Unit Outline*

MGMT8502

Accounting

MBA
Trimester 3, 2011
Crawley

Assistant Professor Lydia Kilcullen

Business School
www.business.uwa.edu.au

* This Unit Outline should be read in conjunction with the Business School Unit Outline Supplement available on the Current Students web site http://www.business.uwa.edu.au/students
UNIT DESCRIPTION

Introduction

Welcome from Lydia

Welcome to MGMT8502 Accounting for the third trimester 2011. I am an Assistant Professor in Accounting at the UWA Business School. I have taught accounting, financial reporting and analysis and auditing courses at undergraduate and post graduate levels. I joined UWA following a number of years of work experience with the Chartered Accounting firm of Price Waterhouse. During this time, I worked in Perth, New York and London and focused on providing financial and management consulting services in support of litigation and corporate recovery matters. Examples of some of the projects I have worked on include bankruptcies, business turnarounds, forensic investigations, alternative dispute resolution projects, breaches of contract, professional negligence, loss of profits, patent infringements, and business valuations. My other professional work experience includes two years as the Chief Financial Accountant at Edith Cowan University, responsible for financial reporting, asset management, and financial policies and procedures. In addition to my role at UWA I am currently working for the Australian Accounting Standards Board on a project considering the financial reporting requirements of Not For Profit entities, in particular the requirements for guidance on Service Performance Reporting.

I have a Bachelor of Business from Curtin University, an MBA (Advanced) from UWA, and a PhD in the area of financial reporting for Not For Profit entities from UWA. I am a member of the Institute of Chartered Accountants in Australia and a graduate of the Australian Institute of Company Directors.

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 that all managers must possess accounting skills and it is not intended that you will qualify as an accountant upon the completion of this unit. A professional accounting qualification requires three years of full-time university level study, a postgraduate certification program and, some cynics might suggest, a personality change. Thus, this unit introduces some key accounting concepts so as to help you to navigate your way around published financial statements. Furthermore, this unit will equip you with sufficient knowledge of accounting as to enable you to meaningfully interact with those who provide professional accounting services from both 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.

Therefore, this unit 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 so as to develop an understanding of the structure and conceptual foundation to these statements. However, the main emphasis will be on the use of the financial statements by managers rather than their preparation.

The first and major part of the unit provides the skills necessary to read and interpret the financial statements of large listed corporate entities. These financial statements comprise the Statement of Comprehensive Income, Statement of Financial Position or Balance Sheet, Statement of Changes in Equity and the Statement of Cash Flows. These statements comprise general-purpose financial reports that are normally prepared for the benefit of users external to the entity (e.g., shareholders and lenders). We then examine the performance and position of the entity as revealed by financial statement analysis. Finally, so as to obtain a better understanding of the usefulness of the information provided in these statements, we examine the conceptual basis for financial accounting.

The second part of the unit primarily focuses on the types of accounting information made available within the entity. Topics include the use of accounting information in planning, control, decision-
making, and performance measurement. One important lesson to be gained from this part of the unit is that accounting information is constructed and used in different ways for different purposes.

I look forward to our time together over the next 12 weeks and I sincerely hope you find the experience both rewarding and enjoyable.

**Unit content**

Accounting aims to develop the ability to understand, interpret and use financial statements. 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.

**The goal of the unit**

MGMT8502 Accounting has two goals. The first is to develop your ability to understand, interpret and use financial statements. The second is to develop your awareness of the basis for preparation and the strategic use of internal accounting information. It is essential for MBA graduates to have a basic understanding of accounting in these two forms.

**Learning outcomes**

On completion of this unit, you should be able to:

1) Appreciate the difficulties and assumptions involved in the preparation of financial statements;

2) Identify the concepts and be aware of the major requirements impacting upon the preparation of conventional financial statements;

3) 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;

4) Identify the different purposes for preparing accounting information for internal users; and

5) Explain and apply different concepts of costs to business decisions.

**Educational principles and graduate attributes**

In this unit, you will be encouraged and facilitated to develop the ability and desire to:

1) Demonstrate the ability to apply, analyse, synthesise and evaluate information from multiple sources to make decisions about the financial performance of entities;

2) Demonstrate the ability to communicate orally to a professional standard to peers in class room discussion in relation to accounting matters;

3) Demonstrate an ability to work effectively in both an independent and team situation to resolve accounting problems and make decisions about the financial performance of entities: and

4) Recognise, understand and respond to potential ethical issues confronting accountants as covered in various cases discussed in class.
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, I use a combination of presentations and team-based work.

Teaching and learning evaluation
You may be asked to complete two evaluations during this unit. The Student Perception of Teaching (SPOT) and the Students' 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 email from the SURF office inviting you to complete the SURF when it is activated. I 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.

At the Business School we value quality teaching and learning. One of the most important stakeholders in this experience is you the student. Therefore, a number of evaluations both formal and informal will be conducted during this unit.

I will ask you to complete an informal evaluation at various times so I can learn if there are any areas in which changes need to be considered. I also encourage regular feedback and to that end you will have ample opportunities each week.

One example of a change made to the accounting unit as a result of previous student feedback is the inclusion of more regular assessment through the Readiness Assurance Tests.

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, therefore it is important that you attend classes. More formally, the University regulations state that ‘to complete a course or unit students shall attend prescribed classes, lectures, seminars and tutorials’. Where a student, due to exceptional circumstances, is unable to attend a scheduled class, they are required to obtain prior approval of the unit coordinator to be absent from that class. Any student absent from class without having had such absence approved by the unit coordinator may be referred to the faculty for advice and may be required to withdraw from the unit.
I strongly advise students to regularly access their student email accounts. Important information regarding the unit is often communicated by email and will not be automatically forwarded to private email addresses.

<table>
<thead>
<tr>
<th>Unit coordinator/lecturer</th>
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<tbody>
<tr>
<td><strong>Name:</strong></td>
<td>Assistant Professor Lydia Kilcullen</td>
</tr>
<tr>
<td><strong>Email:</strong></td>
<td><a href="mailto:lydia.kilcullen@uwa.edu.au">lydia.kilcullen@uwa.edu.au</a></td>
</tr>
<tr>
<td><strong>Phone:</strong></td>
<td>6488 2800</td>
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**Consultation hours:**
I am always available on the day classes are held either before or after class. I am also available at most other times if you arrange by email or phone for an appointment time.

**Lecture times:**
- Thursdays, 6.00pm - 9.00pm
  [except Thursday 20 October 2011 (Week 8) and Thursday 17 November 2011 (Week 12)]
- Saturday, 22 October 2011:
  9.00am - 12noon; 1.00pm – 4.00pm
  (BUSN: 201 Case Study Room)

**Lecture venue:**
BUSN: 101 Don Voelte & Nancy Keegan Case Study Room
TEXTBOOK(S) AND RESOURCES

Unit website

The unit makes use of WebCT. You will have access to course materials, solutions to practice questions, past exam papers and a discussion board. To access WebCT go to www.webct.uwa.edu.au and log on using your student number and Pheme password. The units in which you are enrolled which use WebCT will automatically appear under your name. If this is not the case please contact me.

Recommended/required text(s)


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

Additional resources and reading material

The use of journals such as In the Black, Charter and Australian Accounting Review and newspapers like the Australian Financial Review 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 (i.e., 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 that your best source for additional reading is something like the Australian Financial Review. Using current business transactions and events reported in these newspapers is a good way to challenge your understanding of the concepts and learning outcomes that we address in this unit. I encourage you to share interesting articles with other students via the discussion board on WebCT.
## UNIT SCHEDULE

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic Number</th>
<th>Seminar topic title</th>
<th>Reading</th>
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<tbody>
<tr>
<td>Thursday 1 September</td>
<td>1</td>
<td>An introduction to accounting</td>
<td>B&amp;H Chapter 1</td>
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<tr>
<td>Thursday 8 September</td>
<td>2</td>
<td>Practice Readiness Assurance Test (RAT)</td>
<td>B&amp;H Chapter 2</td>
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<tr>
<td>Thursday 15 September</td>
<td>3</td>
<td>The Australian financial reporting framework</td>
<td>B&amp;H Chapter 3</td>
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<td>4</td>
<td>Wealth and the measurement of profit</td>
<td>B&amp;H Chapter 4</td>
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<td></td>
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<td>The balance sheet and use of the worksheet</td>
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<td></td>
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<td>Team based exercise 1</td>
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<tr>
<td>Thursday 22 September</td>
<td>5</td>
<td>RAT 1 Statement of comprehensive income and statement of changes in equity</td>
<td>B&amp;H Chapter 5</td>
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<tr>
<td>Thursday 29 September</td>
<td>6</td>
<td>Cash and accrual accounting. Accounting for doubtful debts</td>
<td>B&amp;H Chapter 6</td>
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<td>SPARK 1 Open</td>
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<td></td>
<td></td>
<td>Team based exercise 2</td>
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<tr>
<td>Thursday 6 October</td>
<td>7</td>
<td>RAT 2 SPARK 1 Debrief</td>
<td>B&amp;H Chapter 8</td>
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<td></td>
<td>Non-current assets and depreciation</td>
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<tr>
<td>Thursday 13 October</td>
<td>8</td>
<td>Accounting for economic entities</td>
<td>B&amp;H Chapter 11</td>
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<td></td>
<td>9</td>
<td>Cash flow statements</td>
<td>B&amp;H Chapter 11</td>
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<tr>
<td>Thursday 20 October</td>
<td></td>
<td>No class</td>
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<tr>
<td>Saturday 22 October 9am-12noon and 1pm-4pm</td>
<td>10</td>
<td>RAT 3 Financial statement analysis</td>
<td>B&amp;H Chapter 13</td>
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<td>Team based exercise 3</td>
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<td></td>
<td></td>
<td>SPARK 2 Open</td>
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<tr>
<td>Thursday 27 October</td>
<td>11</td>
<td>SPARK 2 Debrief</td>
<td>B&amp;H Chapter 14</td>
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<td></td>
<td>12</td>
<td>Introduction to management accounting</td>
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<td>Cost-volume-profit analysis</td>
<td>B&amp;H Chapter 17</td>
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<tr>
<td>Thursday 3 November</td>
<td>13</td>
<td>RAT 4 Decision making with and without resource constraints. Final SPARK open</td>
<td>B&amp;H Chapter 18</td>
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<tr>
<td>Thursday 10 November</td>
<td>14</td>
<td>Budgets, performance measurement and the Balanced Scorecard</td>
<td>B&amp;H Chapters 19 and 20</td>
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<td>Final SPARK Debrief</td>
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<td>Revision</td>
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<tr>
<td>Thursday 17 November</td>
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<td>No class</td>
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<tr>
<td>19 – 26 November</td>
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<td>Exam week</td>
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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. The fact that I grade your work provides you an indication of how much you have achieved. Providing feedback on your work also serves as part of the learning process.

In this unit both formative and summative assessment is used. The Readiness Assurance Tests (RAT’s) are designed to assess your understanding of the learning outcomes listed for each topic and they are designed as formative assessment. The team based learning approach adopted in completing the RAT’s and the team exercises assists in developing the skills to work effectively in teams and appreciate the advantages of teams. The team presentations assess oral presentation skills an important employability skill and the final exam will assess knowledge of the learning outcomes in all topics apart from Topic 10.

Assessment mechanism summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Weight</th>
<th>Due date</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Readiness Assurance Tests</td>
<td>15%</td>
<td>22 September 6 October 22 October 3 November</td>
<td>Content 1 - 5 Education principle 1</td>
</tr>
<tr>
<td>Team Based RAT</td>
<td>15%</td>
<td>22 September 6 October 22 October 3 November</td>
<td>Content 1 - 5 Education principles 1 and 3</td>
</tr>
<tr>
<td>Team exercises</td>
<td>20%</td>
<td>15 September 29 September 22 October</td>
<td>Content 1 - 5 Education principles 1 and 3</td>
</tr>
<tr>
<td>Final exam</td>
<td>50%</td>
<td>Week starting 19 November</td>
<td>Content 1 - 5</td>
</tr>
</tbody>
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Note 1: Results may be subject to scaling and standardisation under faculty policy and are not necessarily the sum of the component parts.

Note 2: Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning outcomes as required for accreditation and audit purposes. The findings may 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, and the outcome will not affect your grade for the unit.

Note 3: To pass this unit, students are required to achieve a score of at least 45% in the final exam. Student’s who fail to achieve the minimum standard in the final exam but achieve an accumulated score based on all assessment components will receive an FC grade.
Assessment components

Readiness assurance tests (15% individual, 15% team based)

There will be four RATs over the duration of the classes. You will complete each RAT individually and then in teams. This will be explained in class. Each RAT will consist of 10 multiple choice questions. There will be 15 minutes allowed for the individual RAT. Each team will then complete the same RAT and will be allowed the time taken by the first team to submit their answers plus 5 minutes. The allocation of the marks between the individual and team RAT’s will be 15% for individuals and 15% for teams. Although there are four RATs throughout the trimester, only the best three marks of your individual and team tests will be used to calculate the overall mark for this assessment. Please note: as this assessment provides immediate feedback during class there will be no alternative time to sit a missed RAT.

Team based exercises (20%)

The lecturer will allocate students into teams of 3-5 and these teams will remain fixed for the trimester. Teams will be required to complete 3 team based exercises during class time, details of which to be provided in class. Teams will also complete 4 readiness assurance tests (RATs).

Peer Feedback used to assess Team Contributions

Peer feedback and assessment will also be used to allow all team members to comment on and assess the contribution of all team members to the team tasks (including RATs, team exercises and other in-class tasks). To facilitate this, the online tool SPARKPLUS (Self and Peer Assessment Resources Kit) will be used to assess individual contributions to the team tasks. More information will be provided in class. SPARKPLUS will require you to provide feedback to, and receive feedback from, your team members.

Based on a series of answers from each team member SPARKPLUS automatically produces two weighting factors. The SPA or Self and Peer Assessment factor is a measure of how the team overall viewed the contribution of each member of the team. This factor will be used to adjust team marks into individual marks:

\[ \text{Individual mark} = \text{team mark} \times \text{individual's SPA} \]

For example, a student that receives a SPA factor of 0.9 for their project contributions reflecting a lower than average team contribution as perceived by a combination of themselves and their peers, would receive an individual mark of 72% if their group project mark was 80%.

The second factor calculated is the SAPA factor. This is the ratio of a student's own self-assessment rating compared to the average rating of their contribution by their peers. It provides students with feedback about how the rest of the group perceives their contribution. For example, a SAPA factor greater than one means than a student has rated their own performance higher than they were rated by their peers. Conversely, a SAPA factor less than one means that a student has rated their own performance lower than they were rated by their peers.

Both factors for each student will be released to all group members.

This idea of using SPARKPLUS is not only to make group work fairer but to encourage the development of professional skills. These skills include giving and receiving both positive and negative feedback, conflict resolution, collaboration, the ability to assess both your work and the work of your peers and developing your professional judgement. If you successfully achieve these learning outcomes your group experience should be productive. Teams that contain students who do not
adequately participate in group activities and/or develop their teamwork skills typically have friction between group members.

Each exercise will involve assessing your contribution and that of your group partners to areas of the project specified by criteria. This will include an evaluation of how well each group member met their agreed objectives (on time, to the agreed standard, etc), how much they participated in the overall process and the significance of each group members’ contribution.

Failure to complete SPARKPLUS will result in a SPA factor of 0.8.

**Final Exam (50% of final mark)**

This exam will be 2 hours plus 10 minutes and will cover all topics. Details of the final exam will be provided in class.

To pass this unit, students are required to achieve a score of at least 45% in the final exam. Student’s who fail to achieve the minimum standard in the final exam but achieve an accumulated score based on all assessment components will receive an FC grade.

**Student Guild**

Phone: (+61 8) 6488 2295  
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E-mail: enquiries@guild.uwa.edu.au  
Website: http://www.guild.uwa.edu.au

**Charter of Student Rights and Responsibilities**


**Appeals against academic assessment**

The University provides the opportunity for students to lodge an appeal against assessment results and/or progress status (refer http://www.secretariat.uwa.edu.au/home/policies/appeals).