>
<td>15:00 - 16:00</td>
<td>SCIENCE THEATRE</td>
</tr>
<tr>
<td></td>
<td>Thu</td>
<td>15:00 - 16:00</td>
<td>PHYSICS THEATRE</td>
</tr>
<tr>
<td>or</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lect c</td>
<td>Tue</td>
<td>18:00 - 20:00</td>
<td>CLB 6</td>
</tr>
</tbody>
</table>

Tutorial times and locations can be found on WebCT.
2.2 Units of credit

ACCT2542 Corporate Financial Reporting and Analysis has a total of 6 units of credit.

2.3 Relationship of this course to other course offerings

This course is offered by the School of Accounting and may form part of an accounting major, double major or disciplinary minor within the Bachelor of Commerce or Bachelor of Economics degrees. In order to enrol in this course a student must have satisfied the requirements of ACCT1511 Accounting and Financial Management 1B. ACCT2542 also constitutes part of the core curriculum studies required by CPA Australia and the Institute of Chartered Accountants in Australia and is accredited by the Institute of Actuaries of Australia.

2.4 Approach to learning and teaching

At university, the focus is on your self-directed search for knowledge. Lectures, tutorials, textbooks, exams and other resources are all provided to help you learn. You are therefore required to attend all lectures and tutorials, and read all required readings in order to fully grasp and appreciate the concepts of the course.

It is up to you to choose how much work you do in each part of the course: preparing for lectures and tutorials; completing assignments; studying for exams; and seeking assistance to extend and clarify your understanding. You must choose an approach that best suits your learning style and goals in this course. Tutorial questions are provided to guide your learning process.

The teaching staff have put a great deal of thought into the development and presentation of this course so students may experience a flexible but directed leaning approach to Corporate Financial Reporting and Analysis.

3. COURSE AIMS AND OUTCOMES

3.1 Course aims

This course is concerned with external accounting and reporting practices of listed public companies. It is intended for students who will be involved in future in the preparation or use of company financial statements whether as accountants, financial executives, taxation officers, auditors, financial analysts, actuaries, legal advisors or academics.

The course builds on the foundations laid in ACCT1501 and ACCT1511 (Accounting and Financial Management 1A and 1B, respectively). More complicated business transactions are considered, including accounting for complex groups of companies in the form of consolidation accounting and accounting for joint ventures and investments in associates. Regulatory requirements for the preparation of financial statements for individual companies and groups will be covered using applicable standards that are in compliance with the International Accounting Standards (IAS). The course will also cover additional requirements set by Australian Accounting Standards Board (AASB) as applicable for each topic. Also covered are accounting problems in specific areas, including tax effect accounting, accounting for insurance companies and accounting for employee entitlements.
An important aim of the course is to provide opportunities for practising the communication of accounting knowledge. In addition, the course attempts to challenge the student to think critically about corporate financial reporting by fostering an appreciation of:

(a) alternative accounting practices and issues relating to their application;
(b) accounting standards (both IFRS and AASB/AIFRS) and other pronouncements pertaining to various accounting issues covered in the course;
(c) the role of the conceptual framework in evaluating accounting issues; and,
(d) relevant research on the effects of accounting policy choices on financial statements, capital markets and decision-making behaviour.

Technical accounting knowledge must be accompanied by skills in problem identification, analysis and solution as well as the ability to communicate clearly both orally and in writing. Such skills are developed through training and practice. These objectives are achieved through lectures, and the preparation of written assignments and discussion of accounting issues in tutorials.

3.2 Student learning outcomes

Content-based Learning Outcomes
As a result of satisfactorily completing this course, you should be able to:

1. understand how accounting information (particularly corporate financial statements) is used in business decision making.
2. understand the form and content of corporate financial statements and appreciate how some elements of these reports are recognised, measured and subsequently valued subject to applicable regulations, accounting standards and/or pronouncements.
3. understand and appreciate that accounting policies and standards may differ in a specific industry in which the company may operate. For instance, this course will demonstrate how some elements of the financial report are recognised, measured and subsequently valued for insurance companies.
4. understand accounting issues in acquisitions of other entities and appreciate appropriate accounting policies adopted for a given corporate structure in order for these transactions to be fairly presented in the financial statements.
5. create financial statements that comply with the appropriate accounting standard for a given corporate structure (e.g. consolidation of subsidiaries, equity accounting of associates, etc.)
**Skills-based Outcomes**

As a result of satisfactorily completing this course, you will have:

6. an opportunity to learn independently and to assume responsibility for the learning process;
7. an opportunity to learn within teams – to co-operate with team members, to assume leadership and to manage differences and conflicts;
8. an opportunity to conduct applied business research – acquiring, analysing and presenting knowledge;
9. an opportunity to think critically about informing literatures (both research and practitioner-based literature) and generally accepted accounting principles;
10. an opportunity to develop an ability to apply knowledge to specific companies;
11. an opportunity to reflect on your own strengths and weaknesses as a learner; and
12. an opportunity to write professional business reports.

**3.3 Teaching strategies**

**Class arrangements**

Students are expected to attend two-hour lectures and a one-hour tutorial (commencing Week 2) per week.

**Lectures**

The purpose of lectures is to introduce and explain concepts that are critical to the core topics of the course. Lectures are also aimed to provide guidance on how these concepts are applied in corporate financial reporting by providing practical examples. In order to maximise the benefits of attending lectures, students are expected/encouraged to read the relevant study materials thoroughly before attending lectures.

**Tutorials**

Each student is required to register for a tutorial group via the Tutorial Allocation System (TAS) system. Tutorials (one hour per week) will be held each week from weeks 2 to 14. Tutorial questions for each week are listed in the last section of this course outline. It is essential that, prior to a tutorial, you read the relevant course materials and prepare written responses to any tutorial questions assigned. Tutorials represent the major feedback and learning component of the course and it provides an opportunity for students to question and discuss further the theory and practical examples covered in lectures. As tutorials are of limited time, benefits from tutorials are only fully realised when students prepare thoroughly in advance.

All students can change their tutorial allocation on-line (via TAS) until Sunday, 31 July 2005 (end of week 1) at: http://admin.fce.unsw.edu.au/tass. After this date, queries should be addressed to personnel in QUAD3107 from Monday to Friday in weeks 2 and 3 during their office hours. **NO CHANGES WILL BE ALLOWED FROM WEEK 4.**
4. STUDENT RESPONSIBILITIES AND CONDUCT

4.1 Preparation for and performance in class

It is a requirement of this course that all students attempt the assigned weekly readings and tutorial questions prior to attending class. The importance of adequate preparation prior to each tutorial including the completion of all tutorial questions cannot be overemphasised, as the effectiveness and usefulness of the tutorial depends to a large extent on students' active participation during the tutorial.

4.2 Workload

It is expected that you will spend at least ten hours per week studying this course. This time should be made up of 3 hours in class and 7 hours reading, downloading materials, working on exercises and problems, and revising your work. In certain weeks (especially where you need to prepare for an examination or the group assignment) the workload may be greater.

Over-commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

4.3 Attendance

Your regular and punctual attendance at lectures and tutorials is expected in this course. University regulations indicate that if students attend less than 80% of scheduled classes they may be refused final assessment.

4.4 General conduct and behaviour

You are expected to conduct yourself with consideration and respect for the needs of your fellow students and teaching staff. Conduct which unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class. More information on student conduct is available at: www.my.unsw.edu.au

4.5 Keeping informed

You should take note of all announcements made in lectures, tutorials or on the course web site. From time to time, the University will send important announcements to your university e-mail address without providing you with a paper copy. You will be deemed to have received this information. Specific announcements will also be made via WebCT.

5. LEARNING ASSESSMENT

5.1 Formal requirements

To be eligible for a passing grade in this course, students must:

(a) Achieve a composite mark of at least 50% AND

(b) Satisfactorily complete all assessment tasks (or submit appropriate documentation relating to your failure to complete a task to the Lecturer-in-charge) AND
(c) Achieve a satisfactory level of performance in the final exam. This usually means a minimum mark of 50%. Any student having an overall mark of 50 or more but less than 50% in the final examination will be given a UF grade (unsatisfactory fail) or be asked to sit a supplementary final exam, depending on the individual's circumstances.

Please note that there will only be ONE supplementary exam. It is the student’s responsibility to ensure that he or she is available on the date of the supplementary exam. For ACCT2542 this date is set on 12 December 2005. See section 5.3 for details.

A “pass conceded” (PC) grade may only be granted by the Faculty of Commerce and Economics Assessment Committee, and not the Head of School nor the Lecturer-in-charge of this course.

5.2 Assessment overview

The composite mark for ACCT2542 will be calculated as follows:

<table>
<thead>
<tr>
<th>Assessment Item (Due date)</th>
<th>Weight</th>
<th>Item Assesses Learning Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-session test</td>
<td>20%</td>
<td>1, 2, 3, 6 and 11</td>
</tr>
<tr>
<td>Friday, 9 September (Week 7), AJC (Racecourse) - 4:30PM</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Class surprise quiz (Week 4 - Week 14) - best two of three</td>
<td>10%</td>
<td>1, 2, 3, 4 and 11</td>
</tr>
<tr>
<td>Group assignment (Week11)</td>
<td>10%</td>
<td>2, 3, 4, 7, 8, 9, 10 and 12</td>
</tr>
<tr>
<td>Final exam</td>
<td>60%</td>
<td>1, 2, 3, 4, 5, 8, 9 and 10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Mid-session test and final exam [20 and 60 marks, respectively]

The mid-session test of 90-minute duration comprising 30 multiple choice questions will be held on Friday, 9 September 2005 at AJC (Randwick Racecourse) from 4:30PM. The aim of the mid-session test is to provide students with ongoing feedback relating to your understanding and learning progress within the course. The coverage of the mid-session test will be lecture topics 1-5 and tutorial weeks 2-6. This assessment is aimed at testing both technical and analytical skills so far learnt in this course.

The final exam will cover the whole course but with emphasis on lecture topics from weeks 6-13 and tutorial weeks 7-14. More information on the structure of the final examination will be provided in Week 14.

A selection of past mid-session and final examination paper questions will be posted on the Course website closer to the exam dates. Students should note that the course content has changed substantially from previous semesters, hence past exams especially those prior to 2001 may not be a reliable guide to examinable material.
**Surprise quiz (10 Marks)**

Three surprise quizzes will be held in class between Weeks 4-14 (at the discretion of the tutor) worth five marks each. The ten marks will comprise the best two of these three quizzes. The aim of this component is to provide you with on-going feedback relating to your understanding and learning progress within the course. The quizzes will test mostly basic concepts and illustrations discussed in lectures in the prior week and will involve a short answer question or multiple choice questions.

The quiz (if held that week) will always occur at the start of the tutorial and students must be in their designated tutorial for the quiz. Students who sit-in in other tutorial classes may take the quiz but this will not count. Students who come in late for a quiz will not be given extra time nor will students who miss the quiz entirely will be given a chance to re-sit the quiz. Since this assessment allows for some latitude (being your best two quizzes) it is expected that this will cover possible misadventure, sickness or whatever reason a student may have for missing a quiz. In this regard, no special sitting of the quiz will be allowed.

Quiz marks will generally be returned to students in two weeks. Re-mark of quiz marks will only be accepted in exceptional circumstances and requests must be made within 7 days of the quiz mark being released. No query on quiz marks will be entertained after this date.

**Group assignment (10 Marks)**

More information will be provided in Week 3 about the group project.

**5.3 Special consideration and supplementary examinations**

Students who believe that their performance in this subject, either during session or in an examination, has been adversely affected by sickness, misadventure or other circumstances beyond their control may apply for special consideration for affected assessments.

The School of Accounting follows the UNSW policy and process for Special Consideration (see [https://my.unsw.edu.au/student/atoz/SpecialConsideration.html](https://my.unsw.edu.au/student/atoz/SpecialConsideration.html)). Specifically:

- Applications for special consideration (including supplementary examinations) must go through UNSW Central administration (within 3 working days of the assessment to which it refers) – applications will not be accepted by staff in the School of Accounting;
- Applying for special consideration does not automatically mean that you will be granted additional assessment or that you will be awarded an amended result;
- If you are making an application for special consideration (through UNSW Central Administration) please also notify your Lecturer in Charge;
- Please note: the School of Accounting maintains a register of applications for Special Consideration. History of previous applications for Special Consideration is taken into account when considering each case.
- Students will be notified by **e-mail** only using their [zstudentnumber@student.unsw.edu.au](mailto:zstudentnumber@student.unsw.edu.au) address if they have been granted a supplementary exam. It is the student's responsibility to check their e-mails on this address or contact the course coordinator prior to scheduled supplementary exams. **Notification by post will no longer occur.**
Please note: If a supplementary exam is approved, there is only one opportunity to sit the exam. For ACCT2542 the supplementary final examination will be held on Monday, 12 December 2005 from 9.15 am to 12.30 p.m and the supplementary mid-session test will be held on Monday 12 December, 2005 from 2 pm to 3.30 pm.

6. ACADEMIC HONESTY AND PLAGIARISM

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For full information regarding policies, penalties and information to help you avoid plagiarism see: http://www lc.unsw.edu.au/plagiarism/index.html

Plagiarism is the presentation of the thoughts or work of another as one's own.* Examples include:

- direct duplication of the thoughts or work of another, including by copying work, or knowingly permitting it to be copied. This includes copying material, ideas or concepts from a book, article, report or other written document (whether published or unpublished), composition, artwork, design, drawing, circuitry, computer program or software, web site, Internet, other electronic resource, or another person's assignment without appropriate acknowledgement;
- paraphrasing another person's work with very minor changes keeping the meaning, form and/or progression of ideas of the original;
- piecing together sections of the work of others into a new whole;
- presenting an assessment item as independent work when it has been produced in whole or part in collusion with other people, for example, another student or a tutor and,
- claiming credit for a proportion a work contributed to a group assessment item that is greater than that actually contributed.†

Submitting an assessment item that has already been submitted for academic credit elsewhere may also be considered plagiarism.

The inclusion of the thoughts or work of another with attribution appropriate to the academic discipline does not amount to plagiarism.

Students are reminded of their Rights and Responsibilities in respect of plagiarism, as set out in the University Undergraduate and Postgraduate Handbooks, and are encouraged to seek advice from academic staff whenever necessary to ensure they avoid plagiarism in all its forms.

The Learning Centre website is the central University online resource for staff and student information on plagiarism and academic honesty. It can be located at:

www lc.unsw.edu.au/plagiarism

The Learning Centre also provides substantial educational written materials, workshops, and tutorials to aid students, for example, in:

- correct referencing practices;
- paraphrasing, summarising, essay writing, and time management;
- appropriate use of, and attribution for, a range of materials including text, images, formulae and concepts.

Individual assistance is available on request from The Learning Centre.

Students are also reminded that careful time management is an important part of study and one of the identified causes of plagiarism is poor time management. Students should allow sufficient time for research, drafting, and the proper referencing of sources in preparing all assessment items.

* Based on that proposed to the University of Newcastle by the St James Ethics Centre. Used with kind permission from the University of Newcastle.
† Adapted with kind permission from the University of Melbourne.
7. STUDENT RESOURCES

7.1 Course resources

This course will use the following textbooks:


2) Australian Accounting Standards (AASBs).

Australian Accounting Standards are available for viewing or downloading from the AASB's homepage (see [http://www.aasb.com.au/](http://www.aasb.com.au/)). Note that new accounting standards took effect on 1 January 2005. References to standards in this course will be based on newly released standards, hence most references dated prior to 2005 may have been superceded. Students should ensure that they are using appropriate reference materials. These standards are also available in the Accounting Handbook 2005 or the CA Financial Reporting Handbook, 2005.

7.2 Course website

A course website will be maintained within the WebCT environment. You are required to have a Unipass and Unipin to access this website. In addition, you must be enrolled in the course to access the website. The website will contain announcements, lecture notes, suggested solution (end of each week) and any other material deemed suitable by the lecturers from time to time. We cannot place any material on the website that involves the use of student IDs or that raises issues with respect to privacy. Details regarding access to this website will be provided in class. If you have any difficulties with WebCT access, please contact Dr Maria Balatbat (9385 5808, m.balatbat@unsw.edu.au).

7.3 Other resources, support and information

The University and the Faculty provide a wide range of support services for students, including:

- Learning and study support;
- Counselling support;
- Library training and support services;
- Disability support services;

In addition, it is important that all students are familiar with policies and procedures in relation to such issues as:

- Examination procedures and advice concerning illness or misadventure;
- Special Consideration including Supplementary Examinations;
- Occupational Health and Safety policies and expectations;

For information and links relating to the above services and policies, please see the Faculty’s website.
Additional learning support, tailored to the needs of FCE students, is available from the Education Development Unit (EDU) in the Faculty website. The EDU offers a range of services for FCE students including:

- Academic skills workshops run throughout the session;
- Printed and on-line study skills resources e.g. referencing guide, report writing and exam preparation;
- A drop-in resource centre containing books and audio visual material that can be borrowed;
- A limited consultation service for students with individual or small group learning needs.

More information about the EDU services including on-line resources, workshop details and consultation request forms are available from the EDU website.

**Contacts and location:**

EDU Web:  [http://education.fce.unsw.edu.au](http://education.fce.unsw.edu.au)
EDU Location:  Room 2039, Level 2 Quadrangle Building

EDU services are free and confidential and are available to students of the Faculty of Commerce and Economics.

### 7.4 Are you adequately prepared for ACCT2542?

Since ACCT1501 & ACCT1511 are prerequisites for this course, it is assumed that students know the basic double-entry recording system with its use of debits and credits. It is also necessary to refresh your knowledge of the following topics that have been covered in first year accounting subjects:

1. Accounting for dividends (cost and equity methods)
2. Asset revaluation
3. Accounting for inventories (perpetual and periodic methods)

These topics are assumed knowledge when we cover consolidation accounting commencing in Week 7. Those students who do not feel confident about their knowledge on these topics should review the relevant parts of the first year text, Trotman and Gibbins, *Financial Accounting: An Integrated Approach* (2003). In addition, questions from Trotman and Gibbins with suggested solution have been selected to assist you in revising these topics. Students should download this file from WebCT to test their understanding of these topics.
7.5 Reference books

(Please Note: Students should not purchase these books as these books are held on Open Reserve, Main Library)


7.6 Other useful websites

International Accounting Standards Committee (IASC) - [www.iasc.org.uk](http://www.iasc.org.uk)
Institute of Chartered Accountants in Australia (ICAA) - [www.icaa.org.au](http://www.icaa.org.au)

8. CONTINUAL COURSE IMPROVEMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process ([http://www.ltu.unsw.edu.au/ref4-5-1_catei_process.cfm](http://www.ltu.unsw.edu.au/ref4-5-1_catei_process.cfm)) is one of the ways in which student evaluative feedback is gathered. Significant changes to courses and programs within the School are communicated to subsequent cohorts of students.
13

## 9.0 LECTURE TOPICS BY WEEK

<table>
<thead>
<tr>
<th>Week</th>
<th>Topics</th>
<th>Reading Materials</th>
</tr>
</thead>
</table>
| Week 1 | **Introduction to Corporate Financial Reporting**                     | Alfredson, Chapter 1 (Sections 1.1–1.4; 1.8–1.9)  
Alfredson, Chapter 2  
Conceptual Framework (SAC 1, SAC2 and Framework)  
|        | The Australian external financial reporting environment and the regulatory framework |                                                                      |
|        | Framework for preparation and presentation of financial statements     |                                                                      |
|        | Globalisation of accounting standards – The roles of the IASB and the Australian Accounting Standards Board (AASB) |                                                                      |
|        | Conceptual Framework                                                   |                                                                      |
| Week 2 | **Disclosure policies and Presentation of Financial Statements**       | Alfredson, Chapter 13 and Chapter 14  
Australian Standards:  
AASB 101 “Presentation of financial statements”  
AASB 108 “Accounting policies.....and errors”  
AASB 110 “Events after Balance Date” |
|        | Selection of accounting policies                                       |                                                                      |
|        | Change in accounting policies and accounting estimates                 |                                                                      |
|        | Accounting and presentation of prior year’s errors                     |                                                                      |
|        | Events after balance sheet date                                        |                                                                      |
|        | Income Statement                                                       |                                                                      |
|        | Balance Sheet                                                          |                                                                      |
|        | Statement of Owners’ Equity                                            |                                                                      |
|        | Supplementary disclosures                                              |                                                                      |
| Week 3 | **Provisions, contingent liabilities and contingent assets**          | Alfredson, Chapter 4  
Australian Standards:  
AASB 137 “Provisions, contingent liabilities and contingent assets” |
|        | Definition, recognition criteria and measurement requirements for Provisions |                                                                      |
|        | Treatment of contingent liabilities - When recognised or disclosed?    |                                                                      |
|        | Treatment of contingent assets - When recognised or disclosed?          |                                                                      |
Deegan, C. (2005), "Accounting for general insurance contracts”,  
Australian Standards:  
AASB 4 “Insurance Contracts”  
AASB 1023 “General Insurance Contracts”  
AASB 1038 “Life Insurance Contracts” |
<p>|        | Introduction to the requirements of AASB 1023 and AASB 1038            |                                                                      |
|        | Recognition of insurance premium revenue                               |                                                                      |
|        | Recognition and valuation of assets                                    |                                                                      |
|        | Nature and recognition of insurance claims                             |                                                                      |
|        | Disclosure requirements                                                |                                                                      |
|        | Consistency with other accounting standards                            |                                                                      |
|        | Status of newly converged accounting standards                         |                                                                      |</p>
<table>
<thead>
<tr>
<th>Week 5 (ST)</th>
<th>Topics</th>
<th>Reading Materials</th>
</tr>
</thead>
</table>
| **Accounting for employee benefits** | • What are employee benefits under AASB 119?  
• The controversy over the appropriate accounting by employer companies for their superannuation obligations and other employee entitlements, with an emphasis on liability recognition and measurement  
• The controversy over share-based compensation, especially stock options under IAS 2 (Share based payment) | Available on WebCT:  
Deegan (2005), Chapter 12  
Buffini (2003)  
Bary (2003)  
Deegan (2005), Chapter 12  
Australian Standards:  
AASB 2 "Share-based payment"  
AASB 119 "Employee benefits"  
AASB 1046 "Director and executive disclosures by disclosing entities" |

<table>
<thead>
<tr>
<th>Week 6 (GP)</th>
<th>Topics</th>
<th>Reading Materials</th>
</tr>
</thead>
</table>
| **Accounting for income tax** | • Differences between accounting profit and taxable income - permanent & temporary differences  
• Calculate current tax  
• Recognising current tax, deferred taxes assets and deferred tax liabilities  
• Accounting for tax losses  
• How does deferred taxes satisfy the international framework? | Alfredson, Chapter 6  
Australian Standards:  
AASB 112 "Income taxes" |

<table>
<thead>
<tr>
<th>Week 7 (GP)</th>
<th>Topics</th>
<th>Reading Materials</th>
</tr>
</thead>
</table>
| **Introduction to consolidation (Consolidation 1)** | • Acquisition of assets in business combinations  
• Measurement - acquisition cost  
• Recognition - control vs significant influence  
• Subsidiaries and the concept of "control" in AASB 3  
• Defining and determining goodwill  
• Basic elimination entries  
• Consolidation worksheet | Alfredson:  
Chapter 10 (Sections 10.1 - 10.3)  
Chapter 16  
Chapter 17 (Sections 17.1-17.3 only)  
Australian Standards:  
AASB 3 "Business Combination"s  
AASB 127 "Consolidated and Separate Financial Statements" |
<table>
<thead>
<tr>
<th>Week</th>
<th>Topics</th>
<th>Reading Materials</th>
</tr>
</thead>
</table>
| **Week 8 (GP)** | Consolidation of wholly-owned subsidiaries (Consolidation 2)  
- Revaluation of non-current assets  
- Post-acquisition profits  
- Dividends (pre-acquisition & post-acquisition)  
- Impairment of goodwill | Alfredson:  
Chapter 11 (Sections 11.1 - 11.3 only)  
Chapter 17 (Sections 17.4-17.8 only)  
Accounting Standards:  
Same as Week 7 and AASB 136 (Impairment of assets) |
| **Week 9 (GP)** | Intra group transactions & introduction to minority interests (Consolidation 3)  
- Minority interest  
- Intra-group transactions  
- Unrealised profits on sales of inventory - opening and closing inventory | Alfredson:  
Chapter 18 (excluding 18.4)  
Chapter 19  
Accounting Standards:  
Same as Week 7 |
| **Week 10 (DM)** | Indirect entity interests (Consolidation 4)  
- Direct and indirect minority interest  
- Calculate minority interests of equity in sequential acquisitions | Alfredson, Chapter 20 (excluding 20.4 and 20.5)  
AASB 127 “Consolidated and Separate Financial Statements” |
| **Week 11 (DM)** | Accounting for investment in associates  
- Identifying associates and understanding the difference between an associate and a subsidiary  
- When to apply equity accounting - consolidated or separate financial statements?  
- Implementation of equity accounting  
- Equity method versus proportionate consolidation | Alfredson Chapter 22 (excluding 22.4.4, 22.4.5, 22.4.7, 22.4.8 and Example 5 on pp 958-959)  
AASB 128 “Investments in Associates” |
| **Group Assignment due in Week 11** |  |
| **Week 12 (DM)** | Accounting for Joint ventures  
- What is a joint venture? How do they differ from subsidiaries and associates?  
- Types of Joint ventures:  
  - Jointly controlled operations  
  - Jointly controlled assets  
  - Joint venture entities | Alfredson Chapter 23  
AASB 131 “Interests in Joint Ventures” |
<table>
<thead>
<tr>
<th>Week 13 (DM)</th>
<th>Topics</th>
<th>Reading Materials</th>
</tr>
</thead>
</table>
| **Other Consolidation topics:** | Segment reporting  
- Segment disclosures  
- Reportable segments  
Translation of foreign currency financial statements:  
- Determine functional currency of the foreign operation  
- Translation into functional currency  
- Translation into presentation currency | Alfredson, Chapter 21 (exclude 21.8-21.10) and Chapter 24  
AASB 114 – Segment Reporting  
AASB 121 “The Effects of changes in foreign exchange rates” |
| **Week 14 (MB)** | Summary of ACCT 2542  
- Revision  
- What next? |
10.0 TUTORIAL PROGRAM

WEEK 2 (1 - 5 August) – Introduction to Corporate Financial Reporting
(In answering these questions consider the lecture materials and readings in Section A of the supplementary materials)

A. Basic Concepts
1) List at least three categories of users of company financial reports and discuss how each user might utilise the information conveyed in financial reports.
2) Explain the concept of a reporting entity under SAC 1. How does this compare with the definition of the company size test under the Corporations Act?
3) What are the reporting requirements for a large proprietary company under the Corporations Act.
4) Alfredson, Chapter 1, Discussion Question (DQ) 7, 8
5) Discuss how the conceptual framework is used in financial reporting?

B. Application of Concepts
1) Alfredson, Chapter 2, Problem (Pr) 2.1

C. Discussion Question
1) Alfredson, Chapter 2, Problem 2.9

WEEK 3 (8 - 12 August) – Disclosure policies and Presentation of Financial Statements

A. Basic Concepts
1) Alfredson, Chapter 13, DQs 3 & 4
2) Alfredson, Chapter 14, DQs 2, 5, 6, 8

B. Application of Concepts
1) Alfredson, Chapter 13, Exercise (Ex)13.5; Chapter 14 Ex 14.2, 14.3 & 14.4

C. Discussion Question
1) Alfredson, Chapter 14 DQ 9

WEEK 4 (15 - 19 August) - Provisions, contingent liabilities and contingent assets

A. Basic Concepts
Alfredson, Chapter 4, DQs 1, 2 & 7

B. Application of Concepts
Alfredson, Chapter 4, DQs 8; Exercise 4.3; Problem 4.2;

C. Discussion Questions
Alfredson, Chapter 4 DQ 3
Week 5 (22 – 26 August) - Accounting for General and Life Insurance Companies

(Note that the questions in Part A and Part C were lifted from Deegan, 2004)

A. Basic Concepts

1. Discuss why we need a specific standard for general insurance contracts? Life insurance contracts?
2. For discounting purposes, how would the discount rate used for discounting outstanding claims be determined?
3. How should liabilities associated with insurance claims be measured?

B. Application of concepts

(Questions from 2000 Final Examination paper)

1. Briefly explain the rationale whereby the (consolidated) financial statements of life insurance companies prepared in terms of accounting standard AASB 1038 “Life Insurance Business” may record ‘internally generated goodwill’, but not the value of ‘business in force’ (or ‘embedded value’).
2. ABC Insurance Company Ltd received $1,400,000 in annual fire insurance policy premiums on 1 January 2000. For the year ended 30 June 2000, how much of this premium revenue should ABC recognize given that the risk of fire in each of January and February is twice as high as in the other months of the year?

C. Discussion Questions

1. Accounting Standard AASB 1023 requires that investment properties and property, plant and equipment backing general insurance liabilities be measured at fair value. This is an apparent departure from the traditional accounting practice of historical cost, whereby assets are measured at their original cost (less accumulated depreciation or amortisation) or, if lower, at their recoverable amounts.

   Required:
   Discuss how the disclosure of fair value information might be more valuable to the users of financial statements than information prepared on a historical cost basis.

WEEK 6 (29 August – 2 September) - Accounting for Employee entitlements and Superannuation plans

(Note that the questions in Part A and Part B were lifted from Deegan, 2004)

A. Basic Concepts

1. What is an employee benefit and what are the various forms that these benefits can take?
2. According to AASB 119, how should an employer’s obligation for employee benefits be measured?
3. In relation to superannuation entitlements from a defined benefit plan, how do we determine the related expense to be recorded by an entity?
4. Why do some employers provide their employees with shares or options to buy shares in the organisation?
5. What is long service leave and what is meant by: pre-conditional period, a conditional period and an unconditional period?
B. Application of Concepts

1. Surf School Ltd has six employees who are entitled to long-service leave (LSL). The LSL can be taken after 10 years of service at which time the employee is entitled to 13 weeks’ leave. The following information is available:

<table>
<thead>
<tr>
<th>No. of employees</th>
<th>Current salary per employee</th>
<th>Years of service</th>
<th>Probability % that LSL will be paid</th>
<th>Periods to maturity</th>
<th>High quality corporate bond rate [%]</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>$50,000</td>
<td>6</td>
<td>45</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>2</td>
<td>$65,000</td>
<td>7</td>
<td>70</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>2</td>
<td>$70,000</td>
<td>8</td>
<td>100</td>
<td>2</td>
<td>6</td>
</tr>
</tbody>
</table>

Employees’ salaries are expected to increase by 2.5% per annum. The balance of LSL provision was $32,500 on 1 July 2003 and the interest rate for corporate bonds for all relevant periods to maturity was 8% at the beginning of the period.

Required:

a) Calculate LSL liability for the year ended 30 June 2004.
b) What is the entry to record LSL expense on 30 June 2004?

2. Bear Island Ltd has a weekly payroll of $300,000. The employees receive entitlements to two weeks’ sick leave per year. The sick leave entitlements are classified as non-vesting. Past experience and experience within the industry suggest that: 60 per cent of employees will use their full two weeks’ entitlement each year, 20 per cent of employees will take one week’s entitlement each year and 10 per cent of employees will take one day’s sick leave each year.

Required:

a) Calculate the expected annual sick-leave expense for Bear Island Ltd (on the basis of average salaries).
b) Provide the journal entries necessary to recognise the sick leave entitlement expense as it accrues.
C. Decision Problem

Read the following extract from Westpac’s 2001 Annual Report, Note 1 - Summary of the Significant Accounting Principles and Policies, and answer the questions below.

Employee entitlements

Liabilities for wages and salaries and annual leave are recorded as the amount unpaid at year end, at the current rate of pay and reflecting the employees’ services up to that date.

No provision is made for non-vesting sick leave as the pattern of sick leave taken indicates that no additional liability will arise for non-vesting sick leave.

Liabilities for long service leave and other deferred employee benefits are recognised as the present value of expected future payments to be made in respect of services provided by employees up to year end. Consideration is given to expected future wage and salary levels, experience of employee departure and periods of service. Expected future payments are discounted to their net present value using rates on Commonwealth Government securities with terms that match as closely as possible the estimated future cash flows.

A liability is also carried for on-costs, including payroll tax, in respect of provisions for certain employee benefits which attract such costs.

Superannuation costs

Contributions, as specified in the rules of the respective defined benefit and defined contribution schemes, are made by Westpac or the respective controlled entity.

Actuarially assessed surpluses in the Group’s principal defined benefit employee superannuation schemes are recognised in the statement of financial position, representing a prepayment of contributions to the schemes [see note 18].

For these schemes, superannuation costs are recognised over employees’ service lives so that the annual charge to the statement of financial performance is an approximately level percentage of current and expected future pensionable pay, less the anticipated benefit accruing from the existing prepayment of contributions.

In the event of a curtailment or partial curtailment of a defined benefit scheme, a gain or loss is recognised in the statement of financial performance.

When the actuarial surplus in a principal employee superannuation fund is initially recognised by the Group, the surplus is recognised in the statement of financial performance.

Variations in the value of the surpluses, which result from periodic actuarial valuations, are recognised in the statement of financial performance over the average remaining service lives of employees.

Employee share and option ownership schemes

Certain employees are entitled to participate in share and option ownership schemes. Details of the schemes are described in note 25. No remuneration expense is recognised in respect of employee shares and options issued.

Required:

[a] Based on the policies identified in the above extract, would Westpac comply with the provisions in the relevant accounting standards currently in force?

[b] Westpac states that on initial recognition “actuarially assessed surpluses in the Group’s principal defined benefit employee superannuation schemes are recognised in the statement of financial position”. Does AASB 1028 require this treatment? Explain.

[c] Why do you think that Westpac has recognised superannuation surpluses but not an expense in relation to employee shares and options?

[d] How would the introduction of AASB 2 and AASB 119 affect your answer to [a]?
Week 7 (5 – 9 September) Accounting for Income Tax

A. Basic Concepts
1) Alfredson, Chapter 6, DQs 3, 4, 6

B. Application of Concepts
1) Alfredson, Chapter 6, Ex 6.1 (assume Cost of equipment $300,000; Accumulated depreciation $240,000 as at 30 June 2005), 6.3; 6.6

C. Discussion Questions
1) Alfredson, Chapter 6, Problem 6.5 { Assume the balance sheet on page 242 is for 30 June 2008 and shows amounts for 2007 and 2008}

Week 8 (12 - 16 September) - Introduction to Consolidation (Consolidation 1)

A. Basic Concepts
1) Alfredson, Chapter 16, DQs 16.1, 16.2, 16.3 16.13

B. Application of Concepts
1) Alfredson, Chapter 17, Ex 17-1 (Requirement 1) only) – determine goodwill amount

Week 9 (19 - 23 September)
Consolidation of wholly owned subsidiaries (Consolidation 2)

A. Basic Concepts
1) Alfredson, Chapter 17, DQs 17.3, 17.4, 17.6

B. Application of Concepts
1) Alfredson, Chapter 11, Exercise 11.2
2) Alfredson, Chapter 17, Ex. 17.1 (to complete part 2 from last week), 17.4
3) Alfredson, Chapter 17, Problem 17.2

Week 10 (4-7 October) - Intra-group transactions and minority interests (Consolidation 3)

A. Basic Concepts
1) Alfredson, Chapter 18, DQs 18.3, 18.4
2) Alfredson, Chapter 19, DQs 19.2 , 19.3

B. Application of Concepts
1) Alfredson, Chapter 18, Exercise 18.1 [excluding b] ]
2) Alfredson, Chapter 18, Problem 18.2 [ignore additional information c] and d]
3) Alfredson, Chapter 19, Exercise 19.1
4) Alfredson, Chapter 19 Problem 19.2 (Note: In the trial balance provided in the question the last figure of $2400 in the “Dr” column of Kartaly Ltd should be against “Dividends Paid”)
Week 11 [10-14 October] – Indirect entity interests (Consolidation 4)

A. Basic Concepts
1) Alfredson, Chapter 20, DQs 1, 2, 3, 4, 6 (Note: For DQs 1, 2, 3 and 4 assume A Ltd owns 80% of B Ltd and B Ltd owns 60% of C Ltd.)
2) Complete the diagram below showing both direct and indirect minority interests and then complete the table below showing the ownership interests relevant to the allocation process for the consolidation of Parent Ltd, Child Ltd and Grandchild Ltd in the table below.

\[
\begin{array}{c|c|c|c|c}
& \text{Child Ltd} & \% & \text{Grandchild Ltd} & \% \\
\hline
\text{Parent Entity Interest (PEI)} & & & & \\
\text{Direct} & & & & \\
\text{Indirect} & & & & \\
\hline
\text{Minority Interest (MI)} & & & & \\
\text{Direct} & & & & \\
\text{Indirect} & & & & \\
\end{array}
\]
B. Application of Concepts
1) *Alfredson*, Chapter 20, Ex. 20.2, 20.3 (ignore transaction regarding sale of MV to Tarutung Ltd; also note that on page 869, third paragraph, “Medan Ltd” should read as “Tarutung Ltd”), 20.4
2) *Alfredson*, Chapter 20, Problem 20.6

**Week 12 (17-21 October) – Accounting for Associates**

A. Basic Concepts
1) *Alfredson*, Chapter 22, DQs 1, 2, 8

B. Application of Concepts
1) *Alfredson*, Chapter 22, Ex. 22.1, 22.3
2) *Alfredson*, Chapter 22, Problem 22.1

**Week 13 (24-28 October) – Accounting for Joint Ventures**

A. Basic Concepts
1) *Alfredson*, Chapter 23, DQs 1, 2, 3, 4, 5, 7, 8

B. Application of Concepts
1) *Alfredson*, Chapter 23, Ex. 23.3

**Week 14 (31 October - 4 November) – Other Consolidation topics**

I. Segment Reporting
A. Basic Concepts
1) *Alfredson*, Chapter 24, DQs 24.1, 24.3, 24.4, 24.5

B. Application of Concepts
1) *Alfredson*, Chapter 24, Ex. 24.2

C. Discussion Question
2) *Alfredson*, Chapter 24, Pr. 24.2

II. Translation of foreign currency financial statements
A. Basic Concepts
1) *Alfredson*, Chapter 21, DQs 21.5, 21.7

B. Application of Concepts
1) *Alfredson*, Chapter 21, Ex. 21.2, 21.3

C. Discussion Questions
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