Accounting:
A User Perspective
GBAT9120

Course Overview
Semester 1 2015
Important Notice

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2015
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## Semester 1 2015 course schedule

**w/c Monday**

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<th>Week 1</th>
<th>2 March</th>
<th>Unit 1</th>
<th>Introduction to financial accounting</th>
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<tbody>
<tr>
<td>Week 2</td>
<td>9 March</td>
<td>Unit 2</td>
<td>Balance sheets and income statements</td>
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<td>Week 3</td>
<td>16 March</td>
<td>Unit 3</td>
<td>Transaction analysis and income statements</td>
</tr>
<tr>
<td>Week 4</td>
<td>23 March</td>
<td>Unit 4</td>
<td>Understanding accounting adjustments</td>
</tr>
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<td>Week 5</td>
<td>30 March</td>
<td>Unit 5</td>
<td>Cash flow statements and accounting for assets</td>
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**Mid-term recess: Friday 3 April* – Sunday 12 April**

<table>
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<tr>
<th>Week 6</th>
<th>13 April</th>
<th>Unit 6</th>
<th>Financial statement analysis</th>
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<tr>
<td>Week 7</td>
<td>20 April</td>
<td>Unit 7</td>
<td>Internal control and accounting policy choices</td>
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<tr>
<td>Week 8</td>
<td>27 April</td>
<td>Unit 8</td>
<td>Product profitability</td>
</tr>
<tr>
<td>Week 9</td>
<td>4 May</td>
<td>Unit 9</td>
<td>Product and service costing</td>
</tr>
<tr>
<td>Week 10</td>
<td>11 May</td>
<td>Unit 10</td>
<td>Budgeting and the planning process</td>
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<tr>
<td>Week 11</td>
<td>18 May</td>
<td>Unit 11</td>
<td>Capital investment appraisal</td>
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<tr>
<td>Week 12</td>
<td>25 May</td>
<td>Unit 12</td>
<td>Extensions beyond financial reporting</td>
</tr>
<tr>
<td>Week 13</td>
<td>1 June</td>
<td></td>
<td>Independent reflective learning and review</td>
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<tr>
<td>Week 14</td>
<td>8 June**</td>
<td></td>
<td>Examination week</td>
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* 3 April is Good Friday  
** 8 June is the Queen’s Birthday public holiday (except WA)
Course staff

Course Coordinator

Each course has a Course Coordinator who is responsible for the academic leadership and overall academic integrity of the course. The Course Coordinator selects content and sets assessment tasks, and takes responsibility for specific academic and administrative issues related to the course when it is being offered. Course Coordinators oversee Class Facilitators and ensure that the ongoing standard of facilitation in the course is consistent with the quality requirements of the program.

The Course Coordinator is:

Professor Ken Trotman
MCom (Hons), PhD (UNSW), FCA, FCPA, FASSA
email: k.trotman@unsw.edu.au

Ken is Scientia Professor in the School of Accounting in at the UNSW Business School. He is a fellow of the Institute of Chartered Accountants in Australia and a fellow of the Australian Society of CPAs. He has been involved in accounting and management education for more than 30 years, having held visiting appointments at Cornell University, The University of Michigan and the University of Illinois, Champaign-Urbana.

He received the 1998 Accounting Association of Australia and New Zealand ‘Outstanding Contribution to the Accounting Research Literature Award’. He also received the 2001 ‘Outstanding Auditing Educator Award’ from the American Accounting Association and the ‘Notable (Lifetime) Contribution Award in Behavioral Accounting Literature’ in 2009. Ken is a Fellow of the Academy of Social Sciences in Australia. In 2011 he was inducted into the University of Melbourne Accounting Hall of Fame.

Ken has published numerous articles in leading journals in Australia, UK and the USA. He has a wide range of consulting experience in Australia, USA and Asia and has extensive experience in the design and presentation of materials for accountants and non-accountants in both the private and public sector.
Class Facilitator

The role of your Class Facilitator is to support the learning process by encouraging interaction amongst participants, providing direction in understanding the course content, assessing participant progress through the course and providing feedback on work submitted. MBT Class Facilitators comprise academics and industry practitioners with relevant backgrounds.

You will be notified of your Class Facilitator’s name and contact details in your class confirmation email sent by MBT Student Services. Details will also be available in the gallery section of your online class for both face-to-face and distance classes.

Course authors

The Course Coordinator, Professor Ken Trotman, is the lead author of this course.

Professor Elizabeth Carson, MCom (Hons), PhD (UNSW)

Elizabeth is a Professor in the School of Accounting at UNSW. Her PhD investigated global audit firm networks and global industry specialisation by audit firms. Elizabeth’s research interests include economics of global and national audit markets and industry specialisation by auditors. Prior to joining UNSW, she worked with Price Waterhouse in Audit and Business Services and in the superannuation industry. In 2002, she received the Pearson Education Accounting Lecturer of the Year award.

Acknowledgement

Earlier versions of some Units were written by a number of staff from UNSW and coordinated by Professor Trotman. Contributors included Maria Barbera, Gordon Howitt, John Macmullen, Axel Schulz and Monte Wynder.
Course information

Aims

The focus of this course is on the understanding and use of accounting information by users of accounting reports. These users are both internal and external to the organisation.

The study of external financial reports (financial accounting) is covered in Units 1 to 7. It aims to provide a basic understanding of the content of external financial reports, how to interpret these reports and how to analyse the reports to learn more about an organisation.

Management accounting directed towards the effective use of organisational resources is examined in Units 8 to 12. Topics include internal control, product profitability, product and service costing, budgeting, appraisal of investment projects, balanced scorecards and sustainability reporting.

Structure

Unit 1, Introduction to financial accounting, introduces you to the basic concepts of accrual accounting. It also considers the three key financial statements – the balance sheet, profit and loss statement and statement of cash flow – a consideration of the main financial accounting assumptions and the people involved in financial accounting.

Unit 2, Balance sheets and income statements, examines the content of the balance sheet, and the income statement. It introduces the key concepts of revenue and expense recognition.

Unit 3, Transaction analysis and income statements, examines how everyday transactions affect profit and the balance sheet. This is called ‘transaction analysis’. This unit also has a more in-depth look at income statements and some of the complications of revenue recognition.

Unit 4, Understanding accounting adjustments, considers what is required for an event to be considered an accounting transaction, the key adjustments made to financial statements and an introduction to accounting for depreciation and bad debts. Together with the contents of Unit 5, it will put you in a much better position to read and understand a set of financial statements.

Unit 5, Cash flow statements and accounting for assets, examines the interpretation of cash flow statements and considers the accounting for inventory, non-current assets and depreciation, and intangible assets and amortisation.
Unit 6, *Financial statement analysis*, considers the basic techniques for analysing a set of financial statements. It illustrates the key ratios that need to be calculated in order to determine an organisation’s profit performance, activity level, liquidity and financing.

Unit 7, *Internal control and accounting policy choices*, considers the control environment in which financial statements are prepared. The key elements of a good internal control system are considered together, and the importance of these controls and managers’ roles in maintaining internal controls are considered. In addition, the material considers the type of accounting policy choices, the reasons for these choices and the extent and implications of the choices for financial statements.

Unit 8, *Product profitability*, considers ways of improving return on investment, introduces cost concepts and cost behaviour and shows how these can be used to determine break-even points and product/service profitability. It concludes with sections on strategies for improving product profitability and the use of product life cycles to measure product profitability and facilitate the management of resourcing requirements.

Unit 9, *Product and service costing*, considers the need to allocate indirect costs to cost objects and describes various ways of doing so. It is argued that Activity Based Costing (ABC) systems provide more accurate costs because they capture the cause-effect relationship between products, activities and costs.

Unit 10, *Budgeting and the planning process*, considers the nature and importance of planning and then concentrates on the accounting role in planning via budgets. The technical aspects of developing a budget are covered in addition to the behavioural dimensions of budgeting.

Unit 11, *Capital investment appraisal*, illustrates the analysis required to determine the financial consequences of capital investment decisions.

Unit 12, *Extensions beyond financial reporting*, considers key performance measures and the balanced scorecard approach. The unit also introduces sustainability reporting, as many companies are now reporting environmental, social and governance issues. The measurement and reporting of energy is used as an example.
Learning outcomes

When you have completed this course you should be able to:

• identify the users of accounting information and explain the importance of this information to their role
• explain key accounting concepts such as profit, depreciation and accruals
• describe the content of the three key financial statements and explain the impact of business transactions on these statements
• list and explain the contents of annual reports
• interpret balance sheets, income statements and statements of cash flows
• explain when organisations recognise revenues and expenses
• perform financial statement ratio analyses
• identify weaknesses in internal controls
• use cost volume profit analyses as part of the planning process
• calculate the cost of products and services using both traditional costing and activity based costing
• develop and interpret budgets
• calculate the net present value of an investment project
• identify alternatives for measuring performance
• explain the rationale and content of sustainability reports.

Skills you will need

There are no pre-requisites for this course.

Please refer to the AGSM Learning Guide (available in Moodle) for information you will find very useful in pursuing your studies.
Resources

Prescribed textbook

The prescribed textbook for this course is:


Other useful material


Relationship to other courses in the MBT program

The focus of this course is on the understanding and use of accounting information by users of accounting reports.

For a more analytical approach to looking at an organisation’s economic situation, you should take GBAT9122 *Business Economics*. Some accounting issues are also addressed in GBAT9101 *Project Management*, with a particular focus on accounting tasks in projects.

GBAT9123 *Fundamentals of Corporate Finance* provides an overview of the role of finance in business activities. It is particularly well suited to students not wishing to specialise in finance, but for whom an understanding of the basics of financial decision making is essential in developing their managerial skills.

Profit is a key measure of management performance in most organisations. It is important you understand how it is determined and what factors have an impact upon it. If you are someone who lacks knowledge and skills in the financial aspects of management, you are strongly advised to take this course to ensure you have a fundamental understanding of your organisation’s financial information and decision making.

This course is suitable to be undertaken early in your MBT program.
Assessment

There are two assignments and an examination for GBAT9120 Accounting: A User Perspective. Note that assignments must be received by 9.30am Sydney time on the due dates.

<table>
<thead>
<tr>
<th>Participation</th>
<th>Throughout the semester</th>
<th>10%</th>
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<tbody>
<tr>
<td>Assignment 1</td>
<td>Monday 13 April 2015 (Week 6)</td>
<td>20%</td>
</tr>
<tr>
<td>Assignment 2</td>
<td>Monday 11 May 2015 (Week 10)</td>
<td>20%</td>
</tr>
<tr>
<td>Examination*</td>
<td>Friday 12 June 2015 (2pm if sitting on campus)</td>
<td>50%</td>
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</tbody>
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*Examination is 3 hours; open book

Extensions to assignment deadlines will be granted only in exceptional circumstances, and where adequate supporting documentation can be provided. Please note that work commitments do not constitute grounds for an extension. Your Class Facilitator may approve an extension of up to two days, after which requests must be made through the special consideration process. For details about this process, see: https://student.unsw.edu.au/special-consideration

In the case of late lodgement without an approved extension, 10% of the assignment weighting will be deducted for each day late.

Please note the examination date and mark it in your diary. If you will not be available to sit the exam on the specified date then you must choose another course. Supplementary exams will only be permitted in exceptional and unforeseen circumstances, and after submission of the requisite documentation for special consideration, see: https://student.unsw.edu.au/special-consideration
Continual course improvement

MBT courses are revised each time they run, with updated course overviews and assessment tasks. All courses are reviewed and revised every three years and significant course updates are carried out in line with industry developments, and also when new editions of prescribed textbooks are published.

The MBT surveys students via the UNSW CATEI system each time a course is offered. The data collected provides anonymous feedback from students on the quality of course content and materials, class facilitation, student support services and the MBT Program in general. This student feedback is taken into account in all course revisions.

The UNSW Business School also monitors the quality of students’ learning experiences in all its programs. A random selection of completed assessment tasks may be used for quality-assurance purposes. This information will be aggregated and used:

- to determine the extent to which program learning goals are being achieved for accreditation purposes
- to improve the quality of UNSW Business School programs.

All material used will be treated as confidential and these processes will have no bearing on course grades.

Student evaluations from last presentation of course

The feedback on the course continues to be positive. Individual students made a number of suggestions, with online students looking for more opportunity to interact with other students.

Coordinator’s response

The face-to-face class will continue the same successful format. We will introduce more questions online to allow discussion between students. Students volunteer to do one question but can then raise questions about the answers of other students so that they get a broad coverage of questions.