



# ACCG872

## Advanced Financial Reporting

S1 Evening 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  
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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 8-13
<a href="#">Research Report Part 1</a>	30%	No	9 am May 3, 2018
<a href="#">Research Report Part 2</a>	30%	No	9 am May 31, 2018

### In-class Test

Due: **Week 7**

Weighting: **20%**

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

**Extensions** There are no extensions for this assessment.

**Penalties** 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 8-13**

Weighting: **20%**

Students will choose one of the following topics as the basis of an in-class Powerpoint Presentation and a 1000-word report on the current status of the topic from a reporting perspective. Students should define the topic, outline the regulatory requirements from a reporting perspective, give an update on how companies are applying the topic, and outline challenges for the future.

Week 8 - Fair Value Accounting

Week 9 - Australian Corporate Governance Guidelines

Week 10 - Integrated Reporting Part 1

Week 11 - Integrated Reporting Part 2

Week 12 - Social and Environmental Reporting

Week 13 - EU Directive on Non-Financial Reporting

Students will be allowed to work in groups. 50% of the mark is a shared group mark and 50% will be attributed to individual students.

### **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: **9 am May 3, 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 Harvey Norman Holdings to investigate the liquidity and insolvency risk of Harvey Norman Holdings from an accounting perspective. In 2017, Harvey Norman Holdings made headlines because it was accused of not correctly accounting for its franchisees, while at the same time declaring record profits, yet providing reduced dividends. While the Australian Securities and Investment Commission (ASIC) has cleared Harvey Norman Holdings of an accounting standards breach, its share price has been up and down as investors struggle to understand what is happening.

In this maximum 2000-word essay, you must use the IDEALS framework to critically analyse whether or not Harvey Norman Holdings 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 Harvey Norman Holding 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 Harvey Norman Holdings 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 JB HiFi.
4. To conclude the essay, identify what the most important issue Harvey Norman Holdings needs to address to prevent potential insolvency.
5. In your closing reflection outline some critical concerns about the role played by investors, accountants and financial reporting standards.

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 recommended that you use EndNote for referencing and the APA 6<sup>th</sup>

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: **9 am May 31, 2018**

Weighting: **30%**

Submission:

All essays must be submitted via TurnItIn. Hard copies will not be accepted.

Deliverables:

Identifying key capitals for an Integrated Report for Harvey Norman Holdings. 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 important for Harvey Norman Holdings. 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 Harvey Norman Holdings' business model based on the IIRC's business model framework.
2. From the six capitals identify and provide reasons for selecting three core capitals that are most important for Harvey Norman Holdings' business model.
3. Further discuss the impact of each capital as it is transformed from an input to an output. For example, does the capital increase or decrease and is this beneficial or detrimental to value creation.
4. To conclude the essay, identify which is the most important of the six capitals that Harvey Norman Holdings needs to manage to create value.
5. In your closing reflection outline some critical concerns about the potential role 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 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 recommended that you use EndNote for referencing and the APA 6<sup>th</sup> 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:

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

## **Delivery and Resources**

Recommended Supporting Textbook: Leo et al. (2015), Company Accounting (10th Edition), Wiley, Milton, QLD.

## **Unit Schedule**



Week 1	Introduction to Course and Critical Thinking Review	Handouts
1/03/2018	Review of Accounting Regulation in Australia and current issues	
Week 2	The Conceptual Framework in Australia - Current status and future issues	Handouts
8/03/2018		
Week 3	Library Research and Referencing	Handouts
15/03/2018	Essay Writing	
Week 4	Presentation of Financial Reports and Consolidated Cash Flows - Reading and analysing	Handouts
22/03/2018		
Week 5	Insolvency and Liquidation - Part 1	Handouts
29/03/2018		
Week 6	Insolvency and Liquidation - Part 2	Handouts
5/04/2018		
Week 7	In-class Test /Application of Fair Value Accounting	Handouts
12/04/2018		
Week 8	Application of Fair Value Accounting Presentation / Australian Corporate Governance Guidelines	Handouts
3/05/2018		
Week 9	Australian Corporate Governance Guidelines Presentation / Integrated Reporting Part 1	Handouts
10/05/2018		
Week 10	Integrated Reporting Part 1 Presentation / Integrated Reporting Part 2	Handouts
17/05/2018		
Week 11	Integrated Reporting Part 2 Presentation / Social and Environmental Reporting	Handouts
24/05/2018		
Week 12	Social and Environmental Reporting Presentation / EU Directive on Non-Financial Reporting	Handouts
31/05/2018		
Week 13	EU Directive on Non-Financial Reporting Presentation/ Essay Part 2 feedback	Handouts
7/06/2018		

## 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

The course has been redesigned to have more focus on the understanding and application of contemporary issues in financial and non-financial reporting from an Australian perspective, with some emphasis on reporting issues from an international perspective that is influencing or may potentially influence Australian companies, specifically dealing with non-financial reporting and disclosures. Students will also be using actual company reports to analyse quantitative accounting information in the reports to make judgments and aid in decision making. An additional research assessment has been designed to give students experience in engaging with contemporary financial and non-financial reporting issues they are likely to confront when they enter the workforce. The additional research essay replaces a formal examination.