This unit aims to develop the ability to understand, interpret and use financial reports. The unit is structured to provide an understanding of accounting concepts, issues and problems rather than educating someone to take the role of a professional accountant. The focus of the unit is on accounting for external users and, after developing an understanding of the basic concepts underlying external general-purpose financial reports, techniques to analyse such reports are examined. The unit also provides an introduction to accounting for internal users. Basic cost concepts for making operating and strategic decisions within an organisation are discussed.
CONTACT DETAILS

We strongly advise students to regularly access their student e-mail accounts. Important information regarding the unit is often communicated by e-mail and will not be automatically forwarded to private e-mail addresses.

Unit Web Site URL: http://webct6.uwa.edu.au
Lecturer: Rick Newby
E-mail: Rick.Newby@uwa.edu.au
Phone: 6488 2798
Fax: 6488 1047
Consultation: By appointment
Lecture Times: Saturdays 9.00am – 12.00 noon
Lecture Venue: Business School: Case Study 1.01
UNIT DESCRIPTION

Introduction

The ability to understand and make use of financial data is the cornerstone of business strategy and business decision making in all its forms. (anonymous)

Welcome to Accounting for Managers MGMT8402, a unit offered by the Business School at UWA. This is a core unit in the GDBA/MBA and is usually one of the first taken by students as part of this award.

The use of financial information permeates all aspects of business decisions irrespective of the nature of a business entity. Successful business managers are those who understand the financial implications of their decisions and actions. However, this is not to say all managers must possess accounting skills and it is certainly not intended you qualify as an accountant on completion of this unit. To gain a professional accounting qualification requires three years of full-time university level study, a post-graduate certification program and, some cynics might suggest, a personality change. Therefore, this unit introduces some key accounting concepts to help you navigate your way around published financial statements. Furthermore, this unit will equip you with sufficient knowledge of accounting to enable you to meaningfully interact with those who provide professional accounting services, within and external to your organisation. You will be able to understand and use accounting information in a way that enhances both your own effectiveness and that of the organisation to which you belong.

This unit, therefore, will introduce and emphasise the use of accounting information in decision-making. The course provides an introduction to the preparation of various types of financial statements to develop an understanding of the structure and conceptual foundation of these statements. However, the main emphasis will be on financial statement use by managers rather than financial statement preparation.

The first and major part of the unit provides the skills necessary to read and interpret financial statements of large listed corporate entities. These financial statements comprise the income statement, balance sheet, statement of changes in equity and cash flow statement, all being general-purpose financial reports normally prepared for the benefit of users external to the entity (for example, shareholders and lenders). We then evaluate the performance and position of accounting entities as revealed by financial statement analysis. To obtain a better understanding of the usefulness of the information provided in these statements, we also examine the conceptual basis for financial accounting.

The final part of the unit provides an introduction to accounting for internal users. There will be no formal classes in this area as they are self-study topics which you are expected to complete in your own time. The subject matter of these topics is non-examinable.

Unit Content

Accounting aims to develop the ability to understand, interpret and use financial statements. This unit is structured to provide an understanding of accounting concepts, issues and problems rather than educating someone to take the role of a professional accountant. The focus of the unit is on accounting for external users and, after developing an understanding of the basic concepts underlying external general-purpose financial reports, techniques to analyse such reports are examined. The unit also provides an introduction to accounting for internal users. Basic cost concepts for making operating and strategic decisions within an organisation are discussed.
The Goal of the Unit

The basic goal of Accounting for Managers MGMT8402 is to develop your ability to understand, interpret and use financial statements.

Learning Outcomes

On completion of the formal classes in this unit, you should be able to:
• Appreciate the difficulties and assumptions involved in the preparation of financial statements.
• Identify the concepts and be aware of the major requirements impacting upon the preparation of conventional financial statements.
• Analyse and interpret information contained in those financial statements (with particular emphasis on using ratio analysis and cash flow analysis) bearing in mind the inherent limitations of such information.

On completion of the self-study topics in this unit, you should be able to:
• Identify the different purposes for preparing accounting information for internal users and appreciate the uses and issues associated with budgets and the balanced scorecard as management tools.

Prerequisites

The prerequisites for this unit are: NIL

Key Dates

Saturdays August 1st and 29th, September 19th and October 17th
Saturday September 12th (Session 6)  In-class Quizzes
Saturday October 31st (Session 10)  Assignment 1 to be submitted
TBC (Students to check timetable)  Assignment 2 to be submitted
Examination dates
## UNIT STRUCTURE

### Seminar Schedule

<table>
<thead>
<tr>
<th>Seminar</th>
<th>Saturday</th>
<th>Topic</th>
<th>Topic name</th>
<th>Chapter</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>July 4th</td>
<td>1</td>
<td>An introduction to Accounting for Managers MGMT8402</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The supply and demand for accounting information</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>July 18th</td>
<td>2</td>
<td>The Australian financial reporting framework</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>August 1st</td>
<td>3</td>
<td>In-class Quiz No. 1 (Topics 1 and 2)</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Wealth and the measurement of profit</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>August 15th</td>
<td>4</td>
<td>In-class Quiz No. 2 (Topics 3 and 4)</td>
<td>4 and 6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The components of the balance sheet and introduction to the worksheet</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>August 29th</td>
<td>5</td>
<td>In-class Quiz No. 3 (Topics 5 and 6)</td>
<td>5</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Financial statement analysis (continued)</td>
<td></td>
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<tr>
<td>6</td>
<td>September 12th</td>
<td>6</td>
<td>Cash and accrual accounting</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10</td>
<td>Financial statement analysis</td>
<td>14</td>
</tr>
<tr>
<td>7</td>
<td>September 19th</td>
<td>10 (cont)</td>
<td>Financial statement analysis (continued)</td>
<td>14</td>
</tr>
<tr>
<td>8</td>
<td>October 3rd</td>
<td>7</td>
<td>Non-current assets and depreciation</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8</td>
<td>Accounting for economic entities and taxation</td>
<td>12</td>
</tr>
<tr>
<td>9</td>
<td>October 17th</td>
<td>9</td>
<td>In-class Quiz No. 4 (Topics 7, 8 and 10)</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Cash flow statements</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>October 31st</td>
<td>9 (cont)</td>
<td>Cash flow statements (continued)</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Unit review</td>
<td></td>
</tr>
</tbody>
</table>

### Self-study Topics

The final topics of the unit provide an introduction to accounting for internal users. There will be no formal classes in this area as they are self-study topics which you are expected to complete in your own time. Topic details are given later in this unit guide.
Attendance

Participation in class, whether it be listening to a lecture or getting involved in other activities, is an important part of the learning process. For this reason the Business School has decided not to move to on-line teaching. It is important; therefore, that you attend classes (and be on time).

More formally, the University regulations state that ‘to complete a course or unit, students shall attend prescribed classes, lectures, seminars and tutorials’. Students should not expect to obtain approval to miss more than two classes per unit, unless there are exceptional circumstances.

TEXTBOOKS AND RESOURCES

Unit Web Site

http://webct6.uwa.edu.au
All information regarding Accounting for Managers MGMT8402 is available from the unit’s web page on WebCT. If you are having difficulty, accessing the web page, use the BITS Help Desk facility (x7888) or contact one of the GDBA professional staff.

Recommended/Required Text(s)

This text will be used extensively throughout the course. Copies of this text are held in closed reserve in the Reid Library.

Text Web Site

This is available through WebCT and you will be automatically enrolled in a WebCT unit giving you access to the student resources. Details will be provided at the first class on how to access resources available for students. The Student Resources contain a review of each chapter and a practice test that you can take as many times as you like. Questions in each test are randomly numbered. Thus, each time you take a test from a particular chapter, the questions are assigned different numbers. Your answers will be marked each time and you will receive feedback about your performance. It is a very useful way to test your understanding of the material covered in each chapter of the book.

Journals and newspapers

The following journals and newspapers are all very good references for current issues facing the accounting profession and users of accounting information and can all be found within the Business Library system (that is, either in hard copy or electronically). As this course is designed to address the needs of managers as users of accounting information, you may find your best source for additional reading is something like the Australian Financial Review or the UK Financial Times. Using current business transactions and events reported in these newspapers is a good way to challenge your understanding of the concepts and learning outcomes addressed in this unit.

- In the Black (published by CPA Australia)
- Charter Magazine (published by the Institute of Chartered Accountants in Australia)
- Australian Accounting Review, Melbourne
Closed reserve

The following references have been placed in Closed Reserve in the Business Section of the Reid Library for your use:


Readings on line

You can access additional readings for this unit through the readings on line facility available through the library, [http://www.library.uwa.edu.au/find_information/course_materials_online](http://www.library.uwa.edu.au/find_information/course_materials_online)

This unit will share the reading list with the MBA equivalent so also look up MGMT8502 Accounting when using the CMO facility. These readings are intended to complement the textbook and provide examples of contemporary accounting issues.
Websites and databases

The following websites are very useful sites to visit:

- Institute of Chartered Accountants in Australia
  http://www.icaa.org.au/
- CPA Australia
- Australian Accounting Standards Board
- Australian Stock Exchange
- Australian Taxation Office
  http://www.ato.gov.au
- International Public Sector Accounting Standards Board
  www.ifac.org/PublicSector/
- International Accounting Standards Board.
  http://www.iasb.org/Home.htm

Approved calculators for examinations

The University only permits the use of calculators in examinations where the calculator has an approved sticker. If a student does not have an approved sticker on his/her calculator, he/she will not be permitted to use the calculator. Since this is a University-wide policy it is not possible for unit coordinators to grant on the spot exemptions. Calculators can be approved at the Business School Postgraduate Student Centre. Further information is available on the Business School web site, see http://www.business.uwa.edu.au/studentnet/assessments.

TEACHING AND LEARNING RESPONSIBILITIES

Teaching and Learning Strategies

The classes in this unit are interactive in which you make a real contribution both by asking questions and providing relevant examples from your experience when appropriate. Our objective is to foster a learning environment where all students feel comfortable in asking questions when they require clarification about an issue or principle. In class, we use a combination of presentations and group-based work.

Charter of Student Rights and Responsibilities

This Charter of Student Rights and Responsibilities upholds the fundamental rights of students who undertake their education at the University of Western Australia. It recognises that excellence in teaching and learning requires students to be active participants in their educational experience. It upholds the ethos that in addition to the University's role of awarding formal academic qualifications to students, the University must strive to instil in all students independent scholarly learning, critical judgement, academic integrity and ethical sensitivity.

Please refer to the guild website the full charter of student rights, located at http://www.secretariat.uwa.edu.au/home/policies/charter
Teaching and Learning Evaluation

You may be asked to complete two evaluations during this unit. The Student Perception of Teaching (SPOT) and the Student’s Unit Reflective Feedback (SURF). The SPOT is optional and is an evaluation of the lecturer and the unit. The SURF is completed online and is a university wide survey and deals only with the unit. You will receive an e-mail from the SURF office inviting you to complete the SURF when it is activated. We encourage you to complete the forms as your feedback is extremely important and can be used to make changes to the unit or lecturing style when appropriate.

ASSESSMENT MECHANISM

The Purpose of Assessment

There are a number of reasons for having assessable tasks as part of an academic program. The assessable tasks are designed to encourage you to explore and understand the subject more fully while the fact we grade your work gives you an indication of how much you have achieved. Providing feedback on your work also serves as part of the learning process.

Assessment Summary

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
<th>Relevant assessment dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual assignment</td>
<td>10%</td>
<td>Session 6 (Saturday September 12th)</td>
</tr>
<tr>
<td>In-class quizzes</td>
<td>22½%</td>
<td>Conducted in sessions 3, 5, 7 and 9 (Saturdays August 1st and 29th, September 19th and October 17th)</td>
</tr>
<tr>
<td>Group assignment</td>
<td>22½%</td>
<td>Session 10 (Saturday October 31st)</td>
</tr>
<tr>
<td>Final exam</td>
<td>45%</td>
<td>Date and time to be announced</td>
</tr>
</tbody>
</table>

To pass this unit, students are required to achieve a score of at least 45% in the final exam. Students who fail to achieve the minimum standard in the final exam but achieve an accumulated score based on all assessment components for the unit of 50 and above, will be awarded a final mark of 48%. Supplementary exams are not available in this unit.
Assessment Components

Individual assignment

(10% of final mark)
Definition of an ‘asset’

You might think that accountants all agree with the meaning of the term asset, but this is not so. While the AASB Framework defines an asset as

... a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.

(AASB, 2004, paragraph 49(a))

both the International Public Sector Accounting Standards Board (IPSASB) and AASB have expressed concerns that some public sector assets, particularly heritage assets, fail to fit the definition.

Required: Does Kings Park and Botanic Garden fit the current definition of an asset contained in the AASB Framework? Why or why not? Assuming Kings Park and Botanic Garden were defined as an asset under the Framework, indicate how you would value the asset. Would your answer to these questions change if the Swan Belltower was the object under study? Why or why not?

Background material

http://www.ifac.org/PublicSector/ProjectHistory.php?ProjID=0061

Assignment format

The Individual Assignment has a maximum word limit of 1000 words (please supply word count). The format is to be 11pt ARIAL font with one and half line paragraph spacing. Margins are to be set at 25mm. The maximum word limit excludes the Title page, the Table of Contents, the Executive Summary, the References Page and any appendices. Please note that an appendix, where used, should only contain information that is in support an argument or comment already made within the body of the paper. Marks will not be awarded for new arguments or points provided in an appendix. Please note that the Individual Assignment should not be bound or placed in a cover. Please submit your Individual Assignment with a single staple located in the top left hand corner.

Group assignment

(22½% of final mark)

You are required to prepare an analysis of a listed Public Company of your choice to determine whether to recommend a hold, buy or sell decision be made by an equity investor.
In your analysis you should, as a minimum, make use of the most recent financial statements and any other publicly available information.

Your report should include a section commenting on any differences in the major accounting policies adopted, what impact any changes to these policies have had on financial ratio levels, and an assessment of the financial prospects of the selected company. You should also comment on any significant differences in accounting policies/strategies which impact on the financial ratios of the selected company and your benchmark(s).

Please see the attached Marking Guide for guidance. Careful consideration, identification and discussion of your chosen industry comparisons need to be made.

You may complete this assignment in a group with a maximum of 4 members. Peer assessment will be used and more details will be provided in class.

Groups are to be chosen by students and should be identified to Rick by Session 6. Once you have chosen to work within a particular group, a group assignment must be submitted (that is, you cannot disband the group midway through the semester).

Groups are required to submit a hard copy of the assignment. All ratio calculations (where relevant) and workings are required to be submitted as appendices. You should retain items such as research notes, e-mails and a record of your individual input to the group assignment.

**Assignment format**

A maximum page limit of 15 A4 (single) sheets is set for the Group Assignment. The format of the submission is to be 11 pt ARIAL font with 1.5 lines paragraph spacing. The submitted document is to have 25mm margins. This page limit excludes the Title page, the Table of Contents, Executive Summary, References and any Appendices. Please note that an appendix, where used, should contain information to support an argument or comment within the body of the paper. Marks will not be awarded for any new arguments or points introduced in an appendix. Given the likely length of the Group Assignment your submission should be bound.

**Assessment criteria**

Please see the Marking Guide for this assignment attached to the Unit Outline.

**In-class quizzes**

(22½% of final mark)

Each quiz is worth 7½% of the total unit assessment and will be completed during class time. There will be no alternative time set to sit missed quizzes. The best 3 marks will be used to calculate your final grade. If you only sit 3 quizzes, all of those grades will be included. If you only sit 2 quizzes, you will only receive a maximum of 15% (out of 22.5½%) for this piece of assessment.

Each quiz will include 10 multiple choice questions and you will be allowed 15 minutes to complete the quiz. Quizzes are based on the topics covered since the previous quiz. Please note that the text website has ‘on-line’ quizzes.
Final exam

(45% of final mark)
This exam will be 2 hours plus 10 minutes and will cover all Topics. There will be 4 essay/problem/case type questions. The exam is open book.

To pass this unit, students are required to achieve a score of at least 45% in the final exam. Students who fail to achieve the minimum standard in the final exam but achieve an accumulated score based on all assessment components for the unit of 50 and above, will be awarded a final mark of 48.

Submission of Assignments

Please remember to attach an Assignment Cover Sheet to the front of your assignment. You can download and print your Assignment Cover Sheet from the StudentNet web page [http://www.business.uwa.edu.au/studentnet/assessments](http://www.business.uwa.edu.au/studentnet/assessments)

All cover pages printed from this website contain a barcode unique to each student. Once submitted through the pigeon hole at the Postgraduate Student Centre, the barcode will be scanned and recorded electronically. An automatic e-mail will be sent to your UWA e-mail address, notifying you that your assignment has been submitted and recorded successfully. If you do not receive this acknowledgement e-mail, please contact the Student Centre (e-mail studentcentre-pg@biz.uwa.edu.au ph 6488 3980).

Note: All assignments submitted through the pigeon hole at the Student Centre must have a cover sheet containing a barcode attached. Use of the barcode cover sheet is not necessary if you submit your assignment electronically or hand it directly to your lecturer in class.

Late assignments will attract a penalty of 5% per day. This penalty will be waived by the lecturer only in exceptional circumstances. No marks will be awarded to assignments submitted after other students in the class have had their assignments returned.

Papers of excessive length will also attract a penalty. The penalty will be 5% for each 300 words, or part thereof, over the word limit.

Assignments will be returned in class or through the Postgraduate Student Centre. It is the intention that the marked assignments will be returned within two weeks of submission.
The Standard of Assessment

The Business School must ensure that the processes of assessment are fair and are designed to maintain the standards of the School and its students. The School follows the University of Western Australia’s grading system:

- **HD** (Higher distinction) 80-100%
- **D** (Distinction) 70-79%
- **CR** (Credit pass) 60-69%
- **P** (Pass) 50-59%
- **N+** (Fail) 45-49%
- **N** (Fail) 0-44%
- **FC** (Failed component)

The School awards marks leading to these grades by using the following general criteria which are presented here as a clear indication of the School’s expectations. These general criteria may be supplemented by specific standards with regard to a particular assignment.

**HD** The student has a clear understanding of theory, concepts and issues relating to the subject and is able to adopt a critical perspective. The student is able to clearly identify the most critical aspects of the task and is able to offer a logically consistent and well articulated analysis within the analytic framework presented in the unit. The student is able to draw widely from the academic literature and elsewhere but maintains relevance.

**D** The student has a clear understanding of theory, concepts and issues relating to the subject. The student is able to develop an analysis of an issue using the analytic framework presented in the unit and is able to identify and evaluate the critical issues. The student is able to draw upon relevant academic and other material.

**CR** The student demonstrates an understanding of the analytic framework developed in the unit and a partial understanding of concepts and issues. The student is able to identify some key issues and is able to present a logical discussion, but with some conceptual errors or gaps between analysis and conclusions. The student is able to draw upon an adequate range of references and other materials.

**P** The student generally takes a descriptive rather than analytic approach to the subject. The student is able to demonstrate some understanding of the issues involved but does not demonstrate the ability to apply the analytic framework which had been developed in the unit. Draws primarily upon unit materials for referencing.

**N+** The student is unable to demonstrate that he or she understands the core elements of the subject matter. The student is able to provide some insight into issues but misapplies analytic framework developed in the unit, omitting key factors and, for example, drawing conclusions which are not related to the preceding discussion.

**N** The student is unable to demonstrate any understanding of the subject matter. Material presented for assessment is unrelated to unit framework and shows no effort to identify or address critical aspects of the topic.

**FC** Failure of the unit due to failure to complete an identified essential assessment component.

The scaling of marks to ensure comparability between classes is an acceptable academic practice. The School and Board of Examiners have the right to scale marks where it is considered necessary to maintain consistency and fairness.
**Special Consideration and Deferred Exams**

If something exceptional and beyond your control has interfered with your ability to study in the normal way you should consider completing an application for special consideration. The forms can be obtained at the Postgraduate Student Centre or from the Student Administration website [http://www.studentadmin.uwa.edu.au/welcome/forms](http://www.studentadmin.uwa.edu.au/welcome/forms).

In exceptional circumstances you can also apply for a deferred mid-semester exam or a deferred end of semester/trimester exam within three (3) university working days from the date of the exam. Application forms can be obtained at the Undergraduate or Postgraduate Student Centres.

A student may be granted a deferred examination in one or more of their units if the Sub-Dean of the UWA Business School is satisfied that on the basis of medical or other exceptional reasons the candidate was either:

- substantially and unusually hindered in their preparation for an examination; or
- unavoidably absent from or unable to complete an examination.


**Ethical Scholarship, Academic Literacy and Academic Misconduct**

**Ethical Scholarship** is the pursuit of scholarly enquiry marked by honesty and integrity. **Academic Literacy** is the capacity to undertake study and research, and to communicate findings and knowledge, in a manner appropriate to the particular disciplinary conventions and scholarly standards expected at university level. **Academic misconduct** is any activity or practice engaged in by a student that breaches explicit guidelines relating to the production of work for assessment, in a manner that compromises or defeats the purpose of that assessment. **Students must not engage in academic misconduct.** Any such activity undermines an ethos of ethical scholarship. Academic misconduct includes, but is not limited to cheating, or attempting to cheat, through:

- collusion
- inappropriate collaboration
- plagiarism (see more details below)
- misrepresenting or fabricating data or results or other assessable work
- inappropriate electronic data sourcing/collection
- breaching rules specified for the conduct of examinations in a way that may compromise or defeat the purposes of assessment.

Penalties for academic misconduct vary according to seriousness of the case, and may include the requirement to do further work or repeat work; deduction of marks; the award of zero marks for the assessment; failure of one or more units; suspension from a course of study; exclusion from the University; non-conferral of a degree, diploma or other award to which the student would otherwise have been entitled. Refer to the Ethical Scholarship, Academic Literacy and Academic Misconduct and individual Faculty policies. For further information on the rules and procedures in respect of appropriate academic conduct you should visit:

Academic Conduct Essentials (ACE)

All newly enrolled students in Postgraduate programs are required to complete a short compulsory online module called Academic Conduct Essentials (ACE) within the first 10 weeks of trimester/semester. ACE introduces students to essential knowledge regarding ethical scholarship, helps prepare them for the expectations of their university career and informs them of correct academic conduct.

The unit can be accessed via WebCT (http://webct6.uwa.edu.au). The unit quiz must be completed with a mark of 80% or greater. Students may attempt the quiz as many times as they wish to gain the required pass mark. Completion of the unit will be recorded as an Ungraded Pass (UP) on students’ academic records. Non-completion (NC) within the required timeframe will also be documented on formal academic records. More information on ACE is available at http://ace.uwa.edu.au

Acknowledging sources of information

In the course of your individual and team work assignments, you will encounter ideas from many sources. These will include journal and newspaper articles, commentaries, books, web sites and other electronic sources, original case sources, lecture materials. All assignments that you submit must acknowledge all the different sources you have used. Not to acknowledge your sources is plagiarism, a form of dishonesty. Plagiarism is the misappropriation of the work or ideas of others and presenting them as your own. This is reprehensible from both an ethical and legal viewpoint. Neither the School nor the University accepts ignorance or the fact that a student’s previous acts of plagiarism had been undetected as a defence.

In order to avoid engaging in plagiarism it is your responsibility to acknowledge all of your sources in any work submitted for assessment and it is essential that you reference the work of others correctly. Where you quote directly from a source, you must ensure that any direct quotations are placed in quotation marks and are fully referenced. Even when you do not quote directly and are just referring to or expanding on the work of others, you must still acknowledge the sources of your information and ideas. Close paraphrasing in which you change a few phrases around, leave a clause out of a long sentence or put the original sentences in a different order is still plagiarism. To mark words as a quotation the entire text that has been copied should be enclosed within the quotation marks. If the copied text is four or more lines in length, it may be more appropriate to set it as a separate and indented paragraph. Each time that text is copied, the source must be acknowledged with a reference citation, including the page number.

Advice on proper referencing is given below. If you have any doubts concerning appropriate referencing formats or how to acknowledge the work of others correctly, you should seek the advice of your lecturer.

The UWA Business School has the following regulation on Plagiarism:

The Faculty will promote the highest levels of probity and honesty amongst students and will provide instruction on ethical conduct. By submitting assignments and other work for assessment, students acknowledge Faculty’s duty to guard against plagiarism, including by electronic means such as Turnitin or Mydropbox. A lecturer may require students submitting written or electronic work to sign a Plagiarism Declaration Form indicating that the work is original.
Referencing

It is important that the referencing of any sources used in your written work is done properly, if
only to substantiate the points you are making in your assignment or project. The Harvard
style is the preferred and there are some notes for guidance which have been prepared by the
library staff: ‘Citing your Sources Harvard Style’

www.library.uwa.edu.au/education_training_and_support/guides/how_to_cite_your_sources/citing_your_sources_-_harvard_style

EndNote is a really good system for building up a database of references. Not everyone will
want to invest the time in using this system but you should consider it if you intend to build up
resource materials or plan to undertake extensive research in a particular area. The library
staff have also developed a tutoring package: ‘A Quick Guide to Using EndNote’ which
provides the basics for using EndNote with an essay

http://www.library.uwa.edu.au/education_training_and_support/guides/endnote

This is linked to the ‘How to Use EndNote’ page

http://www.library.uwa.edu.au/education_training_and_support/guides/endnote/endnote_manuals which provides more comprehensive information.

Taping of Lectures

Postgraduate classes are not usually recorded, however if you do wish to tape record a
lecture, then as a matter of courtesy you should obtain the permission of the lecturer first.

Appeals Against Academic Assessment

In the first instance, students are strongly advised to talk informally to the lecturer about the
grade awarded. The University provides the opportunity for students to lodge an appeal
against any mark which he or she feels is unfair. Any student making an appeal is under an
obligation to establish a prima facie case by providing particular and substantial reasons for
the appeal. It is recommended that students contact the Guild Education Officers to aid them
in the appeals process.

There is a 20 day time limit for making any such appeal. An appeal against academic
assessment may result, as appropriate, in an increase or decrease in the mark originally
awarded. The University regulations relating to appeals and the form on which the appeal
should be lodged can be found at


Student Guild contact details

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DETAILED TOPIC OUTLINES

Topic 1 – Introduction to Accounting

Topic objectives:

When we have completed Topic 1, you will be able to:

• Define Management Accounting and Financial Accounting and provide examples of the 
types of accounting information generated by these two areas.
• Identify the four principal business activities of an entity and be able to provide examples 
of short and long term activities included in those groups.
• Identify the main sources of demand and supply of accounting information.
• Define and identify the content of General Purpose Financial Reports.
• Identify the content of an annual report and link that content back to the principal business 
activities of an entity.

Required reading:

Chapter 1: Bazley and Hancock (2006).

Preparation for class:

Complete required reading
Complete the following questions from the text:

• Problem 1.1.
• Problem 1.10.
• Problem 1.12.

PLEASE NOTE THAT PROBLEM 1.1 REFERS TO ‘PROBLEMS FOR DISCUSSION AND ANALYSIS’ CHAPTER 1, PROBLEM 1 (AND SO ON). SOLUTIONS TO THESE PROBLEMS WILL BE MADE AVAILABLE ON THE UNIT WEB SITE UNDER THE RELEVANT TOPIC NUMBER.
Topic 2 – The Financial Reporting Framework

**Topic objectives:**
When we have completed Topic 2, you will be able to:

- Identify the factors that influence the preparation of financial statements.
- Explain the current arrangements for standard setting in Australia.
- Explain the roles of the FRC, AASB, and ASIC in relation to accounting standards.
- Explain the influence of accounting standards, the Corporations Act and the stock exchange on financial reporting requirements.
- Explain what is meant by a conceptual framework.
- Discuss the objective of general purpose financial reporting and the role of the qualitative characteristics of financial information.
- Identify the role of the audit and the auditor in financial reporting
- Explain what is meant by the term “expectations gap”
- Explain the concept of audit independence and why it is important

**Required reading:**

**Preparation for class:**
Complete required reading
Complete the following questions from the text:

- Problem 2.5.
- Problem 2.11.
Topic 3 – Wealth and the measurement of profit

**Topic objectives:**
When we have completed Topic 3, you will be able to:

- Define and provide examples of Wealth and Profit.
- Identify the problems involved with measurement.
- Define and provide examples of Historical Cost, Replacement Cost.
- Explain the Economic Value, Net Realisable Value and fair value methods of measurement.

**Required reading:**
Chapter 3: Bazley and Hancock (2006).

**Preparation for class:**
Complete required reading
Complete the following questions from the text:

- Problem 3.1.
- Problem 3.5.
Topic 4 – Balance sheet and introduction to the worksheet

Topic objectives:
When we have completed Topic 4, you will be able to:

- Define the objectives, purpose and limitations of the balance sheet.
- Identify the categories of this statement including assets, liabilities and owners equity and the criteria used to identify transactions within these categories.
- Define and explain the operating cycle, the balance sheet equation and the principle of duality.
- Identify the influences on the format of this statement.
- Appreciate the role and use of a worksheet.

Required reading:
Chapter 4: Bazley and Hancock (2006).
Chapter 6: Bazley and Hancock (2006).

Preparation for class:
Complete required reading
Complete the following questions from the text:

- Problem 4.1.
- Problem 4.5.
- Problem 4.7.
- Problem 6.2
Topic 5 – Income statement and statement of changes in equity

Topic objectives:
When we have completed Topic 5, you will be able to:

• Discuss the importance of the income statement.
• Define and explain the terms ‘income’ and ‘revenue’.
• Explain and apply the principles involved in the recognition of revenue and be able to provide examples of revenue.
• Define and explain the term ‘expense’, be able to explain and apply the expense recognition criteria, and be able to provide examples of expenses.
• Identify the various factors which influence the format of the income statement.
• Identify and explain a statement of changes in equity.

Required reading:
Chapter 5: Bazley and Hancock (2006).

Preparation for class:
Complete required reading
Complete the following questions from the text:

• Problem 5.1.
• Problem 5.4.
• Problem 5.9.

Topic 6 – Cash and accrual accounting. Accounting for bad debts

Topic objectives:
When we have completed Topic 6, you will be able to:

• Explain the difference between cash and accrual accounting
• Explain the different methods of calculating bad debts namely the direct write-off method and the provisioning method.

Required reading:
Chapter 8: Bazley and Hancock (2006).

Preparation for class:
Complete required reading
Complete the following questions from the text:

• Problem 8.1.
• Problem 8.5.
• Problem 8.11.
Topic 7 – Non Current Assets and Depreciation

**Topic objectives:**
When we have completed Topic 7, you will be able to:

- Recognise the different components included in the original cost of a non-current asset.
- Define depreciation and understand why we include it as an expense of business activities.
- Apply the different methods of calculating depreciation including reducing balance, and straight line.
- Define and provide examples of intangible assets including identifiable and unidentifiable intangibles.

**Required reading:**
Chapter 9: Bazley and Hancock (2006).

**Preparation for class:**
Complete required reading

Complete the following questions from the text:

- Problem 9.1.
- Problem 9.4.
- Problem 9.5.

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Topic 8 – Accounting for economic entities

**Topic objectives:**
When we have completed Topic 8, you will be able to:

- Identify and understand the reasons for preparing consolidated financial statements.
- Explain why, when preparing consolidated financial statements, it is necessary to eliminate the investment in subsidiaries and inter-entity transactions.

**Required reading:**
Chapter 12, pp. 364 to 368: Bazley and Hancock (2006).

**Preparation for class:**
Complete required reading

Complete the following questions from the text:

- Problem 12.1(b) and (c)
**Topic 9 – Cash Flow Statements**

**Topic objectives:**
When we have completed Topic 9, you will be able to:

- Explain what is included in the term ‘cash’.
- Explain internal control procedures for cash and why they are important.
- Identify what is meant by cash flows from operating, investing and financing activities and be able to categorise transactions within those 3 areas.
- Explain the purpose of cash flow statements.
- Identify the differences between cash flows and net profit.

**Required reading:**

**Preparation for class:**
Complete required reading
Complete the following questions from the text:

- Problem 12.1 (a)
- Problem 12.4.
- Problem 12.6.
Topic 10 – Financial statement analysis

**Topic objectives:**
When we have completed Topic 10, you will be able to

- Identify the needs of the various parties in respect to the analysis of financial statements.
- Explain the relationship between expected returns and risks for alternative investments and the role financial statement analysis plays in providing information about the investment return and risk trade-off.
- Appreciate the importance of comparability in undertaking financial statement analysis.
- Explain the techniques of trend analysis and common-size financial statement analysis.
- Apply and interpret relevant ratios for analysing the financial performance and position of a business.
- Identify the strengths and weaknesses of financial statement analysis.

**Required reading:**
Chapter 14: Bazley and Hancock (2006).

**Preparation for class:**
Complete required reading
Complete the following questions from the text:

- Problem 14.1.
- Problem 14.2.
- Problem 14.3.

Complete additional questions to be distributed in class.
Topic 11 – Corporate governance and triple bottom line reporting

**Topic objectives:**
When we have completed Topic 11, you will be able to:

- Explain what is meant by the term ‘corporate governance’.
- Discuss the issues associated with the role of the audit committee in corporate governance.
- Identify the role of the audit and the auditor in corporate governance and financial reporting.
- Explain what is meant by the term ‘triple bottom line reporting’.
- Discuss reasons for TBL reporting.
- Explain the GRI and its role in TBL.

**Required reading:**

**Preparation for class:**
Complete required reading
Complete the following questions from the text:

- Problem 13.1.
- Problem 13.9.

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Topic 12 – Introduction to management accounting and cost concepts

**Topic objectives:**
When we have completed Topic 12, you will be able to:

- Appreciate and explain why the information needs management cannot be solely met by general-purpose financial reports.
- Explain how organizational size and structure influences a management need for more complex and internally focused information.
- Identify the cost assignment process and the functional and activity based costing systems.
- Explain basic cost concepts such as direct and indirect costs.

**Required reading:**
Chapter 15: Bazley and Hancock (2006).
Chapter 17, pp. 524-528 Bazley and Hancock (2006).

**Preparation for class:**
Complete the following questions from the text:

- Review Question 15.1.
Topic 13 – Cost-volume-profit analysis

**Topic objectives:**
When we have completed Topic 13, you will be able to:
- Identify the difference between fixed and variable costs and to illustrate different types of cost behaviour.
- Explain the relationship between the fixed and variable costs of production.
- Explain and apply the contribution margin approach to cost-volume-profit analysis.

**Required reading:**
Chapter 18: Bazley and Hancock (2006).

**Preparation for class:**
Complete the required reading
Complete the following questions from the text:
- Problem 18.1.
- Problem 18.2.
- Problem 18.3.

Topic 14 – Accounting for decision-making: with and without resource constraints

**Topic objectives:**
When we have completed Topic 14, you will be able to:
- Explain the difference between avoidable and unavoidable costs.
- Identify what is meant by sunk costs.
- Explain what is meant by differential costs and how they are relevant for decision-making.
- Explain and apply the contribution margin approach to a proposal to shut-down an unprofitable business unit.

**Required reading:**
Chapters 19 Bazley and Hancock (2006).

**Preparation for class:**
Complete the required reading
Complete the following questions from the text:
- Problem 19.1.
Topic 15 – Budgets, performance measurement and the Balanced Scorecard

**Topic objectives:**
When we have completed Topic 15, you will be able to:

- Discuss the reasons for budgets.
- Illustrate the behavioural dimension to budgets.
- Illustrate how organisational activities are planned and controlled through the use of multiple measures of performance (for example, financial and non-financial indicators).
- Identify the difference between strategic and operating key performance indicators (KPIs).
- Identify the difference between driver and outcome KPIs.
- Explain what is the ‘balanced scorecard’ and to describe the four perspectives of organizational performance as presented through a generic scorecard.

**Required reading:**

**Preparation for class:**
Complete the required reading
Complete the following questions from the text:

- Problem 20.2
- Problem 21.2.
- Problem 21.4.
## ASSIGNMENT 2 MARKING GUIDE

PLEASE ATTACH THIS GUIDE TO YOUR ASSIGNMENT

### Student IDs:

<table>
<thead>
<tr>
<th>Assessment criteria</th>
<th>Mark</th>
<th>Awarded</th>
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<tbody>
<tr>
<td><strong>CHOICE AND ANALYSIS OF BENCHMARKS</strong></td>
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<tr>
<td>Depth is relevant. What have you chosen? Why? What have you not included? Why?</td>
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<tr>
<td><strong>RATIO ANALYSIS DISCUSSION</strong></td>
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<td>Short Term Liquidity</td>
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<td>Long Term Financial Stability</td>
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<td>Activity / Efficiency</td>
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<td>Profitability</td>
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<td>Market based ratios</td>
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<td><strong>ACCOUNTING POLICIES</strong></td>
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<td>Application – what are the significant accounting policies used? Have they changed? What impact has accounting policy choice on financial ratio levels and an assessment of financial prospects?</td>
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<tr>
<td>Differences in policies – are there any differences between the accounting policies of the selected company and benchmarks? If so, what impact does this have on the previous analysis?</td>
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<tr>
<td><strong>FUNDAMENTAL ANALYSIS</strong></td>
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<td>What factors are important for the future success of the selected company? What suggestions do you have to improve the financial performance and position of the selected company?</td>
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<tr>
<td>Reasons to support Hold, Buy or Sell equity investment recommendation.</td>
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<tr>
<td><strong>REPORT AND PRESENTATION</strong></td>
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<td>Organisation and structure.</td>
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<td>Expression and clarity.</td>
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<td>Presentation and referencing.</td>
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<td>Other relevant points.</td>
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<td><strong>TOTAL</strong></td>
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**NOTE:** The points under the bold sections are some of the areas that should be considered. They are not intended to be restrictive and other issues should be incorporated where deemed relevant to the submission.