Unit Outline*

ACCT8531

Financial Accounting: Theory and Practice

Semester 2, 2011
Crawley

Professor Phil Hancock
Ms Dianne Massoudi

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 to Financial Accounting: Theory and Practice ACCT8531, one of the final units in your MPA studies. This unit builds on your prior studies in accounting in the MPA program. The focus of the unit is accounting measurement and public company financial reporting. We explore selected current accounting standards and practices and reasons for these practices. In addition, we consider the setting in which financial reporting occurs and the influences on the reporting process. Completing this unit should equip you with an understanding of the financial reporting environment and important principles and procedures associated with the preparation of financial statements. A further objective of the unit is to assist you to develop your ability to consider, analyse and research complex issues, to formulate well-reasoned and coherent arguments and to reach appropriate conclusions and make required judgements.

Unit content
The unit content is organised in three sections. The first looks at the setting in which financial reporting takes place. We investigate the financial reporting framework, standard setting and regulation, and reasons underlying accounting policy choice and disclosure. The second part looks at specific standards and measurement issues relating to revenue and expenses, assets, liabilities and owners’ equity (including agricultural assets, employee entitlements, leases, financial instruments and extractive industry accounting). The third section looks at issues affecting financial statement presentation, including earnings management, ethics and corporate governance, and social and environmental reporting.

The goal of the unit
Financial Accounting: Theory and Practice ACCT8531 has two goals. The first is to develop your understanding of technical accounting requirements and your ability to prepare financial reports for external users. The second is to understand the forces which influence financial reporting requirements and the way in which financial statements are prepared.

Learning outcomes
On the completion of this unit, you should be able to:
1. Explain theories of regulation, how accounting standards are set and influences on the preparation and presentation of financial reports;
2. Give an overview of accounting theories and examples of accounting policy choice;
3. Explain recognition and measurement rules for assets, liabilities, income, revenues, expenses and owners’ equity;
4. Describe the features and evaluate the attributes of alternative measurement bases;
5. Demonstrate an understanding of accounting requirements for leases, financial instruments, employee entitlements, agricultural assets and extractive industry operations; and
6. Apply ethical decision making tools to practical problems.

Educational principles and graduate attributes
In this unit, you will be encouraged and facilitated to develop the ability to:
1. Organise, prepare and understand course materials prior to attending seminars by reading assigned materials before the seminar;
2. Identify where you need to do further review and reflection to understand course content and to take action to improve your understanding on an on-going basis;
3. Critically evaluate and solve accounting problems as an individual and in a team environment making use of your pre-seminar preparation;
4. Conduct research into accounting issues;
5. Listen, speak and write effectively both individually and as part of a team to promote the quality of the team output; and
6. Identify ethical decision making in relation to financial reporting issues.
TEACHING AND LEARNING RESPONSIBILITIES

Teaching and learning strategies

The unit has weekly three hour seminars. The seminars are not recorded however you are welcome to make your own recording of the lecture components of the seminar.

This unit is based on team-based learning. You will be allocated to a team in the first seminar of semester. You must work with your team throughout the semester and you are not permitted to change into another team.

It is your responsibility to prepare for individual and team activities prior to attending the seminars. Preparation is based on course materials (the Custom Publication listed in the textbooks and resources section of this unit outline) and assessment activities for the week are indicated in this unit outline.

The team-based learning approach requires that you participate in all team activities and you will be assessed by your peers on your contribution to team activities.

The approach to learning is cumulative and reflective. That is, each week builds on the prior week/s and you need to reflect on what you are learning each week to see how the topics fit together. You must monitor your own learning on a weekly basis and take action (self-study, completing additional demonstration problems, or student consultation session) to ensure that you understand the material presented to you on a weekly basis. Demonstration problems will be made available on WebCT. In addition, the lecturer will be available for individual consultation by email appointment.

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. 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.

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.
**CONTACT DETAILS**

We 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 coordinators/lecturers</th>
</tr>
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<tbody>
<tr>
<td><strong>Name:</strong> Professor Phil Hancock</td>
</tr>
<tr>
<td><strong>Email:</strong> <a href="mailto:acct8531@uwa.edu.au">acct8531@uwa.edu.au</a></td>
</tr>
<tr>
<td><strong>Phone:</strong> (08) 6488 1835</td>
</tr>
<tr>
<td><strong>Consultation hours:</strong> Email for a consultation appointment</td>
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<tr>
<td><strong>Name:</strong> Ms Dianne Massoudi</td>
</tr>
<tr>
<td><strong>Email:</strong> <a href="mailto:acct8531@uwa.edu.au">acct8531@uwa.edu.au</a></td>
</tr>
<tr>
<td><strong>Phone:</strong> (08) 6488 1808</td>
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<tr>
<td><strong>Consultation hours:</strong> Email for a consultation appointment</td>
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<tbody>
<tr>
<td><strong>Seminar times:</strong> 2pm – 5pm</td>
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<td><strong>Seminar venue:</strong> Zoology Lecture Theatre</td>
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<td>G.10 Jennifer M Arnold Lecture Theatre</td>
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**TEXTBOOK(S) AND RESOURCES**

**Unit website**

The unit makes use of WebCT. Seminar handouts will be made available by Monday of each week for students to download if they wish. Solutions for Readiness Assurance Tests (RATs), Team exercises and any other team activities will not be posted on WebCT. Solutions to RATs will be provided during class, but marked RATs will not be returned to students. RAT marks and Team exercise marks will be posted on WebCT. Team exercises submitted for assessment will be returned to students with feedback.

Seminar materials for problem questions will be available on WebCT. Seminar materials for case studies will NOT be available on WebCT. WebCT also provides a discussion board for students to discuss unit content. All email questions from students will be answered via the discussion board by one of the unit’s teaching staff.

To access WebCT go to [www.WebCT.uwa.edu.au](http://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 the WebCT support staff.
Recommended/required text(s)


The chapters in the 2011 custom publication mentioned above are taken from:
* Godfrey et al. (2010) Accounting Theory ISBN 9780470818152; and
Copies of these texts are in the Business Library, Closed reserve. Last year's custom textbook Publication for ACCT 3321 2010, ISBN 9781742466088 is suitable as an alternative text. Earlier years (that is, prior to 2010) are NOT suitable.

We recommend that you bring the Custom Publication to the seminar each week as we will use material from it during the seminar.

A compilation of lecture notes for the course will be available for purchase from the UWA Co-op Bookshop. Alternatively, all lecture notes are available on the unit website via WebCT for individual download.

Software requirements

It is recommend that at least one person in each team brings a laptop to the seminar class for the weeks that team exercises are performed.

Additional resources and reading material

Useful websites are indicated on this unit's WebCT site. Refer to the Course Materials Online (CMO) for this unit, on the UWA Library website, for textbooks that can offer additional insight. Note that older edition textbooks may have approaches that are no longer relevant because of accounting standard changes. The prescribed Custom Publication contains the latest accounting approaches at the present date.
<table>
<thead>
<tr>
<th>Week # (week beginning)</th>
<th>Seminar topic and reading</th>
<th>Seminar team activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (1 Aug)</td>
<td>Standard setting and regulation (Godfrey Chapter 3)</td>
<td>Introduction to the unit; Meet your team; Trial RAT</td>
</tr>
<tr>
<td>2 (8 Aug)</td>
<td>Accounting policy choice and disclosure (Godfrey Chapter 11)</td>
<td>Discussion on Standard setting and regulation</td>
</tr>
<tr>
<td>3 (15 Aug)</td>
<td>Measurement of assets (Godfrey Chapter 7)</td>
<td>TEAM EXERCISE 1 on Accounting policy choice and disclosure</td>
</tr>
<tr>
<td>4 (22 Aug)</td>
<td>Accounting for leases (Picker Chapter 14)</td>
<td>RAT 1 on Measurement of assets</td>
</tr>
<tr>
<td>5 (29 Aug)</td>
<td>Accounting for financial instruments (Picker Chapter 6)</td>
<td>Discussion on Accounting for leases</td>
</tr>
<tr>
<td>6 (5 Sept)</td>
<td>Measurement of liabilities and owners’ equity (Godfrey Chapter 8, Picker Chapter 16)</td>
<td>RAT 2 on Accounting for financial instruments</td>
</tr>
<tr>
<td>7 (12 Sept)</td>
<td>Revenue recognition and measurement (Godfrey Chapter 9, Picker Chapter 17)</td>
<td>Discussion on Measurement of liabilities and owners’ equity</td>
</tr>
<tr>
<td>8 (19 Sept)</td>
<td>Expense recognition and measurement (Godfrey Chapter 10, Picker Chapter 7)</td>
<td>Discussion on Revenue recognition and measurement</td>
</tr>
<tr>
<td>(26 Sept)</td>
<td>Non-teaching break</td>
<td></td>
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<tr>
<td>9 (3 Oct)</td>
<td>Accounting for extractive industries (Picker Chapter 15)</td>
<td>RAT 3 on Expense recognition and measurement Godfrey for Chapter 10 only</td>
</tr>
<tr>
<td>10 (10 Oct)</td>
<td>Financial statement presentation; earnings management (Picker et al (2009) Chapters 18 and 19 (see UWA Library CMO)</td>
<td>RAT 4 on Accounting for extractive industries</td>
</tr>
<tr>
<td>11 (17 Oct)</td>
<td>Ethics and corporate governance (Dellaportas et al. (2005) Chapter 4 [available on WebCT])</td>
<td>Discussion on Financial statement presentation; earnings management</td>
</tr>
<tr>
<td>12 (24 Oct)</td>
<td>Social and environmental reporting (details of readings will be available on webct)</td>
<td>TEAM EXERCISE 2 on Ethics and corporate governance</td>
</tr>
<tr>
<td>13 (31 Oct)</td>
<td>Assignment Presentations</td>
<td>Assignment Presentations</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 we grade your work provides you with 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 (RATs) 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 RATs and the team exercises assists in developing the skills to work effectively in teams and appreciate the advantages of teams. The research assignment gives students an opportunity to work independently and to develop their research and written communication skills. The final exam assesses knowledge of the learning outcomes in all topics.

Assessment mechanism summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Weight</th>
<th>Due date</th>
<th>Submission</th>
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<tbody>
<tr>
<td>Individual RATs</td>
<td>7.5%</td>
<td>RAT 1 Week 4</td>
<td>In class</td>
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<tr>
<td></td>
<td></td>
<td>RAT 2 Week 6</td>
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<td></td>
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<td>RAT 3 Week 9</td>
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<td></td>
<td></td>
<td>RAT 4 Week 10</td>
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<tr>
<td>Team RATs</td>
<td>7.5%</td>
<td>RAT 1 Week 4</td>
<td>In class</td>
</tr>
<tr>
<td></td>
<td></td>
<td>RAT 2 Week 6</td>
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<tr>
<td></td>
<td></td>
<td>RAT 3 Week 9</td>
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<tr>
<td></td>
<td></td>
<td>RAT 4 Week 10</td>
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<tr>
<td>Team Exercises</td>
<td>20%</td>
<td>Exercise 1 Week 3</td>
<td>WEBCT by 6pm</td>
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<td></td>
<td></td>
<td>Exercise 2 Week 12</td>
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<tr>
<td>Research Assignment</td>
<td>15%</td>
<td>Week 9 – submission</td>
<td>Uniprint by 12 noon</td>
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<tr>
<td></td>
<td></td>
<td>Week 13 - presentation</td>
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<tr>
<td>Final exam</td>
<td>50%</td>
<td>During the Examination period</td>
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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.
Assessment components

This unit uses team-based learning. Students will be allocated into teams of four to five people during the seminar in Week 1 and these teams will remain fixed for the semester. You will complete the team RATs, team exercises and discussions in these teams.

Readiness assurance tests (RATs) (15% of final mark)
There will be four RATs over the duration of the classes. Your final mark will include your best three RAT results. You will complete each RAT individually and then in teams. This will be explained in class. Prepare for each RAT tests by studying material from the Custom Publication and the weekly seminar slides.

Each RAT will consist of 10 multiple choice questions. Fifteen minutes will be 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 five minutes or a maximum of fifteen minutes. The allocation of the marks between the individual and team RATs will be 7.5% for individual RAT scores and 7.5% for team RAT scores. There will be no alternative time set to sit missed RATs but recall that the assessment is based on your best three (out of four) results. Students who do not complete an individual RAT will not be given the team RAT score.

Team Exercises (20% of final mark)
Teams will be required to complete two team exercises during class time, details of which will be provided in class. Each team exercise is worth 10%.

Team exercises will relate to seminar materials and will be drawn from the Custom Publication. You should prepare for team exercises by preparing the material shown in the course outline and weekly seminar slides. Assessable team exercise activities will be given to students during the seminar and not before. Your teams’ solution to the team exercise must be submitted via WebCT on the day of the seminar within ONE HOUR of the completion of the seminar. Team exercises received more than one hour after the completion of the seminar will not be marked and the team will receive a nil grade for the exercise.

Peer Feedback used to assess Team Contributions
The online tool SPARK$^{PLUS}$ will be used to assess individual contributions to team/group work. You will be required to provide feedback to, and receive feedback from, your team members. Based on a series of answers from each team member SPARK$^{PLUS}$ automatically produces two weighting factors: your SPA and SAPA.

SPA Factor
The SPA or Self and Peer Assessment factor is a measure of how the team overall viewed the contribution of each member to the team. This factor may be used to adjust team marks into individual marks using the following formula:

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

For example, a team assignment scores 80%. There are 3 students in the team.
Student 1 has a SPA factor of 0.9 reflecting a less than average contribution to the team and is awarded an individual mark of \(80 \times 0.9 = 72\%\)
Student 2 has a SPA factor of 1 reflecting an average contribution to the team and is awarded an individual mark of \(80 \times 1 = 80\%\)
Student 1 has a SPA factor of 1.1 reflecting an above average contribution to the team and is awarded an individual mark of \(80 \times 1.1= 88\%\)
SAPA Factor

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 a student with feedback about how the rest of the team perceives the individual student’s contribution.

For example, a SAPA factor greater than 1 means that a student has rated their own performance higher than they were rated by their peers. Conversely, a SAPA factor less than 1 means that a student has rated their own performance lower than they were rated by their peers.

**Why are we using SPARK\textsuperscript{PLUS}?**

SPARK\textsuperscript{PLUS} not only makes team work fairer but also encourages the development of professional skills. These skills include giving and receiving positive and negative feedback, resolving conflict, collaborating, assessing your work and the work of your peers, and developing your professional judgment. These are important graduate attributes which are part of the learning outcomes for your degree and are also important to employers. Full participation will enhance both your learning outcomes and your team experience.

**How are we using SPARK\textsuperscript{PLUS}?**

All students are expected to fully participate in completing **SPARK\textsuperscript{PLUS}** and are required to submit valid assessments. Students who do not complete the task will automatically receive a SPA factor of 0.7.

At all times the unit coordinator retains the right to exercise discretion in relation to application of the SPA factor to the final team mark for all team members. This discretion may be exercised particularly in situations where, in the opinion of the unit coordinator, a team member(s) has / have inadvertently or intentionally, misused **SPARK\textsuperscript{PLUS}**.

**Objections**

Initially the released SPA and SAPA factors will be preliminary and only become official after any protests are considered. Any student believing their SPARK assessments were unfair may lodge an objection. Any objection to your assessment ratings must be made in writing. Each objection must be max of 500 words clearly outlining why you believe your rating is unfair. Your protest will be reviewed and may be discussed with the other members of your team. Objections must be lodged within 3 days from the date that the **SPARK\textsuperscript{PLUS}** assessments are released.

The lodgement of an objection will be considered as a request for reassessment of the entire team. Hence if a student lodges an objection the marks for the entire team will be reassessed and released after the objection has been considered. In considering any objection the log books and or meeting minutes for a team will be reviewed.

**Research Assignment (15% of final mark)**

To complete the Research Assignment, students must form a Research Group of no more than three students and register their group on WebCT. Research Groups will complete the following tasks: (a) the Research Assignment (WEEK 9) and (b) a Group Presentation (WEEK 13).

The Research Assignment will require each member of the group to make an individual submission as part of the assignment in Week 9. In addition, there will be a presentation opportunity for the group at the end of the semester. The aim of the presentation opportunity is to allow students to work on their presentation skills. Details about the assignment and guidelines for assessment of the assignment will be provided on WebCT.

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

This exam will be 3 hours plus 10 minutes in duration 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.
Submission of assignments

Submit your assignment in an electronic formatted PDF File by going to the Uniprint web site www.uniprint.uwa.edu.au, then click on “Student Assignments” and follow the instructions. Prior to submission, attach the Assignment Cover Sheet available from the Student web page http://www.business.uwa.edu.au/students/assessments

Student Guild

Phone: (+61 8) 6488 2295
Facsimile: (+61 8) 6488 1041
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).