



# ACCG872

## Advanced Financial Reporting

S2 Day 2018

*Dept of Accounting & Corporate Governance*

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#### **Disclaimer**

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## General Information

Unit convenor and teaching staff

Associate Professor & Convenor

Johannes Dumay

[john.dumay@mq.edu.au](mailto:john.dumay@mq.edu.au)

Contact via email

329, 4 Eastern Road

Consultation: Monday 3-5 pm

Moderator

Rajni Mala

[rajni.mala@mq.edu.au](mailto:rajni.mala@mq.edu.au)

Credit points

4

Prerequisites

ACCG612 or ACCG926

Corequisites

Co-badged status

Unit description

This unit provides students with a detailed understanding of contemporary financial reporting issues from an Australian and international perspective. The unit examines the role of the Corporations Act 2001 (Cth) and of regulatory institutions influencing the timing and content of financial reporting in Australia. Students will examine how a reporting entity must present a complete set of financial reports, including consolidated cash flow reporting. Additionally, students will examine two important accounting issues, the application of Fair Value and the legal and practical application of insolvency and liquidation, from an Australian perspective. The second part of the course builds on corporate reporting by examining the contemporary application of corporate governance disclosures, social and environmental reporting, integrated reporting, and advancements in non-financial reporting. The course closes by examining a current or impending change in Australian Accounting Standards. The unit builds on the knowledge base acquired from earlier accounting units with emphasis on the application of technical skills. The unit also provides students with an understanding of quantitative research which helps develop students' ability to read and analyse financial reports.

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

## Learning Outcomes

On successful completion of this unit, you will be able to:

Understand and apply the current political, legal and regulatory aspects influencing the presentation of financial reports for Australian companies in a specific context.

Apply a selection of technical requirements to the presentation of financial statements in the Australian context and show as the ability to work in a group environment to develop solutions to complex accounting issues.

Understand and apply the concepts of insolvency and liquidation from an Australian perspective.

Use quantitative accounting information in the financial reports to make critical judgements and aid in decision making.

Critically explain, analyse, and apply principles of financial and non-financial reporting to contemporary issues and outline future directions.

## Assessment Tasks

Name	Weighting	Hurdle	Due
<a href="#">In-class Test</a>	20%	No	Week 7
<a href="#">Class presentation</a>	20%	No	Weeks 9-13
<a href="#">Research Report Part 1</a>	30%	No	5 pm October 5, 2018
<a href="#">Research Report Part 2</a>	30%	No	5 pm November 9, 2018

### In-class Test

Due: **Week 7**

Weighting: **20%**

In-class test covering all material up to Week 6.

**Provision for Disruptions:** There are no extensions for this assessment. Students must be present in class when the test is given or else they will receive a zero grade. This penalty does not apply to cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- Understand and apply the current political, legal and regulatory aspects influencing the presentation of financial reports for Australian companies in a specific context.
- Apply a selection of technical requirements to the presentation of financial statements in the Australian context and show as the ability to work in a group environment to develop solutions to complex accounting issues.
- Understand and apply the concepts of insolvency and liquidation from an Australian perspective.
- Use quantitative accounting information in the financial reports to make critical judgements and aid in decision making.

## Class presentation

Due: **Weeks 9-13**

Weighting: **20%**

**Deliverables:** Students will work in groups of a maximum of 4 and choose one of the following topics as the basis of an in-class Powerpoint Presentation and a 2000-word report on the current status of the topic from a reporting perspective using examples from a specific company. The report consists of four 500 word parts

1. Define the topic;
2. Outline the regulatory requirements from a reporting perspective;
3. Identify "material" issues in business and society related to the topic and give example(s) of how the company is addressing the topic; and
4. Outline the challenges facing reporting using the topic in the future.

Each section must refer to both the general topic and provide examples from the specific company.

Each student must identify one 500 word part for individual assessment, and the group mark is based on the overall synthesis of the report. The presentation will have a 20-minute time limit and have a maximum of 14 slides which allows for an introduction and conclusion slide, and 3 slides for each part. Each student must present their own part during the PowerPoint presentation. 50% of the mark is a shared group mark and 50% will be attributed to individual students.

**Submission:** The full report must be submitted to Turnitin by each student by 9 am on the assigned presentation date. A hard copy of the PowerPoint presentation must be handed to the lecturer, and a soft copy must be emailed (john.dumay@mq.edu.au) before beginning the presentation.

- Week 9 - Fair Value Accounting
- Week 10 - Australian Corporate Governance Guidelines
- Week 11 - Integrated Reporting

- Week 12 - Integrated Thinking and Materiality
- Week 13 - Social and Environmental Reporting.

**Provisions for Disruptions** No extensions will be granted. There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission – 20% penalty). This penalty does not apply for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- Understand and apply the current political, legal and regulatory aspects influencing the presentation of financial reports for Australian companies in a specific context.
- Apply a selection of technical requirements to the presentation of financial statements in the Australian context and show as the ability to work in a group environment to develop solutions to complex accounting issues.
- Critically explain, analyse, and apply principles of financial and non-financial reporting to contemporary issues and outline future directions.

## Research Report Part 1

Due: **5 pm October 5, 2018**

Weighting: **30%**

**Submission:** All essays must be submitted via Turnitin. Hard copies will not be accepted.

**Deliverables:** Analysis of corporate liquidity - Your role is to use the annual reports from JB HiFi to investigate the liquidity and insolvency risk of JB HiFi from an accounting perspective. In 2017, JB HiFi was worrying investors because their take over of the Good Guys retail business was not going as well as forecast. Similarly, it suffered a drop in share price in February 2018, when it disclosed slower sales than expected at the Good Guys. (See <https://www.insideretail.com.au/news/jb-hi-figets-holiday-boost-nz-venture-rebounds-201802>).

In this maximum 2000-word essay, you must use the IDEALS framework to critically analyse the performance of JB HiFi and whether or not it is in danger of becoming insolvent. Essential elements of the essay are:

1. In defining the context you must calculate all the liquidity ratios covered in class, and the Altman's Z-score for JB HiFi and its major competitor Harvey Norman Holdings for at least the past three years.
2. From the context of the liquidity ratios, identify and provide reasons for selecting three core financial performance issues that JB HiFi should address to improve their financial performance and lower the risk of insolvency.

3. Further discuss the strengths and weaknesses of the three key performance issues compared to its major competitor Harvey Norman Holdings by referring to data from the financial report, operating and financial reviews and comparisons with retail industry benchmarks.
4. To conclude the essay, identify what the most important financial performance issue JB HiFi needs to address to prevent potential insolvency.
5. In your closing self-reflection, outline some critical concerns about the role played by financial and non-financial information found in corporate annual reports.

A reference list is required and does not form part of the word count. If you disclose information without having it properly referenced you will be subject to the academic honesty and plagiarism policy. In line with the University policy and all such cases will be referred to the Faculty Discipline Committee. It is required that you use EndNote for referencing and the APA 6th Style for your reference list.

Task overview: The purpose of the research report is to allow you to display:

- Discipline knowledge and skills;
- Critical, analytical and integrative thinking; and
- Effective communication. This is a formative assessment designed to prepare you for Research Report Part 2.

**Provisions for Disruptions** No extensions will be granted. There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission – 20% penalty). This penalty does not apply for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- Understand and apply the concepts of insolvency and liquidation from an Australian perspective.
- Use quantitative accounting information in the financial reports to make critical judgements and aid in decision making.

## Research Report Part 2

Due: **5 pm November 9, 2018**

Weighting: **30%**

**Submission:** All essays must be submitted via Turnitin. Hard copies will not be accepted.

**Deliverables:** Identify the most "material" capitals to include in an Integrated Report for JB HiFi. Arguably, financial reporting does not disclose all the required information required by investors and other stakeholders. In Australia, the need to supplement financial information from listed

companies is recognised in the Financial and Operating Review and in disclosures to comply with the ASX Corporate Governance Principles and Recommendations. However, there are further calls for additional reporting based on the International Integrated Reporting Framework (IIRF) which seeks to become the corporate reporting norm. At the core of the IIRF is the business model based on the six capitals (financial, manufactured, intellectual, human, social and relational, and natural capital).

In this maximum 2000-word essay, you must use the IDEALS framework to critically analyse which of the capitals is most "material" for JB HiFi. Essential elements of the essay are:

1. In defining the context you must identify key measures for all six capitals as both inputs and outputs of JB HiFi's business model based on the IIRC's business model framework. All data must come primarily from the Operating and Financial Review and Corporate Governance Statement in the JB HiFi annual reports for the past three years.
2. From the six capitals identify and provide reasons for selecting three core capitals are the most "material" to JB HiFi's business model.
3. Discuss the impact the three selected capitals as it is transformed from an input to an output. You must show how the capital increases or decreases, whether the increase or decrease is beneficial or detrimental to value creation.
4. To conclude the essay, identify which of the three selected capitals is the most important for JB HiFi to create value. 5. In your closing reflection, outline whether or not integrated reporting has for improving financial reporting.

A reference list is required and does not form part of the word count. If you disclose information without having it properly referenced you will subject to the academic honesty and plagiarism policy. In line with the University policy and all such cases will be referred to the Faculty Discipline Committee. It is required that you use EndNote for referencing and the APA 6th Style for your reference list.

Task overview: The purpose of the research report is to allow you to display:

- Discipline knowledge and skills;
- Critical, analytical and integrative thinking; and
- Effective communication.

This is a summative assessment.

**Provisions for Disruptions:** No extensions will be granted. There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission – 20% penalty). This penalty does not apply for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- Use quantitative accounting information in the financial reports to make critical judgements and aid in decision making.
- Critically explain, analyse, and apply principles of financial and non-financial reporting to contemporary issues and outline future directions.

## Delivery and Resources

All required material for classes will be uploaded on iLearn. Students are responsible for researching additional resources required for assessments and homework. Please note that this semester **all homework is compulsory** and must be uploaded to Turnitin on the assigned weeks as detailed on the weekly homework details on iLearn. **Students not completing all homework tasks will be given an Incomplete Fail grade.**

The recommended Supporting Textbook is Leo et al. (2015), Company Accounting (10th Edition), Wiley, Milton, QLD.

Student workload: The following summarises the amount of time in hours needed for learning tasks.

13 x 3 Classes	39
Readings and weekly homework	45
Report Part 1	26
Report Part 2	26
Group presentation & report	14
Total	150

## Unit Schedule

Week 1	Introduction to Course and Critical Thinking Review Review of Accounting Regulation in Australia and current issues	Handouts
Week 2	The Conceptual Framework in Australia - Current status and future issues	
Week 3	Research, Referencing and Report Writing	
Week 4	Presentation of Financial Reports and Consolidated Cash Flows - Reading and analysing	
Week 5	Insolvency and liquidation - Part 1	
Week 6	Insolvency and liquidation - Part 2	
Week 7	In-class Test /Application of Fair Value Accounting	



Week 8	Developing research and presentation skills/ Test feedback	
Week 9	Application of Fair Value Accounting Presentation Australian Corporate Governance Guidelines	
Week 10	Australian Corporate Governance Guidelines Presentation Integrated Reporting	
Week 11	Integrated Reporting Presentation Integrated Thinking and Materiality	
Week 12	Integrated Thinking and Materiality Presentation Social and Environmental Reporting	
Week 13	Social and Environmental Reporting Presentation Essay Outline Feedback	

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#) (**Note:** *The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.*)

Undergraduate students seeking more policy resources can visit the [Student Policy Gateway \(https://students.mq.edu.au/support/study/student-policy-gateway\)](https://students.mq.edu.au/support/study/student-policy-gateway). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central \(https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central).

## Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/study/getting-started/student-conduct>

## Results

Results shown in *iLearn*, or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit [ask.mq.edu.au](http://ask.mq.edu.au).

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

## Learning Skills

Learning Skills ([mq.edu.au/learningskills](http://mq.edu.au/learningskills)) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

## Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

## Student Enquiries

For all student enquiries, visit Student Connect at [ask.mq.edu.au](http://ask.mq.edu.au)

## IT Help

For help with University computer systems and technology, visit [http://www.mq.edu.au/about\\_us/offices\\_and\\_units/information\\_technology/help/](http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/).

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources Policy](#). The policy applies to all who connect to the MQ network including students.

## Graduate Capabilities

### PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:

## **Learning outcomes**

- Understand and apply the current political, legal and regulatory aspects influencing the presentation of financial reports for Australian companies in a specific context.
- Apply a selection of technical requirements to the presentation of financial statements in the Australian context and show as the ability to work in a group environment to develop solutions to complex accounting issues.
- Understand and apply the concepts of insolvency and liquidation from an Australian perspective.

## **Assessment tasks**

- In-class Test
- Class presentation
- Research Report Part 1
- Research Report Part 2

## **PG - Critical, Analytical and Integrative Thinking**

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

## **Learning outcomes**

- Understand and apply the current political, legal and regulatory aspects influencing the presentation of financial reports for Australian companies in a specific context.
- Understand and apply the concepts of insolvency and liquidation from an Australian perspective.
- Use quantitative accounting information in the financial reports to make critical judgements and aid in decision making.
- Critically explain, analyse, and apply principles of financial and non-financial reporting to contemporary issues and outline future directions.

## **Assessment tasks**

- In-class Test
- Class presentation
- Research Report Part 1

- Research Report Part 2

## PG - Effective Communication

Our postgraduates will be able to communicate effectively and convey their views to different social, cultural, and professional audiences. They will be able to use a variety of technologically supported media to communicate with empathy using a range of written, spoken or visual formats.

This graduate capability is supported by:

### Learning outcomes

- Understand and apply the concepts of insolvency and liquidation from an Australian perspective.
- Use quantitative accounting information in the financial reports to make critical judgements and aid in decision making.
- Critically explain, analyse, and apply principles of financial and non-financial reporting to contemporary issues and outline future directions.

### Assessment tasks

- In-class Test
- Class presentation
- Research Report Part 1
- Research Report Part 2

## Changes from Previous Offering

This semester more emphasis is placed on ensuring students are up to date with homework and how to apply it to a real-world setting. As such all homework will now be on an individual basis and is compulsory and therefore each homework assignment must be completed to pass the course. This semester we continue the theme of analysing the Australian retail industry by researching JB HiFi and their financial and non-financial performance through their reporting practices. More emphasis is placed on engaging with the JB HiFi reports in class to support the analysis required for the research report assessments.