Unit Outline

Contemporary Issues in Financial Accounting
ACCT7472

Semester 2
Crawley Campus

Unit Coordinator
Prof John Watson

Business School
www.business.uwa.edu.au
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UNIT DESCRIPTION

Objectives
The aim of this unit is to develop a sound understanding of issues related to accounting policies and policy choice. Through the material in this course, students will explore the impact of accounting policy and policy choice from both a theoretical and practical perspective. There will be a particular focus on the relevance and reliability of financial information provided in annual reports and how this might be impacted by accounting policies. The course will provide students with the opportunity to develop expertise in research design and analysis as well as written and verbal communication skills. After completing this course students should be able to: (a) give an overview of the issues relating to accounting policy and policy choice; and (b) explain how accounting policies can affect financial reporting in practice.

CONTACT DETAILS

<table>
<thead>
<tr>
<th>Unit coordinator/lecturer</th>
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</thead>
<tbody>
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<td>room:</td>
<td>252</td>
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ASSESSMENT MECHANISM

The activities and assessment for this unit are shown below. Use the readings provided and any other relevant material in your assignments.

Assignment 1

Accounting for business combinations.

In 2001 the Financial Accounting Standards Board introduced SFAS 141 (business combinations) and SFAS 142 (other intangible assets).

1. Identify the major changes brought about by the introduction of these two standards; and

2. What impact would you expect these changes to have on the usefulness (relevance and reliability) of the information provided in U.S. company annual reports?

Your answer should include:

1. A detailed explanation of the accounting treatment for both goodwill and identifiable intangible assets before and after the introduction of the two standards;

2. A discussion about what is meant by the terms 'relevance' and 'reliability';

3. A well-reasoned explanation concerning the expected impact of these two new standards on the 'relevance' and 'reliability' of the information provided in U.S. company annual reports.

You will be split into two groups for this assignment (and the following presentation).

Maximum 3,000-4,000 words (excluding references), 12 font, 2cm margins on all sides, 1.5 line spacing, one-sided A4 paper.

Presentation

In week 6 the two groups will give a presentation to the class based on Assignment 1.

Group 1 will focus on goodwill and group 2 on identifiable intangible assets.

The presentation should take approximately 20 minutes and use powerpoint and any other suitable visual aids or handouts.

Assignment 2

Accounting policy choice and earnings management.

Provide an overview of the issue of policy choice. Explain the following:

1) What is meant by accounting policy choice?

2) Why is it important to financial statement preparers?

3) How do standard setters deal with the issue of accounting policy choice?

4) What is the relationship between policy choice and earnings management?

Provide examples of cases of earnings management using policy choice.

Maximum 2,000 words, 12 font, 2cm margins on all sides, 1.5 line spacing, one-sided A4 paper.
UNIT STRUCTURE
Meetings will be held in weeks 1, 6, and 13 on Mondays in the Don Voelte and Nancy Keegan Case Study Room (BUSN:101) commencing at 3pm.

UNIT SCHEDULE

<table>
<thead>
<tr>
<th>WEEK</th>
<th>DATE</th>
<th>ACTIVITY</th>
<th>ASSESSMENT</th>
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<tbody>
<tr>
<td>1</td>
<td>29 July</td>
<td>Introduction.</td>
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<td></td>
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<td>Discuss Assignment 1.</td>
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<tr>
<td>5</td>
<td>23 August</td>
<td>Presentation based on Assignment 1.</td>
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<tr>
<td></td>
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<td>Discuss Assignment 2.</td>
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<tr>
<td>6</td>
<td>30 August</td>
<td>Hand in Assignment 1.</td>
<td>50%</td>
</tr>
<tr>
<td>13</td>
<td>25 October</td>
<td>Hand in Assignment 2.</td>
<td>30%</td>
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RELEVANT READINGS

You are expected to supplement these readings with other studies, which you can locate through Cygnet Online (Business library).


