

ACCT3563

Issues in Financial Reporting and Analysis

Course Outline

Semester 2, 2017

Course-Specific Information

The Business School expects that you are familiar with the contents of this course outline. You must also be familiar with the Course Outlines Policies webpage which contains key information on:

- Program Learning Goals and Outcomes
- Academic Integrity and Plagiarism
- Student Responsibilities and Conduct
- Special Consideration
- Student Support and Resources

This webpage can be found on the Business School website:

<https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>

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COURSE-SPECIFIC INFORMATION

1 STAFF CONTACT DETAILS

Lecturer-in-charge: Dr Kevin Li

Room: QUAD 3060

Phone No: 9385 5809

Email: k.li@unsw.edu.au

Consultation Times – 3:00-5:00 Tuesday

A full list of tutors will be posted on Course Website.

2 COURSE DETAILS

2.1 Teaching Times and Locations

Pre-seminar study starts in the O week. The weekly two-hour seminar starts in Week 1 (to Week 13). All seminars will take place in The Place located on the ground floor of the UNSW Business School building. Please check your enrolment details on MyUNSW for the exact location and time of the seminars you are enrolled in. You are expected to have watched the podcast for each particular week and attempted the homework problems before coming to that week's class.

There are no separate lectures and tutorials in this course.

2.2 Units of Credit

The course is worth 6 units of credit.

2.3 Summary of Course

The course begins with an introduction to accounting theories, ethics and cultural influences on accounting practices. The integrated framework of accounting theories, ethics and culture forms the backbone of the course and will be called upon throughout the remainder of the course. A series of contentious issues in financial reporting then follow. These include a refresher on the recognition and measurement of assets, revenues and provisions. The course then introduces several new topics including accounting in the extractive and agricultural industries, leases and financial instruments. Financial instruments are a complex and controversial issue, which are covered over several weeks and students are introduced to compound financial instruments, foreign exchange transactions, derivatives and hedging. The course concludes with earnings per share topic. The course involves the application of knowledge from each topic to critically evaluate and reflect on: (a) the accounting methods that should have been used; and (b) the economic incentives which led to the accounting choices. It also encourages students to integrate their knowledge across all topics in the course.

2.4 Course Aims and Relationship to Other Courses

ACCT 3563 extends what you learnt in ACCT 2542 Corporate Financial Reporting & Analysis. While ACCT 2542 dealt with accounting for corporate groups (via consolidation accounting and equity accounting), ACCT 3563 takes consolidation accounting and equity accounting as assumed knowledge and then adds currently controversial financial reporting issues. In order to enrol in ACCT 3563, you must have passed ACCT 2542.

The initial aim of the course is to equip you with the requirements and techniques found in various Australian accounting standards. **The primary aim of the course is to develop your capabilities to analyse and assess financial reporting problems and financial reporting issues using theoretical frameworks.** This is achieved by addressing questions about: (i) the recognition and measurement of assets, liabilities, revenues or expenses; (ii) whether accounting information is useful to investors; (iii) the role of accounting information in contracting; (iv) the incentives managers face to report truthfully versus their incentives to distort financial reports; (v) the political and economic forces that shape regulatory and corporate responses to accounting issues; and (vi) cultural and ethical issues related to accounting policy choices.

The weekly two-hour seminar provides a valuable source for an interactive learning environment in which seminar facilitators and students will be working together to assist students grasp the challenging and rapidly-changing area of accounting standard settings.

This course forms a compulsory part of a major or double major in Accounting within the Bachelor of Commerce and Bachelor of Economics degrees, and can also be taken as part of a disciplinary minor within those degrees. ACCT3563 constitutes part of the core curriculum studies required by the CPA Australia and by the Chartered Accountants Australia-New Zealand.

2.5 Student Learning Outcomes

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all undergraduate students in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree (e.g., 'be able to select and apply disciplinary knowledge to business situations'). You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree (e.g., 'identify social and cultural implications of business situations').

The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed:

Program Learning Goals and Outcomes		Course Learning Outcomes	Course Assessment Item
<i>This course helps you to achieve the following learning goals for all Business undergraduate coursework students:</i>		<i>On successful completion of the course, you should be able to:</i>	<i>This learning outcome will be assessed in the following items:</i>
1	Knowledge	Master and apply knowledge of specific accounting topics covered in the course; be able to do necessary journal entries relevant to each topic; understand the theories covered at the start of the course and be able to apply them to specific topics as needed.	<ul style="list-style-type: none"> • Weekly quiz • Report • Final exam

2	Critical thinking and problem solving	Analyse and solve accounting problems using accounting standards, the conceptual framework, accounting theories, and theories of culture.	<ul style="list-style-type: none"> • Weekly quiz • Report • Final exam
3a	Written communication	Construct written work which is logically and professionally presented.	<ul style="list-style-type: none"> • Individual Report
3b	Oral communication	Communicate ideas in a succinct and clear manner.	<ul style="list-style-type: none"> • Not separately assessed.
4	Teamwork	Work collaboratively to complete a task.	<ul style="list-style-type: none"> • Weekly group quiz • Group Report
5a.	Ethical, social and environmental responsibility	Identify and assess ethical considerations in accounting choices	<ul style="list-style-type: none"> • Final exam
5b.	Social and cultural awareness	Understand how financial reporting is influenced by cultural differences across countries.	<ul style="list-style-type: none"> • Group Report

3 LEARNING AND TEACHING ACTIVITIES

3.1 Approach to Learning and Teaching in the Course

You are in third year at UNSW so by now you should have developed your own personal study techniques. However, experience in teaching this course over many years strongly suggests that some students do not adopt the most effective or the most efficient study habits. The following advice is offered to all students. To maximise your learning and marks, do the following:

- Listen to all podcasts and take notes **before coming to each class.** Podcasts and seminar notes will be posted on the course website. Quizzes each week are based directly on that week's podcast and tutorial exercises.
- Read the set textbook readings.
- Read the remainder of the set readings. Do not neglect the readings posted on Moodle because exam questions are often based on them. Also in some topics, e.g., culture, ethics and integrated reporting, the readings on Moodle are the only set readings.
- Study consistently throughout the semester and do not leave it until the last minute to study for the exams. Many topics in the course are intellectually demanding and cannot be crammed successfully in the last few days before the exam.

3.2 Learning Activities and Teaching Strategies

When enrolling for this course, students are required to enrol in a two-hour seminar using the MyUNSW portal. The two-hour seminar will start in week one.

This course adopts a blended learning approach. No formal lectures will be delivered by academic staff, instead all lecture content will be conveyed through podcasts. The seminars will focus on synthesising material relevant to each topic and enhancing students' learning through an interactive approach between seminar facilitators and students, and on creating an environment for peer learning. Students are required to listen to the podcasts and study prescribed readings before attending the seminar.

In the O week, students are required to fill out an online survey posted on the course Moodle site. Survey responses will then be used for team allocation. We will use an optimisation tool called the "Team Machine" to allocate members into a team according to each student's demographic, team and cultural attributes. Each team will be given a unique identity, and the team performance will be assessed through weekly group quizzes. Note that survey responses must be submitted online through Moodle by 11.59pm Thursday 20th July 2017.

Weekly quizzes start in week 1. They are based on the podcast and tutorial work each week. The purpose of weekly quizzes is to ensure that an active and self-learning approach is consistently adopted by students throughout the semester

In Week 1, quizzes will be undertaken on individual basis only. Commencing from week 2, all quizzes will be undertaken by individual students as well as by student teams. The purpose of group quizzes is to encourage peer learning and team bonding.

Seminar facilitators will start the seminar with a brief recap of content covered in the podcasts but NOT going through the entire topic content. They will then guide students to apply the knowledge in solving practical problems from the weekly homework.

Weekly quizzes will be conducted shortly after these learning-enhanced activities to encourage students to keep up with the weekly learning. Each quiz consists of 5 – 10 multiple choice questions. Each student will undertake the quiz individually first, followed by a second round undertaken by all members of his/her team. The group-quizzing approach intends to assist students to form peer-learning relationships. The effort each team member contributes to the group quizzes will be evaluated at the end of the semester through the peer evaluation score. **Any student who fails to complete 9 quizzes will be given an "absent fail" (AF) grade.**

There will be seminar times allocated to allow seminar facilitators to assist students with the report assessment as well as the peer review feedback, which are worth 25% of the overall assessment for the course.

4 ASSESSMENT

4.1 Formal Requirements

In order to pass this course, you must:

- complete a minimum of 9 quizzes; **AND**
- achieve a composite mark of at least 50; **AND**
- make a satisfactory attempt at all assessment tasks (see below), **AND**
- achieve a satisfactory performance in the final exam. This usually means a minimum mark of 50% on that exam.

Note that any student who achieves a composite mark of 50 but fails the final exam will be given an "unsatisfactory fail" (UF) grade, which means the student must repeat the course in order to obtain a "pass" (PS) grade. Please note that UNSW no longer awards the grade of Pass Conceded (PC).

4.2 Assessment Details

Assessment	Weighting	Length	Due Date
Individual + Group Quizzes	20% Group quizzes will be weighted by peer evaluation score; see below for explanation	12 quizzes, best 10 of 12 quizzes are counted towards the final mark	Weekly
Individual Report	5%	See requirements posted on Moodle	11.59pm Sunday 3 rd September 2017 on Moodle
Group Report	20%	See requirements posted on Moodle	11.59pm Monday 2 nd October on Moodle; see below for details
Final Exam	55%	2 hours	University exam period
Total	100%		

Individual + Group Quizzes (20%)

There are 12 weekly quizzes in total, which will be conducted throughout the semester. The quizzes will examine materials covered in the podcast and learning materials in the week preceding the quiz, for example, Quiz 1 in week 1 covers podcast materials that students are required to study in the O week. Quizzes each contain 5 to 10 multiple choice questions. More details of each quiz's format will be provided in the week preceding the quiz. Each student will first undertake the quiz on an individual basis. After submitting the quiz papers to the seminar facilitator, the same quiz will be undertaken on a team basis. The group quiz will be weighted by peer evaluation scores submitted by other students in the same team. Quiz marks for each student are then calculated as the average of the 9 best individual quiz marks and the weighted group quiz marks. Note that different weightings apply: individual quizzes are weighted 70% and group quizzes are weighted 30%.

At the end of the semester, each student will be asked to evaluate their team members by giving a score out of 5 to each team member. The sum of the scores received from team members will be weighted by the total possible score. In a team of 6 (or 7), the total possible score is 25 (or 30). For example, in Team Ninja with 6 members, Leo receives a score of 5 from Member A, 4 from Member B, 3 from Member C, 2 from Member D and 1 from Member E, then his group quiz weighting is 15/25, i.e., 60%. The sum of his 9 best individual quiz marks is 20 and the sum of his 9 best group quiz marks is 25; he will then achieve an aggregate quiz mark of 18.5 out of 25, calculated as $(20 \times 70\%) + (25 \times 30\% \times 60\%)$.

To pass this course, you must complete at least 9 quizzes. Any student who fails to meet this minimum requirement will be given an “absent fail” (AF) grade.

Individual Report (5%)

The due date 11.59pm Sunday 3rd September 2017 on Moodle

Students will select two companies each from the lists of Australian and other companies on Moodle. Each student is to choose one Australian and one non-

Australian company. Details of the Individual Report are uploaded separately on Moodle.

Group Report (20%)

The due date is 11.59pm Monday 2nd October 2017. Details of the group assignment are uploaded separately on Moodle. In each class, students allocated to groups at the start of the semester will submit a single group assignment. Each group member is expected to contribute information for the assignment from the pair of companies chosen by him/her. The group report assembles, summarises and integrates this information to answer the questions asked in the project.

Electronic copies only are to be submitted (not paper copies). Each group will submit one group report electronically to Turn-it-in in the Report Submission Box on Moodle.

Each student's mark will be his/her group assignment mark weighted by his peer evaluation score (see section 4.3)

Final Exam (55%)

The final exam will be 2 hours long (plus ten minutes reading time) and will cover the whole course. This assessment will test both technical and analytical skills covering the main components of the course. The final exam is "closed book". You **MUST** bring pen, pencils, calculator and your student ID card to the final exam and you must ensure that your calculator is University approved. Further information on the format of the exam will be provided on Moodle.

The final exam will be run in the exam period after the end of the semester. It is your responsibility to find out the day, time and location of the final exam from the UNSW website.

4.3 Peer Evaluation Score

All students are required to complete the evaluation of their peers in the same team based on the following criteria by **5pm Friday 27th October 2017**. Peer evaluations are submitted to Moodle and all scores are strictly confidential and only accessible by staff. Here is an example for illustration.

When Simon logs into Moodle, he will see the following tables (his team has 6 members including himself):

Evaluation of team member's effort on Group Quizzes and Group Assignment					
<ul style="list-style-type: none">• Attends meetings punctually and is well-prepared.• Facilitates team planning, goal setting, task co-ordination and progress (taking turns to assume a leadership role in organising team's work and in monitoring the team's progress and discussing issues).• Offers feedback and helps others (possibly coaching some members); is highly motivated and supportive of others; boosts team morale and harmony.• Listens actively and communicates respectfully with all members.• Prevents or works through conflict effectively.• Has done the group project work assigned to him/her efficiently and on time					
	1	2	3	4	5
Leo					
Mikey					
Donnie					

Raph					
April					

Suppose that Simon gets the following ratings from his peers

Leo 5; Mikey 4; Donnie 3; Ralph 4 April 3. Adding these scores, Simon's total score is 19 out of a possible 25 maximum. His peer weighting will be $19/25 = .76$. If Simon's group got 18 out of 20 for their group project, Simon will get $18 \times .76 = 13.68$ or 14 rounded

4.4 Report Submission Procedure

Electronic copies of Individual Report and Group Report are submitted to the Submission Box on Moodle. No hard copies are required. Further details can be found on Moodle.

4.5 Submission Penalties

The format of reports must adhere to submission guidelines. Heavy penalties apply to non-compliance. Late submission without adequate reason will receive a penalty of one mark for each day late. Weekends count as 2 days. Refer to Moodle for further details.

Quality Assurance

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.

5 COURSE RESOURCES

5.1 Text Book

Students are expected to have copies of the following:

1. Deegan, C., ***Australian Financial Accounting***, 8th edition (2016), McGraw-Hill Irwin. This is the main text for ACCT 3563.
2. ***ACCT 3563 Supplementary Materials***, (*Individual readings are posted on the course website on Moodle. NOTE: Printed copies of the Supplementary materials will NOT be available.*)
3. **ACCOUNTING STANDARDS** – Most weeks' readings contain references to accounting standards. You are not expected to know all the details in these standards, only those details highlighted by your LIC. However, for accounting majors, some familiarity with accounting standards is essential. The standards themselves can be downloaded free of charge from the AASB's website at: www.aasb.gov.au.

5.2 Course Website

The website for this course is on UNSW Moodle at:

<https://moodle.telt.unsw.edu.au/login/index.php>.

The course website contains all course materials. During the semester, seminar notes, handouts, frequently asked questions (FAQs) and various announcements will be posted progressively on the website, together with a selection of exam practice questions.

5.3 Useful Websites

The Australian Accounting Standards Board: www.aasb.gov.au

The Chartered Accountants Australia-New Zealand:

www.charteredaccountants.com.au

Australian Society of CPAs: <http://www.cpaaustralia.com.au/cps/rde/xchg>

The International Accounting Standards Board: www.ifrs.org

Australian Securities and Investments Commission: www.asic.gov.au

Australian Stock Exchange: www.asx.com.au

Financial Accounting Standards Board: www.fasb.org

Australian company annual reports are available from the Connect 4, Datanalysis and Mergent Online databases on Sirius in the UNSW library website

<http://info.library.unsw.edu.au>, and also from www.EquitiesInfo.com.au

Students may wish to become student members of the International Association for Accounting Education and Research (IAAER) (cost US\$20.00 per year). Student membership entitles you to unlimited access to eIFRS which covers all IFRS and educational materials of the IASB. Further details at: www.iaaer.org and <https://members.iaaer.org/Join/RegistrationStudent.aspx>.

5.4 Are You Adequately Prepared for ACCT 3563?

Since ACCT2542 is the prerequisite for this course, it is assumed that you know about the standard setting framework, financial statement preparation, consolidation accounting and equity accounting. Students who do not feel confident about their knowledge of these topics should revise the relevant parts of the prescribed textbook of ACCT2542. In addition, it is assumed that you are fluent in written and spoken English. If that is not the case, you are strongly advised to take urgent remedial action because no allowance will be made for your inability to communicate clearly in English in exams and in written assessments.

5.5 Reference Books

Students should not purchase these as all are held on Open Reserve, Main Library:

Arthur, N., L. Luff, P. Keet, *Accounting for Corporate Combinations and Associations* 7th ed., Pearson Prentice-Hall 2011 or 6th edition by Arthur, Campbell and Luff (2008).

Brealey, R.A. and S.C. Myers, *Principles of Corporate Finance* (latest edition), McGraw Hill, chapters on leasing and hedging.

Godfrey, J., Hodgson, A., Tarca, A., Hamilton, J., and Holmes, S., (2010) *Accounting Theory*, 7th edition, John Wiley.

Henderson, S., G. Peirson, K. Herbohn, *Issues in Financial Accounting*, Longman, 14th ed edition 2011 or latest edition available.

Henderson, S., G. Peirson, K. Harris, *Financial Accounting Theory*, Pearson Prentice-Hall, latest edition available.

IASB *International Financial Reporting Standards*, latest edition.

Leo, K., J. Knapp, S. McGowan, J. Sweeting, *Company Accounting* 10th ed. 2014 John Wiley.

Nobes, C., and R. Parker (eds), *Comparative International Accounting*, latest edition, Prentice Hall.

Peirson, G, R. Brown, S. Easton and P. Howard, *Peirson and Bird's Business Finance*, McGraw-Hill latest edition, chapters on leasing, futures contracts, options, and international financial management.
Scott, W.R., *Financial Accounting Theory*, Prentice Hall 6th ed. 2012.

6 COURSE EVALUATION AND DEVELOPMENT

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 myExperience survey is one of the ways in which student evaluative feedback is gathered. In this course, we will seek your feedback through end of semester myExperience responses and informal survey on Moodle.

7 COURSE SCHEDULE

Week	Podcast (watch before each class)	Readings	In Class Assessments	Other Activities/ Assessment
Week 1 24 July	Introduction; theories of accounting	Deegan: Chapter 2, Chapter 3; additional required readings on Moodle	Quiz 1: Theories of accounting	<ul style="list-style-type: none"> Online survey of team allocation. Students who fail to submit survey responses by 11.59pm Friday 20th July 2017 will not be allocated into teams and will undertake quizzes on an individual basis until team allocation can be finalised. Weekly homework: Theories
Week 2 31 July	Cultural and ethical influences on accounting	Required readings on Moodle	Quiz 2: Ethics and Culture	<ul style="list-style-type: none"> Weekly homework: Ethics and culture
Week 3 7 August	Accounting for assets	Deegan chapters 6 & 8; Accounting standards: AASB 116, AASB 123, AASB 136, AASB 138	Quiz 3: Assets	<ul style="list-style-type: none"> Weekly homework: Assets
Week 4 14 August	Accounting for revenue	Deegan: Chapter 15; Accounting standards: AASB 118, AASB 111, AASB 15	Quiz 4: Revenue	<ul style="list-style-type: none"> Weekly homework: Revenue
Week 5 21 August	Accounting for provisions	Deegan: Chapter 10 pages 345 - 358, Chapter 12 pages 428-437; Accounting standards: AASB 119, AASB 137	Quiz 5: Provisions	<ul style="list-style-type: none"> Weekly homework: Provisions
Week 6 28 August	Share-based payments	Chapter 17; Accounting standard: AASB 2	Quiz 6: Share-based payments	<ul style="list-style-type: none"> Weekly homework: share based payments
		Individual Report due by 11.59pm Sunday 3 rd September on Moodle		
Week 7 4 September	Leases	Deegan: Chapter 11; Accounting Standard: AASB 117	Quiz 7: Leases	<ul style="list-style-type: none"> Weekly homework: leases
Week 8 11 September	Accounting for the extractive industry	Deegan: Chapter 20; Accounting Standard: AASB 6	Quiz 8: Extractive industry	<ul style="list-style-type: none"> Weekly homework: Extractive industries The extractive industry is a light material topic.
Week 9 18 September	Accounting for agricultural assets	Deegan: Chapter 9 pages 320-336; Accounting Standard: AASB 141	Quiz 9: Agricultural assets	<ul style="list-style-type: none"> Weekly homework: Agricultural assets Group report due 11.59pm Monday 2 October 2017

	<p>Mid-semester break: Friday 22nd September – Monday 2nd October inclusive</p> <p>Submission of Group Report due by 11.59pm Monday 2nd October 2017 on Moodle</p>			
Week 11 9 October	Financial instruments and foreign currency transactions	Deegan: Chapter 14 pages 482-492 and 535-537, Chapter 28 pages 1009-1018; Accounting Standards: AASB 7, AASB 9, AASB 121, AASB 132	Quiz 10: Financial instruments and foreign currency transactions	<ul style="list-style-type: none"> Weekly homework: financial instruments and fex transactions
Week 12 16 October	Hedging	Deegan: Chapter 14 pp. 512-529, Chapter 28, pages 1018-1019; Accounting standard: AASB 9.	Quiz 11: Hedging	<ul style="list-style-type: none"> Weekly homework: hedging
Week 13 23 October	Earnings per share	Deegan: Chapter 24; Accounting standard: AASB 133s.	Quiz 12: Earnings per share	<ul style="list-style-type: none"> Weekly homework: Earnings per share Peer Evaluation Scores due by 5pm Friday 27th October 2017 on Moodle