



**MONASH** University  
Business and Economics

**ACF3491**  
**Advanced financial accounting theory and practice**

**Unit Guide**

**Semester 1, 2014**

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# **ACF3491 Advanced financial accounting theory and practice - Semester 1, 2014**

The unit is a blend of advanced and controversial practical accounting issues and underlying theories that support prescribed accounting treatments of these issues. Attention is concentrated on the interaction between the accounting profession and relevant segments of the society, including industry, capital markets, government and other user groups.

## **Mode of Delivery**

Caulfield (Day)

## **Workload requirements**

3 hours per week

## **Additional workload requirements**

It is expected that you will spend, on average, nine hours in self-directed study each week, in addition to the three hours of class contact. Self-directed study for a particular unit may exceed nine hours during weeks preceding an in-semester test, submission of a major assignment or final examination.

## **Unit Relationships**

### **Prerequisites**

[AFF2491](#) or [ACF2491](#)

### **Prohibitions**

[AFC3120](#), [ACC3120](#), [AFG3040](#), [ACG3040](#), [AFG3050](#), [ACG3050](#), [AFW3040](#), [ACW3040](#), [AFW3050](#), [ACW3050](#), [AFF3491](#)

### **Chief Examiner(s)**

[Ms Lorena Mitrione](#)

### **Campus Lecturer(s)**

### **Caulfield**

**Ms Lorena Mitrione**

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## **Tutor(s)**

### **Caulfield**

#### **Mr Kia Lim**

Campus: Caulfield

Email: [Kia.Lim@monash.edu](mailto:Kia.Lim@monash.edu)

#### **Ms Christina Wong-Lim**

Campus: Caulfield

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## **Your feedback to Us**

Monash is committed to excellence in education and regularly seeks feedback from students, employers and staff. One of the key formal ways students have to provide feedback is through the Student Evaluation of Teaching and Units (SETU) survey. The University's student evaluation policy requires that every unit is evaluated each year. Students are strongly encouraged to complete the surveys. The feedback is anonymous and provides the Faculty with evidence of aspects that students are satisfied and areas for improvement.

For more information on Monash's educational strategy, see:

[www.monash.edu.au/about/monash-directions/](http://www.monash.edu.au/about/monash-directions/) and on student evaluations, see:  
[www.policy.monash.edu/policy-bank/academic/education/quality/student-evaluation-policy.html](http://www.policy.monash.edu/policy-bank/academic/education/quality/student-evaluation-policy.html)

## **Previous Student Evaluations of this Unit**

If you wish to view how previous students rated this unit, please go to  
<https://emuapps.monash.edu.au/unitevaluations/index.jsp>

# Academic Overview

## Learning Outcomes

The learning goals associated with this unit are to:

1. critically assess standard setting procedures and the theories of regulation
2. apply theories to explain accounting policy choices and the relevance of accounting numbers to capital markets
3. apply the definition and recognition criteria for elements of financial reports and issues associated with their application
4. examine contemporary financial accounting issues including financial instruments and intangibles
5. apply critical thinking, problem solving and presentation skills to individual and/or group activities dealing with advanced reporting issues and demonstrate in an individual summative assessment task the acquisition of a comprehensive understanding of the topics covered by ACF3491.

## Unit Schedule

Week	Activities	Assessment
0		No formal assessment or activities are undertaken in week 0
1	Regulatory Framework/Theories of Regulation (Text: Rankin: Chs 2, 3 & Lion (2012) article)	Tutorials WILL be held in Week 1. Chalmers et al (2008) (available from the library reading list)
2	Accounting Theories and Research (Text: Rankin: Chs 1, 5)	Rankin Ch 2 Review questions 4,5,8,9,11 Application questions 2.4, 2.6 Rankin Ch 3 Review questions 3,9,11 Application questions 3.5 Past exam question 2.1 Past exam questions 2.2 and 2.3 to be completed in tutorial.
3	Measurement (Text: Rankin: Chs 4, 10)	Rankin Ch 1 Review questions 1,4,7,10 Rankin Ch 5 Review questions 1,3,4,5,8,15 Application questions 5.3 Case study 5.1 Past exam question 3.1 Case study 5.2 to be completed in tutorial.
4	Measurement and recognition issues: Revenue (Text: Deegan Ch 15 & Mayorga and Sidhu (2012) article)	Rankin Ch 4 Review questions 4,6,7,8 Application questions 4.5, 4.6 Rankin Ch 10. Review questions 4,5,6,7,9,13 Application questions 10.1, 10.5, 10.8 Past exam questions 4.1 and 4.2 to be completed in tutorial.
5	Measurement and recognition issues: Expenditure on exploration of mineral resources (Text: Deegan Ch 20 & Taylor et al (2011) article)	Deegan Ch 15 Review questions 5,11,13,15 ,16,17,18,24 Complete in tutorial question 5.1: CF and revenue
6	Measurement and recognition issues: Leases (Text: Deegan Ch.11) N.B. There is a scheduled Class test on Friday April 11 commencing at 6 p.m. in K309. The lecture will still be held at its scheduled time, however, no tutorials are held in this week.	
7	No lecture held this week as it is GOOD FRIDAY. Tutorials are still held at their scheduled time. For those students who are allocated to a Friday tutorial, please attend another tutorial (Tuesday or Wednesday) for this week only. See Allocate + for room details.	Deegan Ch. 20 Review questions 1,3,11,12, 13(a) Challenging question 15 Past exam question 7.1 to be completed in tutorial
8	Measurement and recognition issues: Accounting for financial instruments/Changes in exchange rates (Text: Deegan Chs 33 & 14)	Deegan Ch. 11 Review questions 3,7,8,9(a),(b),(d), 13 Challenging questions 18,23 Past exam question 8.1 to be completed in tutorial
9	Financial instruments: Derivatives (Text: Deegan Ch 14 & Birt et al (2013) article)	Deegan Ch.33 Review question 1,3,10,11 Deegan Ch.14 Review question 1,7,8,10 Challenging questions 38,42 Past exam question 9.1 and 9.2 to be completed in tutorial
10		

## Unit Schedule

	Sustainability and environmental accounting (Text: Rankin Ch. 11 & Deegan and Islam (2012) article)	Deegan Ch, 14 Review questions 2,3,20,31,33 Deegan Ch 33 Review question 15, 16 Past exam question 10.1 to be completed in tutorial
11	Measurement and recognition issues: Intangibles and Employee benefits (Text: Deegan Chs. 8,12; Rankin Ch.14 & Chalmers et al (2008) article)	Rankin Ch 11 Review question 1,5,6,8,12 Application question 11.1 Case study question 11.2 Past exam question 11.1 to be completed in tutorial
12	Earnings management (Text: Rankin Ch. 9)	Rankin Ch 14 Review questions 2,9,10 Deegan Ch.8 Review questions 11,13, 15,16 Deegan Ch.12 Review question 2,10,15,16 Past exam questions 12.1, 12.2 and 12.3 to be completed in tutorial. Rankin Ch. 9 Review questions 1,2, 7
	SWOT VAC	No formal assessment is undertaken SWOT VAC
	Examination period	LINK to Assessment Policy: <a href="http://policy.monash.edu.au/policy-bank/academic/education/assessment/assessment-in-coursework-policy.html">http://policy.monash.edu.au/policy-bank/academic/education/assessment/assessment-in-coursework-policy.html</a>

## Teaching Approach

### • Lecture and tutorials or problem classes

This teaching and learning approach provides facilitated learning, practical exploration and peer learning.

This unit will be taught as a one and a half-hour lecture and a one and a half-hour tutorial each week for 12 weeks. You are expected to attend all lectures and tutorials.

The lectures will not cover every aspect of each topic listed in the Unit Schedule as you are expected to acquire a comprehensive understanding by undertaking the prescribed and recommended reading and by completing the week-by-week tutorial activities and other in-semester assessment tasks.

The tutorials provide an opportunity for you and your peers to discuss the current topic(s) and to compare your completed assessment tasks with other students' work and/or model answers. While tutorials provide an opportunity for you to demonstrate the application of your knowledge and skills there is also an opportunity for you to ask the tutor to clarify your understanding of the topics and associated concepts covered to date.

In general you are expected to spend two to three hours of self-directed study for each hour in class. Some of this time should be devoted to discussions with other students. The benefit of such discussions will be enhanced if you have completed relevant prescribed and recommended reading and/or started or completed the current assessment task(s). The prescribed and recommended readings are listed in this guide and on the unit's Moodle site. The Moodle site provides access to relevant material including past examination papers and model answers. These resources will enable you to develop a mastery of the topics covered by the unit.

To ensure a high probability of successfully completing this unit, you need to manage your time and studies in a systematic way. At a minimum this should involve:

## Unit Schedule

- ◆ reading prescribed and selected recommended material prior to attending lectures;
- ◆ completing week-by-week tutorial activities tasks prior to attending tutorials;
- ◆ attempting relevant questions from past final examination papers (some of which are provided to you in this unit guide, and others will be provided to you in tutorials);
- ◆ discussions with past and present students; and
- ◆ revision of the semester's work during the SWOT-Vac and prior to the final examination.

## Assessment Summary

Within semester assessment: 40%

Examination: 60%

Assessment Task	Value	Due Date
Research Report	15%	Monday March 31 by 5 p.m. (Week 5)
Class test	25%	Friday April 11 at 6 p.m. in K3.09 (Week 6)
Examination 1	60%	To be advised

## Hurdle Requirements

There is a hurdle requirement for this unit.

The learning outcomes of this unit require you to demonstrate a comprehensive understanding of the topics covered in the unit. Hence the hurdle requirement for this unit requires that you must attain a mark of at least 50% in the final examination. If you fail the unit solely because of failure to satisfy the hurdle requirement, a mark of 48 will be determined by the faculty's Board of Examiners on the recommendation of the unit's Chief Examiner.

The outcome from application of the hurdle requirement is often misunderstood by students who are awarded 48N. For example, some students mistakenly believe that 48N means they failed the final examination by two marks and that a second re-mark of their examination paper might find two extra marks. Whereas 48N does not provide any indication of the mark attained in the final examination other than a mark less than 50% was awarded.

The following example should make the application of the hurdle requirement clear. In this unit 40% of the assessment regime is allocated to in-semester assessment and 60% to the final 3-hour examination. A student enrolled in this unit might achieve 30 out of 40 for their in-semester assessment and 25 out of 60 for the final examination. While the overall total of these marks is 55P the final examination mark is five marks below the required 50%. Consequently a mark of 48N will be determined by the faculty's Board of Examiners on the recommendation of the unit's Chief Examiner.

## Second marking

Where an assessment task is given a fail grade by an examiner, that piece of work will be marked again by a second examiner who will independently evaluate the work, and consult with the first marker. No student will be awarded a fail grade for an assessment task or unit without a second examiner confirming the result.

Note: Exceptions to this are individual pieces of assessment contributing 10% or less of the final mark, unless the total of such pieces exceeds 30% of the final mark.



## **Return of final marks**

Faculty policy states that 'the final mark that a student receives for a unit will be determined by the Board of Examiners on the recommendation of the Chief Examiner taking into account all aspects of assessment'.

The final mark for this unit will be released by the Board of Examiners on the date nominated in the Faculty Calendar. Student results will be accessible through the my.monash portal.

## **Assessment criteria**

Assessment Criteria Grading Descriptors available at:  
<http://www.buseco.monash.edu.au/esg/agu/policies/assessment.html>.

# Assessment Requirements

## Assessment Tasks

### • Assessment task 1

**Title:**

Research Report

**Due date:**

Monday March 31 by 5 p.m. (Week 5)

**Details of task:**

This is an individual assignment requiring research into a specific topic and a written research report. The assignment task is available on Moodle.

**Word limit:**

Word limit: 1,500 (excluding references and abstract/executive summary)

**Weighting/Value:**

15%

**Presentation requirements:**

**Referencing requirements:**

Work submitted for assessment must be consistent with the guidelines set down in the [Q Manual](#), which is the faculty's student guide for producing quality work on time.

Marks may be deducted where in-text citations and/or the reference list is not consistent with the American Psychological Association (APA) style, which is illustrated in the [Q Manual](#).

**Plagiarism:**

In order to ensure the academic integrity of your submission and to deter others from copying your work, your submission may be processed by a plagiarism checker such as Turnitin.

The University's [plagiarism policy](#) is available online.

**Estimated return date:**

Marked assignments will be returned to you during tutorials in week 8. You should retain the marked copy of your submission until the final results for the unit are released.

**Learning objectives assessed:**

This assessment task is designed to test your achievement of learning objectives 1, 2 and 5.

**Submission details:**

Assignments are to be submitted in hard copy and should be submitted via the department assignment box on level 3 H Building. Work submitted for assessment must be accompanied by a completed and signed assignment cover sheet.

You are encouraged to keep an electronic copy for your records only.

**Penalties for late lodgement:**

A penalty of 10% of the total mark allocated to this assessment task will be deducted for each day, or part thereof, if it is late.

**Assessment coversheet:**

Work submitted for assessment must be accompanied by a completed and signed [assignment coversheet](#).

**Additional information:**

A marking rubric is available on Moodle under Assessments and Examinations.

## • Assessment task 2

**Title:**

Class test

**Due date:**

Friday April 11 at 6 p.m. in K3.09 (Week 6)

**Details of task:**

The test will consist of short answer theory, and practical questions. The test will be closed book and an approved calculator is permitted.

**Materials examinable:** All topics from week 1 lectures to week 4 lectures and tutorials from week 1 to week 5 are examinable in this test.

**Weighting/Value:**

25%

**Estimated return date:**

Marks will be made available to students during tutorials in week 9. Students are required to retain a copy of the test until after results are finalised.

**Learning objectives assessed:**

This assessment task is designed to verify your achievement of learning objectives 1 to 4.

## Examination(s)

### • Examination 1

**Weighting:**

60%

**Length:**

3 hours

**Type (open/closed book):**

Closed book

**Hurdle requirements:**

There is a hurdle requirement for this unit.

**Electronic devices allowed in the exam:**

Approved calculator.

## Learning resources

Monash Library Unit Reading List (if applicable to the unit)

<http://readinglists.lib.monash.edu/index.html>

## Feedback to you

Types of feedback you can expect to receive in this unit are:

- Graded assignments with comments
- Test results and feedback
- Solutions to tutes, labs and assignments

## Extensions and penalties

### Extensions of time relating to the individual assignment:

Applications for an extension of time allocated to an in-semester assessment task must be made by completing the [application form](#).

The application form must be submitted to the Chief Examiner for consideration no later than two university working days after the due date.

### Penalty for late lodgement of individual assignment

A penalty of 10% of the total mark allocated to the individual assignment assessment task will be deducted for each day, or part thereof, if it is late.

### Special consideration for an In-semester test

If an application for special consideration is received within two full days after a class test weighted at more than 10 per cent of the final mark; and the application is approved by the Chief Examiner, then you will be offered a make-up test, which you will be required to take prior to the examination period.

## Returning assignments

Marked assignments will be returned to you during tutorials in week 8. You should retain the marked copy of your submission until the final results for the unit are released.

## Referencing requirements

Work submitted for assessment must be consistent with the guidelines set down in the *Q Manual*, which is the faculty's student guide for producing quality work on time.

Marks may be deducted where in-text citations and/or the reference list is not consistent with the American Psychological Association (APA) style, which is illustrated in the *Q Manual*.

## Assignment submission

### Hard copy submission

Assignments should be submitted via the department assignment box at level 3 H building.

Work submitted for assessment must be accompanied by a completed and signed [assignment coversheet](#).

### Online submission

If Electronic Submission has been approved for your unit, please submit your work via the learning system for this unit, which you can access via links in the my.monash portal.

## Prescribed text(s) and readings

### Prescribed texts available from The Campus Bookstore at Caulfield

Deegan, C. (2012). *Australian financial accounting* (7th ed.). North Ryde, NSW: McGraw Hill.

Rankin, M., Stanton P., McGowan, S., Ferlauto K., & Tilling, M. (2012). *Contemporary issues in accounting*. Milton, Qld: John Wiley and Sons.

### Prescribed journal articles

The following six articles are part of unit material and as such are examinable. The articles will be referenced in various lectures and tutorials and are prescribed material for the lectures as listed:

#### Tutorial Week 1

Chalmers, K., Clinch, G., & Godfrey, J. M. (2008). Adoption of International Financial Reporting Standards: Impact on value relevance of intangible assets. *Australian Accounting Review*, 18(3), 237–248. (NB this article will be referred to again in week 11).

#### Lecture 1: Accounting theories and research

Lyon, J. (2012). How the IASB interacts with domestic standard setters – A network of standard setters. *Australian Accounting Review*, 22(3), 244–245.

#### Lecture 4: Measurement and recognition issues: Revenue

Mayorga, D. M., & Sidhu, B. K. (2012) Corporate disclosures of the major sources of estimation uncertainties. *Australian Accounting Review*, 22(1), 25–39.

#### Lecture 5: Measurement and recognition issues: Expenditure on exploration for and evaluation of mineral resources

Taylor, G., Richardson, G., Tower, G. and Hancock, P. (2011). The determinants of reserve disclosures in the extractive industries: Evidence from Australian firms. *Accounting and Finance*, 52(2012 Supplement), 373–402.

#### Lecture 9: Accounting for financial instruments

Birt, J., Rankin, M., & Song, C.L. (2013). Derivatives use and financial instrument disclosure in the extractive industries. *Accounting and Finance*, 53, 55–83.

#### Lecture 10 Sustainability and environmental accounting

Deegan, C. & Islam, M. A. (2012). Corporate commitment to sustainability – Is it all hot air? An Australian review of the linkage between executive pay and sustainable performance. *Australian Accounting Review*, 22(4), 384–397.

#### Lecture 11: Measurement and recognition issues: Intangibles and employee benefits

Chalmers, K., Clinch, G., & Godfrey, J. M. (2008). Adoption of International Financial Reporting Standards: Impact on value relevance of intangible assets. *Australian Accounting Review*, 18(3), 237–248. (NB this is the same article for tutorial 1).

The six prescribed articles are available from the [Monash Library Reading List for ACF3491](#)

To obtain a copy of an article click on the DOI and then click Get PDF.

## Recommended text(s) and readings

### Recommended texts and readings

**A short list of useful texts is provided below; for the comprehensive listing, the full library list must be accessed. It includes references to texts and to electronically accessed articles. Go to [Monash Library Reading List for ACF3491](#)**

Deegan, C. (2009). *Financial accounting theory* (3rd ed.). McGraw-Hill Australia Pty Limited.

Godfrey, J., Hodgson, A., Tarca, A., Hamilton, J., & Holmes, S. (2010). *Accounting theory* (7th ed.). Milton Qld: John Wiley & Sons Australia Ltd.

Henderson, S., Peirson, G., & Herbohn, K. (2011). *Issues in financial accounting* (14th ed.). Pearson Education Australia.

Hunt, B., & Terry, C. (2011). *Financial institutions and markets*. Melbourne: Nelson.

Jones, S., & Riahi-Belkaoui, A., (2010). *Financial accounting theory* (3rd Australian ed.). Southbank: Nelson Thompson Learning.

Picker, R., Leo, K., Loftus, J., Wise, V., Clark, K., & Alfredson, K. (2013). *Applying International Financial Reporting Standards*. John Wiley & Sons Australia Ltd.

N.B. as new editions are published—prior editions are replaced.

## Other Information

### Policies

Monash has educational policies, procedures and guidelines, which are designed to ensure that staff and students are aware of the University's academic standards, and to provide advice on how they might uphold them. You can find Monash's Education Policies at:

[www.policy.monash.edu.au/policy-bank/academic/education/index.html](http://www.policy.monash.edu.au/policy-bank/academic/education/index.html)

Key educational policies include:

- Student Academic Integrity Policy and Student Academic Integrity: Managing Plagiarism and Collusion Procedures ;
- Assessment in Coursework Programs;
- Special Consideration;
- Grading Scale;
- Discipline: Student Policy;
- Academic Calendar and Semesters;
- Orientation and Transition; and
- Academic and Administrative Complaints and Grievances Policy.

### Graduate Attributes Policy

<http://www.policy.monash.edu/policy-bank/academic/education/management/monash-graduate-attributes-policy.html>

### Student Charter

[www.opq.monash.edu.au/ep/student-charter/monash-university-student-charter.html](http://www.opq.monash.edu.au/ep/student-charter/monash-university-student-charter.html)

### Student services

The University provides many different kinds of support services for you. Contact your tutor if you need advice and see the range of services available at <http://www.monash.edu.au/students>

### Monash University Library

The Monash University Library provides a range of services, resources and programs that enable you to save time and be more effective in your learning and research. Go to [www.lib.monash.edu.au](http://www.lib.monash.edu.au) or the library tab in [my.monash](#) portal for more information.

### Moodle 2

All unit and lecture materials, plus other information of importance to students, are available through the virtual learning environment Moodle site. You can access Moodle via the [my.monash portal](#).

#### Where to go for help

If you're stuck, confused or simply not sure how to approach Moodle, there are a number of [Moodle resources](#) that you can tap into.

## **Disability Liaison Unit**

Students who have a disability or medical condition are welcome to contact the Disability Liaison Unit to discuss academic support services. Disability Liaison Officers (DLOs) visit all Victorian campuses on a regular basis.

- Website: <http://www.monash.edu/equity-diversity/disability/index.html>
- Telephone: 03 9905 5704 to book an appointment with a DLO;
- Email: [dlu@monash.edu](mailto:dlu@monash.edu)
- Drop In: Equity and Diversity Centre, Level 1, Building 55, Clayton Campus.