Accounting Information for Managers Learning Guide was funded by Learning and Teaching Action Project, P7112, Successful learning methods for a large first year unit, School of Accounting.

This learning guide was developed by the project team, comprising of Rada Massingham, Dr Philip Ross and Jean McCartney, and supported by Paul Macmullen (consultant).

The project was managed and led by Rada Massingham.
Table of Contents

Introduction to the Learning Guide ........................................................................................................... 3
  Key learning outcomes ............................................................................................................................... 3
  Referencing and avoiding plagiarism ................................................................................................. 4
Activities and resources to support your learning ....................................................................................... 6
  Lectures .................................................................................................................................................. 6
  Tutorials ................................................................................................................................................ 6
  Textbook readings ................................................................................................................................. 7
  My vUWS ............................................................................................................................................... 7
  Study skills support (including literacy and numeracy) ......................................................................... 9
Schedule of learning activities .................................................................................................................. 11
  Week 1 .................................................................................................................................................. 12
  Textbook reading .................................................................................................................................. 13
  Lecture focus ......................................................................................................................................... 14
  Week 1 checklist .................................................................................................................................... 16
  Week 2 .................................................................................................................................................. 17
  Textbook reading .................................................................................................................................. 19
  Lecture focus ......................................................................................................................................... 20
  Week 2 checklist .................................................................................................................................... 22
  Week 3 .................................................................................................................................................. 23
  Lecture focus ......................................................................................................................................... 24
  Week 3 checklist .................................................................................................................................... 26
  Week 4 .................................................................................................................................................. 27
  Lecture focus ......................................................................................................................................... 27
  Week 4 checklist .................................................................................................................................... 30
  Week 5 .................................................................................................................................................. 31
  Lecture focus ......................................................................................................................................... 31
  Week 5 checklist .................................................................................................................................... 34
  Week 6 .................................................................................................................................................. 35
  Lecture focus ......................................................................................................................................... 36
  Week 6 checklist .................................................................................................................................... 39
  Week 7 .................................................................................................................................................. 40
  Lecture focus ......................................................................................................................................... 40
  Week 7 checklist .................................................................................................................................... 42
  Week 8 .................................................................................................................................................. 43
  Lecture focus ......................................................................................................................................... 43
  Week 8 checklist .................................................................................................................................... 47
  Week 10 ............................................................................................................................................... 48
  Week 10 checklist ................................................................................................................................. 49
  Week 11 ............................................................................................................................................... 50
  Lecture focus ......................................................................................................................................... 50
  Week 11 checklist ................................................................................................................................... 53
  Week 12 ............................................................................................................................................... 54
Lecture focus

Week 12 checklist

Week 13

Lecture focus

Week 13 checklist

Week 14

Lecture focus

Week 14 checklist

54

56

57

57

60

61

62
Introduction to the Learning Guide

This Learning Guide supplements the Unit Outline and is designed to help you navigate through the unit. It will help you focus each week on what you need to do to prepare for lectures and tutorials as well as the various assessment tasks throughout the unit.

Each week, you should consult the relevant section of this Learning Guide as you plan your study. The Learning Guide will highlight the main things that you should be getting out of the textbook reading set for the week. It will also provide guidance on what will be covered in the week’s lecture and how to prepare effectively for the week’s lecture and tutorial.

The Learning Guide also offers some study tips throughout the semester, to assist you in developing the skills and techniques of an effective learner at University level. In addition to acquiring information and skills relevant to accounting, a key focus that you should have in this Unit is developing the habits and tools of a successful University student. These are essential in your successful progress, not only through this Unit, but through the degree program that you ultimately pursue.

Related to this aim, each week the Learning Guide will provide a checklist to help you monitor your progress on various study tasks as well as the specific learning outcomes relevant to each week’s study. Completing these checklists at the end of each week will help you to monitor and manage your learning in this Unit, and importantly, identify what you know and what you don’t know with regard to the Unit content. This will help you identify any particular problems or issues that you can then take up with your lecturer or tutor and resolve as early as possible.

It is not good enough to struggle through your study and hope for the best come exam time—as an adult learner you need to take control of your own learning and ensure your own success. This Learning Guide is specifically designed to help you achieve this.

Key learning outcomes

This unit provides exposure to financial and management accounting information from a user of accounting information viewpoint. The unit aims to provide breadth of awareness and knowledge in relevant fields of accounting essential to decision making for managers.

Upon completion of this unit, students should be able to:
1. use accounting reports to make decisions
2. prepare critical reports to motivate decisions
3. demonstrate an understanding of accounting and business terms
4. identify and use components of cost for decision making
5. control and demonstrate the management of costs, and
6. show an awareness of the ethical and regulatory dimensions of accounting.

These key outcomes for the unit are further broken down into more specific learning outcomes related to each Chapter of the textbook. The specific outcomes will form the basis of the lectures and work to be completed in preparation for, and during, tutorials. Through achieving each of the specific outcomes from the textbook (as identified in this Learning Guide) the student will develop the knowledge and skills necessary to achieve the key learning outcomes listed above.
Referencing and avoiding plagiarism

You must use the Harvard referencing style for all work submitted for assessment in this Unit. You can access the Harvard referencing style guide from the following website (click on ‘Harvard’ link):


This guide is quite brief (only 6 pages in length) and it is imperative that you access, read and refer to this in writing your assignments for assessment in this unit. Poor referencing in academic work is unacceptable and also risks leading to ‘plagiarism’ which is a form of academic misconduct (see below).

Academic Misconduct

Academic Misconduct may involve one or more of the following:

- Plagiarism
- Collusion
- Cheating

Plagiarism

Plagiarism involves submitting or presenting work in a unit as if it were the student’s own work done expressly for that particular unit when, in fact, it was not. Most commonly, plagiarism exists when:

a. the work submitted or presented was done, in whole or in part, by an individual other than the one submitting or presenting the work;

b. parts of the work are taken from another source without reference to the original author; or

c. the whole work, such as an essay, is copied from another source such as a website or another student’s essay.

Acts of plagiarism may occur deliberately or inadvertently.

Inadvertent plagiarism occurs through inappropriate application or use of material without reference to the original source or author. In these instances, it should be clear that the student did not have the intention to deceive. The University views inadvertent plagiarism as an opportunity to educate students about the appropriate academic conventions in their field of study.
**Deliberate plagiarism** occurs when a student, using material from another source and presenting it as his or her own, has the intention to deceive. The University views a deliberate act of plagiarism as a serious breach of academic standards of behaviour for which severe penalties will be imposed.

**Collusion**

Collusion includes inciting, assisting, facilitating, concealing or being involved in plagiarism, cheating or other academic misconduct with others.

**Cheating**

Cheating includes, but is not limited to:

- a. dishonest or attempted dishonest conduct during an examination, such as speaking to other candidates or otherwise communicating with them;
- b. bringing into the examination room any textbook, notebook, memorandum, other written material or mechanical or electronic device (including mobile phones), or any other item, not authorised by the examiner;
- c. writing an examination or part of it, or consulting any person or materials outside the confines of the examination room, without permission to do so;
- d. leaving answer papers exposed to view, or persistent attempts to read other students' examination papers; or
- e. cheating in take-home examinations, which includes, but is not limited to:
  - (i) making available notes, papers or answers in connection with the examination (in whatever form) to others without the permission of the relevant lecturer;
  - (ii) receiving answers, notes or papers in connection with the examination (in whatever form) from another student, or another source, without the permission of the relevant lecturer; and
  - (iii) unauthorised collaboration with another person or student in the formulation of an assessable component of work.

For the full definition of academic misconduct and the consequences of such behaviour, students are advised to read the ‘Misconduct—Student Academic Misconduct’ policy in its entirety, available at:

Activities and resources to support your learning

In this Unit you will be engaged in a range of activities to support your learning. Also, in addition to your textbook and this Learning Guide, a range of other resources are available to assist you in this unit and your University study more generally. The key activities and resources for this unit are outlined below.

Lectures
Lectures are a key element of your learning environment in this unit. Each lecture will examine a specific topic and be based on your prior reading of a specific chapter (or chapters) from the textbook. But it is not simply a regurgitation of your textbook content. The lectures will focus on critical issues and real world practical application of the content covered in the textbook, so it is essential that you have completed the required pre reading prior to attending each lecture. If for some reason you are unable to complete required reading in a specific week, you should still attend the lecture and try to catch up on your reading as soon as possible afterwards. In some cases, there may be information presented in the lecture in addition to that covered in the textbook. Any such information is examinable, so it definitely pays to attend all lectures.

Each lecture will set the context for tutorial work in the following week and will also highlight the key concepts and skills that will form the basis upon which you will be assessed in examinations. Applying these to the prescribed homework tasks is the very best examination preparation. You should come to each lecture prepared to take notes and particularly identify any problems that you are having with the unit so that you can raise these issues in tutorials.

Tutorials
Tutorials provide the opportunity for learning in a small class context. If you have recently completed your high school studies, you will find that this element of the learning environment is most similar to your prior experiences. Tutorials will drill down through the Unit content to focus on application of your knowledge and building your ability to achieve the learning outcomes for this Unit. There will be plenty of small group work and discussion to help you engage with the content area and thrash out ideas with your fellow students. Tutorials also will provide you with a continuous source of feedback on how you are progressing throughout the semester. The feedback is of your making, though. You should mark your homework using the solutions provided on the Unit website prior to attendance at the relevant tutorial. Check key figures and, where you do not have the correct answer, reflect on why the solution may be different from yours. The greatest learning happens when you can clearly understand your thought processes and where they need to change or develop. Then it is up to you to incorporate what you learn through the process of trial and error into your future work.

You will be expected to have completed specific reading and exercises from the textbook prior to attending each tutorial class (where you will be required to submit completed homework for the week). If you have not prepared adequately, you will not get full benefit from this learning opportunity. Again, tutorials are not intended to provide you with the content presented in the textbook, but rather to build on this knowledge to achieve practical application of concepts and skills developed in this Unit. Tutorials should be interactive, dynamic and fun! But it is ultimately up to you as a student to make your tutorials valuable by coming prepared to contribute.
Along with your lectures, tutorials are designed help you develop the knowledge and skills that will form the basis upon which you will be assessed in examinations. But perhaps the most valuable aspect of tutorials is that you are free to make mistakes—so be prepared to take risks. You may be familiar with the adage; “He (or she!) who makes no mistakes makes nothing”. It is only by having a go and making errors that we are able to learn from our mistakes and build our knowledge. You will not lose marks for making an error in your tutorials, and you will have the chance to correct your mistake and avoid making a similar error in the future. If you wait until you are in the examination room before you test your understanding you are playing a high stakes game!

As tutorials are intended to be a key part of your learning in this Unit, attendance at tutorials is a mandatory requirement for you to achieve a passing grade in the overall Unit (see details under the ‘Assessment Requirements’ section of the Unit Outline).

**Textbook readings**

Each lecture and tutorial will be based on your independent reading of a specific chapter (or chapters) from the prescribed textbook, Accounting: What the numbers mean (2nd edition) 2008 by Marshall, D, McCartney, J, Van Rhyn, D, McManus, W, and Viele, D. A primary function of this Learning Guide is to assist you to navigate your textbook reading each week in preparation for the related lecture and tutorial. Specific activities from the textbook will be set as homework each week and you will be required to complete these activities and submit your answers at the start of the relevant tutorial. In addition to these activities, the textbook also offers a range of other features to assist you to engage with subject matter by constantly applying and reflecting on what you are learning. These features include the following:

- ‘So What Do You Think?’ questions
- Self Study Material comprising of matching of key terms and concepts with definitions and multiple choice questions
- ‘Business in Practice’ and ‘The Insider’s View’ sections which provide examples of real world scenarios and application of key concepts.

**My vUWS**

To support your learning in this Unit, you will have access to the new UWS e-learning system, called ‘VirtualUWS’, which is expressed by the acronym ‘vUWS’ (pronounced ‘views’). The new system is an upgrade from the previous WebCT system, and offers improved creative learning spaces for collaboration between students via discussion boards, chat rooms, blogs and instant messaging.

For this Unit you will find various resources to assist your study on vUWS, including lecture notes and links to various online resources that provide a valuable supplement to the learning materials in this Unit.
Online resources
The ‘Current Students’ page of the UWS web site http://www.uws.edu.au/students contains many important links, including:

- **Student Administration** http://www.uws.edu.au/students/stuadmin—This site contains much of the information necessary for the administration of your unit throughout your study at UWS.

- **Student Support Services** http://www.uws.edu.au/students/ods—This site is a useful resource for students and a hub for coordinating developments to improve your university experience. Students with a disability should visit http://www.uws.edu.au/students/ods/disabilityservice

- **E-learning** http://www.uws.edu.au/students/onlinesupport—This is your entry to all aspect of e-learning at UWS.

- **Course and unit rules**—this site provides information on pre-requisites, co-requisites and other matters concerning how your course is structured. http://www.uws.edu.au/students/stuadmin/enrolments/enrolmentrequirements

- **The ‘Policies’ site** includes the full details of policies that apply to you as a UWS student: http://www.uws.edu.au/policies/masterlist.php

The following are the most important policies affecting you as a student at UWS:

- **Assessment and Examinations Policy**
- **Assessment Practice—Fundamental Code**
- **Academic Misconduct Policy** (a key extract from this policy is in the Assessment section earlier in this Learning Guide under ‘Referencing and avoiding plagiarism’)
- **Non-academic Misconduct Policy**
- **Enrolment Policy** (includes a section on the UWS Student Email Account)

As mentioned above, you will also find further useful links to websites providing information relevant to the study of accounting on vUWS.
Study skills support (including literacy and numeracy)

As noted in the ‘Introduction’ to this learning guide, a key focus of your first semester at University should be developing the skills and techniques of an effective learner at University level. The UWS Student Learning Unit offers a range of services that you can use to assist in your smooth transition to the University learning environment. This includes a range of online resources which are easy and free to access and use to support your study program. You should visit the Student Learning Unit website at the following address:

http://currentstudents.uws.edu.au/students/ods/lsu

From this website you can access resources for support with ‘language and learning’ and ‘mathematics’. More detail on each of these is provided below.

Language and learning support

If you follow the links to ‘Online Learning’ and then ‘Language and Learning Links’, you will be able to download the comprehensive UWS ‘UniStep—Academic Skills Guide’, which is an excellent resource. Sections of the Academic Skills Guide will be referred in the study tips throughout this Learning Guide. It is strongly recommend that you obtain a copy of the Academic Skills Guide and use this as you identify areas where you need additional support and assistance in coping with University study.

From this website you can also access additional links to online guides and interactive tutorials from other universities on the following topics:

- assignment preparation
- academic reading
- academic writing
- annotated bibliographies
- case studies
- critical reviews
- essay writing
- journal writing
- literature reviews
- report writing
- postgraduate writing
- grammar
- exams
- oral presentations
- study skills.
Improving your maths

Obviously, accounting is an area that requires skills working with numbers, and the UWS Student Learning Unit also offers assistance with numeracy. If you follow the links to ‘Online Learning’ and then ‘Improve your maths’, you will be able to access a range of resources to help you with basic maths, calculus and statistics. This site includes quizzes, booklets and many useful links for specific areas of mathematics. Accounting requires a sound grasp of basic mathematics as well as algebra, problem solving and percentages. Many students in this unit struggle with these areas, so if you think you need to brush up on your maths skills make an effort to access the resources and assistance that you require early in the semester.
## Schedule of learning activities

<table>
<thead>
<tr>
<th>Week</th>
<th>Commencing</th>
<th>Lecture topic</th>
<th>Textbook Chapter</th>
<th>KEY EVENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>28/7/08</td>
<td>Accounting: the context</td>
<td>1</td>
<td>Spring Session commences</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Financial Statements &amp; Key Concepts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>4/8/08</td>
<td></td>
<td>2</td>
<td>Tutorial registration closes at the end of Week 2</td>
</tr>
<tr>
<td>3</td>
<td>11/8/08</td>
<td>Account: the process</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>18/8/08</td>
<td>Accounting for Current Assets</td>
<td>4</td>
<td>Formative test</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Accounting For Non Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>25/8/08</td>
<td></td>
<td>5</td>
<td>HECS Census date</td>
</tr>
<tr>
<td>6</td>
<td>1/9/08</td>
<td>Accounting for Liabilities &amp; Equity</td>
<td>6</td>
<td>Group Assignment Progress Report due</td>
</tr>
<tr>
<td>7</td>
<td>8/9/08</td>
<td>Income Statement &amp; Cash Flow</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>15/9/08</td>
<td>Statement Interpretation &amp; Analysis</td>
<td>10 &amp; 11</td>
<td>MID SEMESTER TEST (20/9/08)—topics 1 to 7, including homework due week 8</td>
</tr>
<tr>
<td>9</td>
<td>22/9/08</td>
<td>Intra session break (22–26 September)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>29/9/08</td>
<td>Corporate Governance</td>
<td>9</td>
<td>Group Assignment due</td>
</tr>
<tr>
<td>11</td>
<td>6/10/08</td>
<td>Cost-Volume-Profit Analysis</td>
<td>12</td>
<td>Labour Day Public Holiday (6 Oct)</td>
</tr>
<tr>
<td>12</td>
<td>13/10/08</td>
<td>Cost Accounting &amp; Reporting</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>20/10/08</td>
<td>Cost Analysis for Planning &amp; Control</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>27/10/08</td>
<td>Review</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3/11/08</td>
<td>STUVAC</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10/11/08</td>
<td>Exams commence</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Week 1

As this is your first week of study it is vital that you get a good start in this unit and attend the first lecture and tutorial. Throughout the semester your tutorials will deal with the content covered in the previous week. So your tutorial in Week 2 will deal with the material that you cover in your Week 1 lecture. However, it is still essential that you attend your first tutorial this week. In this first tutorial, the focus will be on getting to know each other, discussing how the tutorial program will contribute to your learning in this unit and also outlining what is expected of you in terms of attendance and participation in tutorial classes.

You should make it a priority for Week 1 to:

- Thoroughly review the Unit Outline and make sure you clearly understand what is required of you in order to pass this unit (particularly in terms of assessment tasks).
- Familiarise yourself with the structure and features of the textbook and undertake the required reading—Chapter 1 and, if possible, Chapter 2. Make sure you do not fall behind in your reading of the textbook throughout the semester—if you fail to work through the readings for a few weeks you will quickly fall behind and find it very difficult to catch up. Also note that topics covered later in this unit often depend on a thorough understanding of earlier topics, so you can not simply return to cover topics you have missed at the end of semester prior to the exam. Each topic builds on previous material, so you will need to progress through the textbook chapters in the prescribed order.
- Log on to the unit website on vUWS and familiarise yourself with the content and tools available on this site. If you have any technical difficulties using the unit website make sure you sort these out immediately (contact the IT desk if you need support).

Study skills tip

As you work through the semester, this Learning Guide will suggest some study skills tips appropriate to specific stages of the unit and refer to useful information that may help you develop as an effective learner. In some ways, University study is as much about learning how to be an effective adult learner as it is about the specific content you will cover in each unit.

Chapter 1 of the UWS ‘UniStep Academic Skills Guide’ is useful reading as you commence study at University level. It covers a range of issues that you may confront in successfully adapting to University, and a concise ‘University Survival Kit’ which deals with issues such as time management. The main modes of learning at University (ie, lectures and tutorials) are also discussed.

The crucial issue at the start of any unit is **planning and managing your study program**. You have a lot of work to get through and no doubt you will need to juggle your study workload with personal and work commitments. It is best to work to a set plan and make sure you have regular timeslots each week to complete your study. Avoid trying to cram you study into lengthy blocks of time—short periods regularly throughout each week will probably work best. A good starting point is to create a weekly plan, where you can first schedule in your commitments (eg, lectures and tutorials, work shifts, social/recreational activities) and then identify periods where you can study.

To assist in your planning, refer to the section in Chapter 2 of the academic skills guide on pages 27–48, covering ‘Making sense of a unit outline’ and ‘Planning your study time’.
Textbook reading

The key reading for Week 1 is Chapter 1 of textbook, which provides a broad overview of the nature and role of accounting in the business environment. After completing your reading of Chapter 1, you should be able to:

- interpret and apply data and reports
- explain key elements of ethical behaviour for a professional person
- state who the users of accounting information are and why they find accounting information useful
- define the objectives of financial reporting for business enterprises.

You first challenge is to develop an awareness of the ‘jargon’ used in accounting. There is a specific language of accounting which needs to be used with some precision. For example, it is noted on page 4 of the textbook that the term ‘entity’ is used by accountants, rather than ‘organisation’. When you come across terms such as this, use the glossary at the end of the textbook to find out what the term means and consider why this term is used by accountants rather than alternatives. Much new terminology is introduced in this Chapter, with which you may not be familiar. A list of key terms used in this Chapter is provided on pages 26–27 of the textbook. You should refer to this as you work through each part of the Chapter and consult the glossary regularly. Once you have completed the Chapter, write out your own definitions for these terms and compare them to the glossary. This is a good way to test your learning as you work through each Chapter and consolidate your new knowledge.

The Chapter also introduces financial accounting standards. The application of these standards is a key part of the work of an accountant, so you need an awareness of how these standards have evolved, how they are formulated and issued, and how they impact on the work of accountants. It is important to realise that financial accounting standards are not a ‘fixed code of rules’, but are established in response to user needs and business developments. Within the context of financial accounting standards, accountants still need to apply professional judgment in the application of accounting principles.

At the end of the Chapter (and indeed each Chapter of the textbook) there is a variety of self-study material to help you actively learn the material covered in the Chapter. Selected activities are prescribed as preparation for the tutorial in Week 2 (see the preparation guide for Week 2 tutorial) and you should complete these prior to attending the Week 2 tutorial. However, you will also benefit from completing other exercises. In particular, you should complete the multiple-choice questions on pages 28–30 and then check your answers against the solutions provided in Appendix 3 of the textbook. If you make any errors, revise the relevant section of the textbook Chapter to ensure you fill in any gaps in your knowledge.

If you have time after completing Chapter 1, you should immediately start reading Chapter 2, which will be the focus of the lecture in Week 2 and the tutorial in Week 3. You should endeavour to stay ahead of the reading schedule if possible, just in case unexpected circumstances (eg, illness, unanticipated work or personal commitments) arise during the semester.
Lecture focus

Lecture preparation:
Prior to attending the lecture you should complete the following:

✓ Read Textbook Chapter 1
✓ Complete the ‘So What Do You Think?’ exercise for Chapter 1 (page 25 of the textbook)
✓ Familiarise yourself with Key Terms in Chapter 1 (see definitions in Glossary)

Lecture topic: Accounting information in the business environment and the role of accounting information

The lecture in Week 1 will focus on the content of Chapter 1. This chapter is the first of Part One of the textbook dealing with ‘financial accounting’. Chapters 1–11 represent the textbook coverage of financial accounting, while ‘management accounting’ is covered in Part Two of the textbook, which consists of Chapters 12–14.

Our lecture focus will be on developing the following outcomes. For each outcome listed below, linkages between the outcome and textbook exercises that you will be required to prepare for the tutorial in the following week are identified.

1. **Interpret and apply data and reports**

   We will not spend time in the lecture going over the history of how accounting has developed as for the purposes of this unit you only require a broad awareness, which you should have obtained from your reading of Textbook Chapter 1 (see pages 11–12 in particular).

   Instead, we will focus on interpreting and applying data and reports. In this context, we will look at some sections of an annual report of a well known Australian Company such as Woolworths.

   This material will assist you in completing the following Textbook Exercises for the tutorial next week:

   ✓ E1.3 ‘Find financial information in an annual report’

2. **Describe key elements of ethical behaviour for a professional person (LO1.7)**

   This is learning objective 7 from Chapter 1 of the Textbook. The topic of ‘Ethics and the accounting profession’ is covered on pages 20–22 of the textbook. You should also read carefully the extracts from APES 110 (Code of Ethics for Professional Accountants’) reproduced in the textbook on pages 15–18.

   This material will assist you in completing the following Textbook Exercise for the tutorial next week:

   ✓ E1.12 ‘Identify factors in an ethical decision’
3. **State who the users of accounting information are and why they find accounting information useful (LO1.2)**

This is learning objective 2 from Chapter 1 of the Textbook. This topic is discussed in the textbook under the first major section of Chapter 1 ‘What is accounting?’ You should refer in particular to Exhibit 1–1 on page 5 of the textbook (‘Users and uses of accounting information’).

This material will assist you in completing the following Textbook Exercise for the tutorial next week:

- E1.14 ‘Draw on your experience to explain why accounting information is important to business’

4. **Define the objectives of financial reporting for business enterprises (LO1.9)**

This is learning objective 9 from Chapter 1 of the Textbook. This topic is discussed in the textbook at the end of Chapter 1 (see textbook pages 23–24). Pay particular attention to the summary of SAC 2 in Exhibit 1–4 (on textbook page 23). See also the discussion of financial statement under the heading ‘Financial accounting’ on textbook page 8.

In the lecture we will discuss the main financial statements in some detail. We will be exploring these financial statements in some depth over the remainder of this unit, so at this stage you just need to be aware of the broad distinctions between them.

This material will assist you in completing the following Textbook Exercise for the tutorial next week:

- E1.16 ‘Looking at a set of financial statements’
# Week 1 checklist

At the end of Week 1 you should complete the following table to indicate what you have achieved. If there are particular tasks that you have not completed or learning outcomes you have not achieved, you might make a note of how and when you will address these issues.

<table>
<thead>
<tr>
<th>Task/learning outcome</th>
<th>Achieved</th>
<th>Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Read Unit Outline</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Log on to and explore Unit website on vUWS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed reading Chapter 1 of the textbook</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed preparation for Week 1 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 1 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 1 tutorial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have obtained a copy of the UWS ‘UniStep Academic Skills Guide’</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have developed a study plan for the semester</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can interpret and apply data and reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain key elements of ethical behaviour for a professional person</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can state who the users of accounting information are and why they find accounting information useful</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can define the objectives of financial reporting for business enterprises</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

My notes:

____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
Week 2

The focus of the Week 2 lecture will be on Chapter 2 of the textbook. You will also be working through the textbook exercises from Chapter 1 in your tutorial. Chapter 2 is a vitally important part of the textbook, and this Unit, so make sure you set aside plenty of time to study this key chapter. It forms the foundation for everything else you will study in this Unit.

Tutorial preparation

Note that you must have registered for a tutorial group by the end of Week 2 and will not be permitted to change your group after this week. You must register for tutorials using the Tutorial Registration System at:

http://currentstudents.uws.edu.au/students/stuadmin/tut_reg

The tutorial this week will revisit the content of the Week 1 lecture. You should have completed the following from textbook Chapter 1 in preparation for the tutorial.

- Exercises E1.3, E1.12, E1.14 and E1.16 (see Week 1 ‘Lecture focus’ for more detail)

In preparation for the tutorial you should also complete the Self-Study Material for Chapter 1, on pages 27–30 of the textbook.

Remember that the textbook exercises listed above are ‘Homework’ that must be submitted at the start of the tutorial (but this does not include the Self-Study Material). Satisfactory completion of weekly homework will be worth up to 10 marks over the semester. To be deemed ‘satisfactory’, homework must meet all of the following requirements:

- **Be in loose leaf form, ruled paper, stapled top left hand corner.** Homework in exercise books or similar will be deemed unsatisfactory.
- Must show student name, ID number and tutorial time in the top right hand corner.
- Be presented in a professional manner: neat; legible; and have sufficient space to allow corrections.
- Homework must be handwritten.
- It must be complete (ie, all questions must be attempted—*near enough*, is not good enough).
- All work submitted must be your own work. A copy of another student’s work, in full or in part, is plagiarism.

Homework solutions will be available on the unit website approximately 48 hours prior to the commencement of the respective tutorial. It is your responsibility to follow-up and self-correct all homework. If there are issues that you do not understand, these should be raised at the commencement of the tutorial. It will otherwise be assumed that you have understood the detail and the tutorial will introduce further work.
Study skills tip

You will now realise that the textbook is central to your learning in this unit, and that you have much reading to complete through the semester. While lectures will help to identify key issues/themes and frame your learning, and tutorials will allow you an opportunity to discuss specific problems and interact with your fellow students, much of the learning, and your success in this unit, will depend on your ability to work independently through the content of the textbook and complete the prescribed activities. The textbook has various tools (such as the Self-Study Material at the end of each chapter) to assist you, but you also need to bring an effective set of learning skills to the task of reading and note-taking.

The key is to be an ‘active reader’ and engage with the text. In other words, it is not enough to simply read through the chapter and hope that you can recall what you have read. Chapter 5 of the UWS ‘UniStep Academic Skills Guide’ deals with reading and note-taking and will help you develop the skills of an active reader.

When you read actively, you engage with the text or become an active participant in the reading process. Taking notes, underlining and highlighting are good ways to keep you active and focused. This involves:

- underlining key words
- writing comments in the margins
- making notes of points you find important
- writing a question for each paragraph or for each set of paragraphs that make up a section of the text. The answer to the question will sum up the main idea of the section
- summarising in your own words key sections of the text.


This learning guide sets up specific activities for each Chapter of the textbook, which you should use to guide your reading. The key is to read for a specific purpose, and direct your reading to achieve a concrete outcome. So, for example, you might structure each study session around completing a specific activity and reading the relevant section of the textbook chapter, rather than, say, reading a full chapter on the train on Tuesday then sitting down to complete all the prescribed activities on Friday afternoon!

The learning guide also provides you with further guidance (see ‘Textbook reading’ below) on how to tackle the textbook reading for the week. You will find as you progress through this learning guide that the level of detailed guidance in this regard will diminish as it is anticipated that you will progressively develop the necessary reading skills so that such advice will be superfluous.
Textbook reading

Chapter 2 essentially introduces you to the system of classification that is used in accounting. In particular, you must ensure that you understand the:

- definition of an ‘accounting transaction’
- name of each financial statement and what each statement presents
- accounting equation
- financial statement relationships
- limitations of financial statements.

After completing your reading of Chapter 2, you should be able to explain:

- the type of information reported on each financial statement and the way the individual statements are related to each other
- the meaning and usefulness of the accounting equation
- the meanings of the headings on the financial statements
- why investors must carefully consider cash-flow information in conjunction with accrual accounting results.

Each of these learning outcomes will be tested by the textbook activities identified to be prepared for your Week 3 tutorial.

The textbook provides (on page 50) a ‘concepts and principles’ model, which details how the process of ‘transactions to financial statements’ relates to specific accounting concepts and principles. This may be a useful reference point for you in understanding the content of this Chapter and the practical application of concepts and principles.

The textbook also provides numerous examples of various financial statements, which you should examine carefully (don’t gloss over these—the detail is important!). In addition, the Business In Practice (on pages 52–53) and The Insider’s View (on page 44) sections are very useful in terms of helping you to understand the accounting jargon in practical contexts.

Pages 56–58 of the textbook provide a discussion of the limitations of financial statements. You should consider the concepts related to financial statements (on page 55) carefully as this will help you to understand the specific accounting principles that are covered later in the textbook. You should also ensure you are aware of the ROA and ROE ratios covered on page 60 of the textbook, as these also will help provide a framework to assist you in understanding material covered in later chapters.

Essentially, this chapter provides you with the fundamental building blocks you will need to progress through this Unit. It is the scaffolding upon which you will build your knowledge of basic accounting.
Lecture focus

Lecture preparation:
Prior to attending the lecture you should complete the following:
- Read Textbook Chapter 2
- Complete the ‘So What Do You Think?’ exercise for Chapter 2 (page 61 of the textbook)
- Familiarise yourself with Key Terms in Chapter 2 (see definitions in Glossary)

Lecture topic: Financial statements and accounting concepts/principles

The lecture in Week 2 will focus on the content of Chapter 2. Our focus will be on developing the following outcomes. Each outcome is linked to specific textbook exercises that you will be required to prepare for the tutorial in the following week. The outcomes are closely related so many of the textbook exercises are linked to more than one outcome. Pay particular attention to Problem 2.18 (on page 72 of the textbook) as this is a key activity which tests three separate and related learning outcomes.

1. **Explain the type of information reported on each financial statement and the way the individual statements are related to each other (LO2.2)**

The textbook outlines the different types of financial statements in the first part of Chapter 2 and what each of these statements includes is detailed on pages 36–47. The relationships between the financial statements are then illustrated on pages 47–50 of the textbook. Study this material very carefully and pay particular attention to the various Exhibits included in this part of the chapter. In particular, Exhibit 2–5 (on page 48 of the textbook) illustrates the relationships between financial statements—you should refer to this when completing Exercise 2.9.

This material will assist you in completing the following Textbook Exercises for the tutorial next week:
- E2.2 ‘Identify accounts by category and financial statements’
- E2.9 ‘Understanding financial statement relationships’
- E2.12 ‘Calculate Retained Earnings’
- E2.14 ‘Calculate profit using the accounting equation’
- P2.18 ‘Understanding and analysing financial statement relationships’
2. Explain the meaning and usefulness of the accounting equation (LO2.3)

This outcome is closely linked to the previous outcome, as the accounting equation is an integral concept for the preparation of the balance sheet (or ‘statement of financial position’). The accounting equation (along with the key terms ‘assets’, ‘liabilities’ and ‘owners’ equity’) is detailed on pages 39–40 of the textbook.

This material will assist you in completing the following Textbook Exercises for the tutorial next week:

- E2.9 ‘Understanding financial statement relationships’
- E2.12 ‘Calculate Retained Earnings’
- E2.14 ‘Calculate profit using the accounting equation’
- P2.18 ‘Understanding and analysing financial statement relationships’

Note: Exercises 2.12 and 2.14 are somewhat more difficult, requiring you to apply your understanding of the financial statements to make calculations based on data provided.

3. Explain the meanings of the headings on the financial statements (LO2.4)

The various headings, or accounts, in each financial statement are detailed under ‘Explanations and definitions’ on pages 39–47 of the textbook. You should ensure that you are able to correctly classify particular amounts in the appropriate category (e.g., asset, liability, owners’ equity, revenue, expense) to demonstrate that you know what each of these headings means. This will be specifically tested in Exercise E2.2.

This material will assist you in completing the following Textbook Exercise for the tutorial next week:

- E2.2 ‘Identify accounts by category and financial statements’
- P2.18 ‘Understanding and analysing financial statement relationships’

4. Explain why investors must carefully consider cash-flow information in conjunction with accrual accounting results (LO2.6)

The final learning outcome that will be a particular focus of this week’s lecture, relates to the discussion of accounting concepts and principles on pages 50–55 of the textbook. Pay particular attention to the discussion of accrual accounting (on pages 54–55) and the Business In Practice (on pages 52–53) article ‘Cash flows versus accrual accounting’.

This material will assist you in completing the following Textbook Exercise for the tutorial next week:

- E2.4 ‘Meaning of high profit not enough cash’
## Week 2 checklist

At the end of Week 2 you should complete the following table to indicate what you have achieved. If there are particular tasks that you have not completed or learning outcomes you have not achieved, you might make a note of how and when you will address these issues.

<table>
<thead>
<tr>
<th>Task/learning outcome</th>
<th>Achieved</th>
<th>Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checked Unit website on vUWS for announcements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed reading Chapter 2 of the textbook</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed preparation for Week 2 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 2 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have formally registered for my tutorial group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 2 tutorial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed, self-checked and handed in homework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Considered readings and note-taking techniques and integrated these into my study strategy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the type of information reported on each financial statement and the way the individual statements are related to each other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the meaning and usefulness of the accounting equation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the meanings of the headings on the financial statements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain why investors must carefully consider cash-flow information in conjunction with accrual accounting results</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

My notes:

____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
Week 3

The focus of the Week 3 lecture will be on Chapter 3 of the textbook. You will also be working through the textbook exercises from Chapter 2 in your tutorial. Chapter 3 extends the knowledge you gained from the previous chapter and moves the focus on to looking at how transactions affect the financial statements, through a horizontal model (introduced on textbook page 86). This model illustrates the effect of the accounting process on the balance sheet and income statement.

Tutorial preparation

The tutorial this week will revisit the content of the Week 2 lecture. You should have completed the following from textbook Chapter 2 in preparation for the tutorial.

- Exercises E2.2, E2.4, E2.9, E2.12 & E2.14, and Problem P2.18 (see Week 2 ‘Lecture focus’ for more detail)

Remember that the textbook exercises listed above are ‘Homework’ that must be submitted at the start of the tutorial.

In preparation for the tutorial you should also complete the Self-Study Material for Chapter 2 on pages 64–66 of the textbook.

In the Week 3 tutorial, you will be allocated to a group for the group assignment in this unit. You will need to work with the other members of your group throughout the semester to complete this key assessment task, so you should make it a priority to discuss with the members of your group how best to go about managing the group work task and collaborating effectively. (See the ‘Study skills tip’ below for further advice.)

Note also that tutorial quizzes will be set at random during tutorials throughout the semester. There will be four such quizzes and each will qualify for 2½ marks. While these quizzes will not be announced prior to the tutorials in which they are held, they will be based on a rendition or iteration of part of the homework due for that particular week or the preceding week. So by staying up to date with the readings and your homework, you will ensure that you are always prepared for the quiz whenever it may be set during semester.

Study skills tip

As noted above, you will be allocated to a specific group in your third tutorial for the purposes of completing the group project in this unit. Group work can be an enjoyable and beneficial experience if properly managed, but can also become difficult if effective channels of communication are not established and maintained between group members.

You may benefit from reading through the relevant parts of Chapter 12 of the UWS ‘UniStep Academic Skills Guide’, which deals with tutorials, oral presentations, and group work. The discussion of group work (on pages 345–353) provides some useful suggestions on how to establish constructive relationships and manage the group work task. It might be a useful ice-breaker for all group members to read this section and discuss the ideas presented in terms of what may be helpful to the group in completing the project.
Lecture focus

Lecture preparation:
Prior to attending the lecture you should complete the following:
- Read Textbook Chapter 3
- Complete the ‘So What Do You Think?’ exercise for Chapter 3 (page 94 of the textbook)
- Familiarise yourself with Key Terms in Chapter 3 (see definitions in Glossary)

Lecture topic: Accounting: the process

The lecture in Week 3 will focus on the content of Chapter 3, which extends your learning about financial statements and accounting concepts/principles from Chapter 2 to look at the basic accounting process.

The Chapter introduces two tools which are important in terms of understanding the accounting process. The first is a horizontal model (as mentioned above) that illustrates the effect of the accounting process on the balance sheet and income statement. The second is the ‘transaction analysis methodology’ (see textbook pages 91–93) which includes five questions that will guide your analysis of any specific accounting transaction.

After completing your reading of Chapter 3, you should be able to:
- explain how the expanded accounting equation stays in balance after every transaction
- analyse a transaction and determine the effects of the transaction on the financial statements
- answer the five questions of transaction analysis.

Each of these learning outcomes will be tested by the textbook activities identified to be prepared for your Week 4 tutorial. The outcomes are closely related so each of the selected activities is linked to all three outcomes, with exception of Problem 3.15 which tests only the second and third outcomes.

1. Explain how the expanded accounting equation stays in balance after every transaction (LO3.2)

Early in Chapter 3, under the heading ‘Transactions’ (see textbook pages 83–86) the effect of a number of common transactions on the modified balance sheet equation is examined. Exhibit 3–1 (on textbook page 84) illustrates this process—you will need to examine this carefully and refer to this example when completing the following exercises from the textbook.

This material will assist you in completing the following Textbook Exercises for the tutorial next week:
- E3.1 ‘Record transactions and calculate financial statement amounts’
- E3.2 ‘Record transactions and calculate financial statement amounts’
- E3.5 ‘Record transactions and adjustments’
- P3.13 ‘Record transactions’
2. **Analyse a transaction and determine the effects of the transaction on the financial statements (LO3.4)**

This learning outcome refers to your ability to apply the horizontal model (introduced on textbook page 86). In doing this, there is some specific accounting jargon that you will need to understand, so refer to the glossary if necessary to clarify your understanding of key terminology.

This material will assist you in completing the following Textbook Exercises for the tutorial next week:
- E3.1 ‘Record transactions and calculate financial statement amounts’
- E3.2 ‘Record transactions and calculate financial statement amounts’
- E3.5 ‘Record transactions and adjustments’
- P3.13 ‘Record transactions’
- P3.15 ‘Calculate profit from operations and net profit’

3. **Answer the five questions of transaction analysis (LO3.5)**

This outcome requires you apply the ‘transaction analysis methodology’ introduced in the textbook (see textbook pages 91–93). Pay particular attention to Exhibit 3–3 which provides a worked example of how to apply the five questions of transaction analysis and also incorporates use of the horizontal model introduced earlier in Chapter 3.

This material will assist you in completing the following Textbook Exercises for the tutorial next week:
- E3.1 ‘Record transactions and calculate financial statement amounts’
- E3.2 ‘Record transactions and calculate financial statement amounts’
- E3.5 ‘Record transactions and adjustments’
- P3.13 ‘Record transactions’
- P3.15 ‘Calculate profit from operations and net profit’
## Week 3 checklist

At the end of Week 3 you should complete the following table to indicate what you have achieved. If there are particular tasks that you have not completed or learning outcomes you have not achieved, you might make a note of how and when you will address these issues.

<table>
<thead>
<tr>
<th>Task/learning outcome</th>
<th>Achieved</th>
<th>Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checked Unit website on vUWS for announcements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed reading Chapter 3 of the textbook</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed preparation for Week 3 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 3 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 3 tutorial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed, self-checked and handed in homework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have been allocated to a group for the group assignment and we have met (or arranged to meet) to plan our project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain how the expanded accounting equation stays in balance after every transaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can analyse a transaction and determine the effects of the transaction on the financial statements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can answer the five questions of transaction analysis</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

My notes:

____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
Week 4

The focus of the Week 4 lecture will be on Chapter 4 of the textbook. You will also be working through the textbook exercises from Chapter 3 in your tutorial.

Chapter 4 examines a number of ‘current assets’ that are commonly seen in the balance sheet. Procedures for dealing with these categories of current assets are covered, but the emphasis of your study should be on understanding the impact on the financial statements and the ‘matching’ results achieved by these procedures.

Tutorial preparation

The tutorial this week will revisit the content of the Week 3 lecture. You should have completed the following from textbook Chapter 3 in preparation for the tutorial.

- Exercises E3.1, E3.2, E3.5, and Problems P3.13, P3.15 (see Week 3 ‘Lecture focus’ for more detail)

Remember that the textbook exercises listed above are ‘Homework’ that must be submitted at the start of the tutorial.

In preparation for the tutorial you should also complete the Self-Study Material for Chapter 3 on pages 96–98 of the textbook.

Lecture focus

Lecture preparation:

Prior to attending the lecture you should complete the following:

- Read Textbook Chapter 4
- Complete the ‘So What Do You Think?’ exercise for Chapter 4 (page 133 of the textbook)
- Familiarise yourself with Key Terms in Chapter 4 (see definitions in Glossary)

Lecture topic: Accounting for current assets

The lecture in Week 4 will focus on the content of Chapter 4, which illustrates how current assets are dealt with in the balance sheet.

The Chapter begins with a review of the horizontal model which was introduced in Chapter 3, and is used here to illustrate the effects of these transactions on the financial statements. The five question transaction analysis, which was also introduced in Chapter 3, is again applied in this chapter to further show the impact of transactions on financial statements. You will now be aware of how your learning in this unit is based on a series of building blocks and if you have not mastered some of the earlier material you will encounter problems progressing on to more complex topics. Do not be reluctant to return and revise earlier material if you assess that your understanding of key tools and concepts is inadequate.
After completing your reading of Chapter 4, you should be able to:

- complete the bank reconciliation procedure
- describe how accounts receivable are reported on the balance sheet, including the valuation allowances for estimated uncollectible accounts and estimated cash discounts
- explain how inventory is reported on the balance sheet
- discuss the alternative inventory cost-flow assumptions and their respective effects on the income statement and balance sheet
- explain what prepaid expenses are and how they are reported on the balance sheet.

Each of these learning outcomes will be tested by the textbook activities identified to be prepared for your Week 5 tutorial.

1. **Complete the bank reconciliation procedure (LO4.3)**

   The first section of Chapter 4 (on pages 113–119) covers cash and cash equivalents, and illustrates the bank reconciliation process. This process may be familiar to you from your own experience of monitoring your personal bank account/s.

   This material will assist you in completing the following Textbook Exercises for the tutorial next week:

   - E4.1 ‘Bank Reconciliation’
   - E4.2 ‘Bank Reconciliation’
   - P4.17 ‘Bank Reconciliation—compute cash account balance and bank statement balance before reconciling items’

   Exercises 4.1 and 4.2 provide fairly straightforward illustrations of this process, but you will find that Problem 4.17 requires more thought because you will need to work backwards to determine the unadjusted cash account and bank statement balances.

2. **Describe how accounts receivable are reported on the balance sheet, including the valuation allowances for estimated uncollectible accounts and estimated cash discounts (LO4.5)**

   You will need to refer to the discussion of accounts receivable on pages 120–123 of the textbook, which covers the treatment of bad debts/uncollectable amounts and cash discounts.

   This material will assist you in completing the following Textbook Exercises for the tutorial next week:

   - E4.15 ‘Transaction Analysis—various accounts’

   Exercise E4.15 requires a basic transaction analysis drawing on this section of Chapter 4.
3. **Explain how inventory is reported on the balance sheet (LO4.6)**

Inventories are covered on pages 123–131 of the textbook. This material will assist you in completing the following Textbook Exercises for the tutorial next week:

- E4.15 ‘Transaction Analysis—various accounts’
- E4.16 ‘Transaction Analysis—various accounts’
- P4.26 ‘Cost flow assumptions—using periodic and perpetual systems’

4. **Discuss the alternative inventory cost-flow assumptions and their respective effects on the income statement and balance sheet (LO4.7)**

Inventory accounting is the first area that you will encounter in this unit where there are alternative accounting practices. The **perpetual** and **periodic** inventory accounting systems are detailed and contrasted on pages 127–130 of the textbook.

This material will assist you in completing the following Textbook Exercises for the tutorial next week:

- E4.16 ‘Transaction Analysis—various accounts’
- P4.26 ‘Cost flow assumptions—using periodic and perpetual systems’

Problem P4.26 tests your understanding of these alternatives. A key to your understanding is to appreciate that ‘FIFO’ (first-in, first-out) describes the flow of costs, with the first costs ‘in’ to inventory being the first costs ‘out’ to cost of goods sold.

5. **Explain what prepaid expenses are and how they are reported on the balance sheet (LO4.9)**

Prepaid expenses are covered at the end of Chapter 4 (see textbook pages 131–132).

This material will assist you in completing the following Textbook Exercise for the tutorial next week:

- E4.16 ‘Transaction Analysis—various accounts’
### Week 4 checklist

At the end of Week 4 you should complete the following table to indicate what you have achieved. If there are particular tasks that you have not completed or learning outcomes you have not achieved, you might make a note of how and when you will address these issues.

<table>
<thead>
<tr>
<th>Task/learning outcome</th>
<th>Achieved</th>
<th>Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checked Unit website on vUWS for announcements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed reading Chapter 4 of the textbook</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed preparation for Week 4 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 4 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 4 tutorial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I met with my tutorial group and commenced the group assignment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed, self-checked and handed in homework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can complete the bank reconciliation procedure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can describe how accounts receivable are reported on the balance sheet, including the valuation allowances for estimated uncollectible accounts and estimated cash discounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain how inventory is reported on the balance sheet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can discuss the alternative inventory cost-flow assumptions and their respective effects on the income statement and balance sheet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain what prepaid expenses are and how they are reported on the balance sheet</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

My notes:

____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
Week 5

The focus of the Week 5 lecture will be on Chapter 5 of the textbook. You will also be working through the textbook exercises from Chapter 4 in your tutorial.

Chapter 5 deals with the accounting treatment for a range of non-current assets, including property and equipment as well as intangible assets such as goodwill. The principal aim is for you to understand the major accounting issues with respect to non-current assets, including the allocation of cost to expense over time and the significance of capitalising versus expensing expenditure.

Tutorial preparation
The tutorial this week will revisit the content of the Week 4 lecture. You should have completed the following from textbook Chapter 4 in preparation for the tutorial.

- Exercises E4.1, E4.2, E4.15, E4.16, and Problems P4.17, P4.26 (see Week 4 ‘Lecture focus’ for more detail)

Remember that the textbook exercises listed above are ‘Homework’ that must be submitted at the start of the tutorial.

In preparation for the tutorial you should also complete the Self-Study Material for Chapter 4 on pages 135–138 of the textbook.

Lecture focus

Lecture preparation:
Prior to attending the lecture you should complete the following:

- Read Textbook Chapter 5
- Complete the ‘So What Do You Think?’ exercise for Chapter 5 (page 168 of the textbook)
- Familiarise yourself with Key Terms in Chapter 5 (see definitions in Glossary)

Lecture topic: Accounting for non-current assets

The lecture in Week 5 will focus on the content of Chapter 5. You will again find that this chapter builds upon some fundamental concepts introduced in previous chapters. The nature of depreciation was explained in Chapter 2 and this concept in particular is extended in Chapter 5 in the context of the accounting treatment for buildings and equipment.

The alternative methods of calculating depreciation for financial accounting purposes are presented. Make sure you have a clear understanding of the straight-line and accelerated depreciation methods and the effects of these methods on the balance sheet and income statement.
You have also previously been exposed to the ‘matching concept’. The area of non-current assets provides an opportunity to look at how accountants make particular judgments in order to achieve matching.

After completing your reading of Chapter 5, you should be able to:

- describe how the cost of land, buildings and equipment is reported on the balance sheet
- explain how the terms capitalise and expense are used with respect to property, plant and equipment
- discuss the alternative methods of calculating depreciation for financial accounting purposes and the relative effect of each of the income statement (depreciation expense) and the balance sheet (accumulated depreciation)
- describe and explain the meaning of various intangible assets, how their values are measured and how their costs are reflected in the income statement
- discuss the accounting treatment of maintenance and repair expenditures.

Each of these learning outcomes will be tested by the textbook activities identified to be prepared for your Week 6 tutorial.

1. **Describe how the cost of land, buildings and equipment is reported on the balance sheet (LO5.1)**

   This accounting treatment of lands, buildings and equipment is covered on pages 152–155 of the textbook. Exercise E5.2 considers the accounting treatment for the acquisition of equipment and the selection of the most appropriate option in terms of the depreciable life of the assets.

   This material will assist you in completing the following Textbook Exercise for the tutorial next week:
   - E5.2 Purchase allocation

2. **Explain how the terms capitalise and expense are used with respect to property, plant and equipment (LO5.2)**

   You should refer to the *Business In Practice* article ‘Capitalising versus expensing’ on textbook page 154 to assist you with this outcome.

   This material will assist you in completing the following Textbook Exercise for the tutorial next week:
   - E5.4 Capitalising versus expensing
3. Discuss the alternative methods of calculating depreciation for financial accounting purposes and the relative effect of each of the income statement (depreciation expense) and the balance sheet (accumulated depreciation) (LO5.3)

Depreciation methods are discussed in some detail in this textbook (see pages 155–160) and illustrated in Exhibit 5–2 (on page 158).

This material will assist you in completing the following Textbook Exercise for the tutorial next week:

- E5.7 Depreciation calculation methods

Exercise E5.7 requires you to make reasonably straight-forward depreciation calculations, using alternative methods.

4. Describe and explain the meaning of various intangible assets, how their values are measured and how their costs are reflected in the income statement (LO5.9)

Intangible assets are considered on textbook pages 164–167, and you should focus in particular on the discussion of goodwill. This section, and the associated exercise (noted below), also make reference to the ROA measure (‘return on assets’) which was one of the ratios introduced at the end of Chapter 2.

This material will assist you in completing the following Textbook Exercise for the tutorial next week:

- E5.11 Goodwill—effect on ROA and profit

5. Determine the effect on ROA of capitalising or expensing specific amounts

Capitalising versus expensing is covered in the Business In Practice article on textbook page 154. As with the previous exercise, the following Problem also makes reference to the ROA measure (‘return on assets’) which was one of the ratios introduced at the end of Chapter 2.

This material will assist you in completing the following Textbook Exercise for the tutorial next week:

- P5.15 Capitalising versus expensing—effect on ROA
## Week 5 checklist

At the end of Week 5 you should complete the following table to indicate what you have achieved. If there are particular tasks that you have not completed or learning outcomes you have not achieved, you might make a note of how and when you will address these issues.

<table>
<thead>
<tr>
<th>Task/learning outcome</th>
<th>Achieved</th>
<th>Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checked Unit website on vUWS for announcements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed reading Chapter 5 of the textbook</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed preparation for Week 5 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 5 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 5 tutorial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed, self-checked and handed in homework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My tutorial group has now progressed initial work on the group assignment and are on track to submit our progress report at the start of the Week 6 tutorial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can describe how the cost of land, buildings and equipment is reported on the balance sheet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain how the terms <strong>capitalise</strong> and <strong>expense</strong> are used with respect to property, plant and equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can discuss the alternative methods of calculating depreciation for financial accounting purposes and the relative effect of each of the income statement (depreciation expense) and the balance sheet (accumulated depreciation)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can describe and explain the meaning of various intangible assets, how their values are measured and how their costs are reflected in the income statement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can discuss the accounting treatment of maintenance and repair expenditures</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

My notes:

____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
Week 6

The focus of the Week 6 lecture will be on Chapters 6 & 7 of the textbook. You will also be working through the textbook exercises from Chapter 5 in your tutorial.

Chapters 6 & 7 deal with accounting for liabilities and accounting for owners’ equity respectively. Along with assets, which you have covered in previous weeks, liabilities and owners’ equity complete the elements of the accounting equation.

Tutorial preparation

The tutorial this week will revisit the content of the Week 5 lecture. You should have completed the following from textbook Chapter 5 in preparation for the tutorial.

- Exercises E5.2, E5.4, E5.7, E5.11, and Problem P5.15 (see Week 5 ‘Lecture focus’ for more detail)

Remember that the textbook exercises listed above are ‘Homework’ that must be submitted at the start of the tutorial.

In preparation for the tutorial you should also complete the Self-Study Material for Chapter 5 on pages 170–172 of the textbook.

Note also that at the commencement of the tutorial in Week 6 you will be required to submit the progress report on your group assignment.

Study skills tip

You should now have progressed your group assignment to have a plan of how you are going to approach the task. There are only a few weeks to now complete the actual submission, so you need to give some thought to how you will write and present your work.

The UWS ‘UniStep Academic Skills Guide’ provides a lot of quite detailed guidance on how to approach various writing tasks at University. Chapter 3 (see pages 56–69) deals with ‘Understanding the task’. This is also important in terms of examination technique (particularly the discussion of ‘clarifying the task’ on pages 57–64).

Chapter 6 & 7 deal with the academic essay and other writing styles—you might consult this material selectively, as appropriate to the specific writing task that you are undertaking. Also, often over looked but critical to academic writing, are correct referencing and avoidance of plagiarism (see pages 232–239 of the skills guide) and correct grammar (see Chapter 10 of the skills guide).

It is crucial that you make a conscious effort to refine and improve your writing skills as you progress through your degree program. Effective written communication skills are a key outcome expected of University graduates. As noted in the UniStep Academic Skills Guide (at page 26):

“Communication skills are being valued more and more by employers, and your ability to communicate well is considered to be an important outcome of having studied at university. Although communication skills include listening, speaking, reading and writing, your ability to write well is closely related to these other channels of communication.”
Lecture focus

Lecture preparation:
Prior to attending the lecture you should complete the following:
- Read Textbook Chapters 6 & 7
- Complete the ‘So What Do You Think?’ exercises for Chapters 6 & 7 (pages 196 & 218 of the textbook)
- Familiarise yourself with Key Terms in Chapters 6 & 7 (see definitions in Glossary)

Lecture topic: Accounting for liabilities and equity

The lecture in Week 6 will focus on the content of Chapters 6 & 7. Chapter 6 deals with accounting for liabilities, while Chapter 7 deals with accounting for owners’ equity.

After completing your reading of Chapters 6 & 7, you should be able to:
- explain the financial statement component of current liabilities
- explain the concept of unearned income and how it is presented in the balance sheet
- explain an employer’s liability for payroll and payroll taxes, GST and superannuation contributions
- explain the importance of making estimates for certain accrued liabilities and how these items are presented in the balance sheet
- explain the nature of preference shares, list the advantages and disadvantages of this type of financial instrument to the company and illustrate the presentation on the balance sheet
- explain a cash dividend transaction and the dates involved in dividend transactions.

Each of these learning outcomes will be tested by the textbook activities identified to be prepared for your Week 7 tutorial.
1. **Explain the financial statement component of current liabilities (LO6.1)**

The various categories of current liabilities are explained on textbook pages 184–192. The specific liability of payroll tax is detailed on pages 188–190, while product warranties are included in the discussion of ‘accruals payable and provisions’ on pages 191–192.

This material will assist you in completing the following Textbook Exercises for the tutorial next week:

- E6.1 Other accrued liabilities—payroll taxes
- E6.3 Other accrued liabilities—warranties
- E6.14 Review exercise: calculate net profit

Note that Exercise E6.14 is labelled as a ‘review exercise’ suggesting that you will also need to refer to material covered in previous chapters to complete it.

2. **Explain the concept of unearned income and how it is presented in the balance sheet (LO6.3)**

Unearned income is also referred to as ‘income received in advance’ and is discussed on textbook pages 187–188. While the textbook does not specifically discuss rent as an example of unearned income, you should be able to identify that rent qualifies as unearned income based on the textbook discussion. In completing the associated exercise (Problem P6.15) you will also again need to use the horizontal model established earlier in the textbook.

This material will assist you in completing the following Textbook Exercise for the tutorial next week:

- P6.15 Unearned income—rent

3. **Explain an employer’s liability for payroll and payroll taxes, GST and superannuation contributions (LO6.4)**

Payroll taxes and other withholdings are discussed on pages 188–190 of the textbook. The related exercise deals specifically with payroll taxes, but the principles also apply to other withholdings such as GST and superannuation contributions.

This material will assist you in completing the following Textbook Exercise for the tutorial next week:

- E6.1 Other accrued liabilities—payroll taxes

4. **Explain the importance of making estimates for certain accrued liabilities and how these items are presented in the balance sheet (LO6.5)**

Accruals payable and provisions are discussed on pages 191–192 of the textbook. This material will assist you in completing the following Textbook Exercise for the tutorial next week:

- E6.3 Other accrued liabilities—warranties
5. Explain the nature of preference shares, list the advantages and disadvantages of this type of financial instrument to the company and illustrate the presentation on the balance sheet (LO7.2)

The topic of preference shares is discussed on pages 212–214 of the textbook. Refer in particular to the illustration of a preference share dividend calculation in Exhibit 7–2 on textbook page 213.

This material will assist you in completing the following Textbook Exercise for the tutorial next week:

- E7.10 Preference shares—calculate dividend amount

6. Explain a cash dividend transaction and the dates involved in dividend transactions (LO7.3)

Cash dividends are discussed on textbook pages 215–216, and you should also note the discussion of dividend dates in the Business In Practice segment on page 216.

This material will assist you in completing the following Textbook Exercises for the tutorial next week:

- E7.13 Requirement for declaring dividends

**Review exercises**

There are two exercises (one from each Chapter 6 and 7) which are review in nature and require application of knowledge acquired in these modules as well as previous learning in this unit. These exercises require calculations of net profit and retained earnings and begin to bring together and integrate knowledge from previous chapters of the textbook:

- E6.14 Review exercise: calculate net profit
- E7.3 Review exercise: calculate retained earnings
## Week 6 checklist

At the end of Week 6 you should complete the following table to indicate what you have achieved. If there are particular tasks that you have not completed or learning outcomes you have not achieved, you might make a note of how and when you will address these issues.

<table>
<thead>
<tr>
<th>Task/learning outcome</th>
<th>Achieved</th>
<th>Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checked Unit website on vUWS for announcements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed reading Chapters 6 &amp; 7 of the textbook</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed preparation for Week 6 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 6 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 6 tutorial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed, self-checked and handed in homework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Submitted the progress report on your group assignment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have found out about the requirements of academic writing and am ready to incorporate these ideas into my own writing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the financial statement component of current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the concept of unearned income and how it is presented in the balance sheet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain an employer’s liability for payroll and payroll taxes, GST and superannuation contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the importance of making estimates for certain accrued liabilities and how these items are presented in the balance sheet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the nature of preference shares, list the advantages and disadvantages of this type of financial instrument to the company and illustrate the presentation on the balance sheet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain a cash dividend transaction and the dates involved in dividend transactions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### My notes:

____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
Week 7

The focus of the Week 7 lecture will be on Chapter 8 of the textbook. You will also be working through the textbook exercises from Chapters 6 & 7 in your tutorial.

Chapter 8 covers the income statement and the cash flow statement. Both of these financial reports have been mentioned and covered to some extent in previous chapters, but Chapter 8 examines them in much greater detail.

Tutorial preparation

The tutorial this week will revisit the content of the Week 6 lecture. You should have completed the following from textbook Chapters 6 & 7 in preparation for the tutorial.


Remember that the textbook exercises listed above are ‘Homework’ that must be submitted at the start of the tutorial.

In preparation for the tutorial you should also complete the Self-Study Material for Chapters 6 and 7 on pages 197–200 and 220–222 of the textbook.

Lecture focus

Lecture preparation:

Prior to attending the lecture you should complete the following:

- Read Textbook Chapter 8
- Complete the ‘So What Do You Think?’ exercise for Chapter 8 (page 252 of the textbook)
- Familiarise yourself with Key Terms in Chapter 8 (see definitions in Glossary)

Lecture topic: The income statement and the cash flow statement

As mentioned above, Chapter 8 essentially aims to give you a more in-depth understanding of the income statement and the cash flow statement. The focus is on the presentation format of these financial statements. This will draw on your previous learning in this unit—there are not really any significant new transactions to be studied. Hence, your main task is to integrate material covered in previous chapters with the income statement and cash flow statement.

The most significant and frequently used items on the income statement for identifying key relationships and trends are net sales, gross profit/gross margin and operating profit amounts. Make sure you focus on these elements and the illustrations provided in the textbook.

You should also ensure that you develop a clear understanding of the difference between the accrual-basis income statement and the cash flow statement. Exercise E8.11 will be useful in helping you understand the distinction between these statements and the purpose and importance of each.
After completing your reading of Chapter 8, you should be able to achieve the following learning outcomes. Each of these learning outcomes will be tested by the textbook activities identified to be prepared for your Week 8 tutorial.

1. **Determine cost of goods sold (LO8.2)**

Cost of goods sold is discussed on pages 237–238 of the textbook. The cost of goods sold model is illustrated on page 238. This material will assist you in completing the following Textbook Exercise for the tutorial next week:

   - E8.6 Calculate gross profit, cost of goods sold and selling price

2. **Explain the significance of gross profit and calculate the gross profit ratio (or gross margin) (LO8.3)**

Following on from the discussion of ‘cost of goods sold’, the textbook examines in some detail the concept of ‘gross profit’ or ‘gross margin’ on pages 239–241. See, in particular, the illustrations of using the ‘gross profit ratio’ in Exhibits 8–3 and 8–4 on page 241. It is important that you understand the significance of gross profit/gross margin, and how to use an estimated gross profit/gross margin ratio to estimate figures. You should note that the gross profit/gross margin amount (along with the net sales and operating profit amounts) are the most significant items on the income statement and frequently used for identifying key relationships and trends.

This material will assist you in completing the following Textbook Exercise for the tutorial next week:

   - E8.6 Calculate gross profit, cost of goods sold and selling price
   - P8.19 Using gross profit ratio to calculate inventory loss
   - P8.20 Use gross profit ratio to calculate inventory loss

3. **Explain what ‘profit before income tax’ includes and why this subtotal is significant to managers and financial analysts (LO8.5)**

The difference between gross profit and operating expenses represents ‘profit before income tax’ and is discussed on pages 242–243 of the textbook. You should also refer back to Exhibit 8–1 on page 230 of the textbook to see the ‘profit before income tax’ entry on the income statement.

This material will assist you in completing the following Textbook Exercise for the tutorial next week:

   - P8.18 Calculate Profits for the period

4. **Present cash flows from operating activities using the direct method (LO8.10)**

The cash flow statement is discussed at the end of Chapter 8, on pages 249–252 of the textbook. You should focus particularly on the explanation of ‘cash flows from operating activities’ on pages 249–251 (incorporating Exhibit 8–8 on page 250). You need to understand the purpose of the cash flow statement and be able to relate the cash flow statement to the income statement and balance sheet.

This material will assist you in completing the following Textbook Exercise for the tutorial next week:

   - E8.11 Accrual to cash flows
   - E8.14 Cash flow statement analysis
   - P8.21 Cash flows from operating, investing and financing activities
# Week 7 checklist

At the end of Week 7 you should complete the following table to indicate what you have achieved. If there are particular tasks that you have not completed or learning outcomes you have not achieved, you might make a note of how and when you will address these issues.

<table>
<thead>
<tr>
<th>Task/learning outcome</th>
<th>Achieved</th>
<th>Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checked Unit website on vUWS for announcements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed reading Chapter 8 of the textbook</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed preparation for Week 7 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 7 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 7 tutorial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am making progress on the group assignment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed, self-checked and handed in homework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can determine cost of goods sold</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the significance of gross profit and calculate the gross profit ratio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(or gross margin)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain what ‘profit before income tax’ includes and why this subtotal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>is significant to managers and financial analysts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can present cash flows from operating activities using the direct method</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

My notes:

____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
Week 8

The focus of the Week 8 lecture will be on Chapters 10 & 11 of the textbook. You will also be working through the textbook exercises from Chapter 8 in your tutorial.

Chapters 10 & 11 move into the area of interpreting and analysing the information presented in the financial reports, so it is essential that you have established a sound understanding of the preceding material in this unit before undertaking these chapters.

Note that at the end of Week 8 you will be required to complete the mid-semester test, which is worth 20% of total marks in this unit. This test will cover topics from the lectures and tutorials in Weeks 1–7 plus any homework to be submitted at the Week 8 tutorial. It will not include material covered in the Week 8 lecture (ie, Textbook Chapters 10 & 11).

Tutorial preparation

The tutorial this week will revisit the content of the Week 7 lecture. You should have completed the following from textbook Chapter 8 in preparation for the tutorial.

- Exercises E8.6, E8.11, E8.14, and Problems P8.18, P8.19, P8.20, P8.21 (see Week 7 ‘Lecture focus’ for more detail)

Remember that the textbook exercises listed above are ‘Homework’ that must be submitted at the start of the tutorial.

In preparation for the tutorial you should also complete the Self-Study Material for Chapter 8 on pages 254–257 of the textbook.

Study skills tip

You are now preparing to sit for the mid-semester test. It is worth considering your exam preparation strategy and your technique in the exam room. There are a number of resources available through UWS website via the Student Learning Unit:

http://currentstudents.uws.edu.au/students/ods/lsu

For example, here are some good tips on exam technique, and in particular answering multiple-choice questions, reproduced from UNSW, The Learning Centre: Academic Skills Resources, available at:

http://www.lc.unsw.edu.au/onlib/multiex.html

Sitting the Exam

- **Read all directions carefully**—be sure exactly what you have to do and listen for any oral directions or corrections.
- **Read quickly through the test**—before you pick up a pen, skim quickly through the test. Doing this allows you to plan your time and to check that your test is complete and correctly collated.
- **When using a separate answer sheet**—keep it to the right of, and close to, the exam booklet. Check frequently that you are answering a question in its properly numbered space.
- **Answer the ‘easy’ questions first**—Try not to get stuck on any hard questions. You will waste time and feel anxious. Go back and do the hard ones later.
Answering Multiple Choice Questions

- **Read each question carefully**—in objective tests the wording of the question and potential answers can be tricky. Consider all the options before choosing your answer, even if the first option seems correct. This is important when you have to choose the ‘best’ or ‘most correct’ answer in some multiple choice exams.
- **Try to supply your own answer before reading the choices provided**—Read the question and try to answer it yourself. Then read through the choices. Doing this allows you to make a clearer and more accurate choice.
- **Be alert for grammatical inconsistencies between the question and the potential answers**—a choice is nearly always wrong if the question and the answer don't combine to make a grammatically correct sentence.
- **Accept the question at face value**—don't read anything in or out of the question, or assume it contains a 'trick'. Reading too much into a question usually results in a wrong answer.
- **Do not change your original answer**—in most cases your intuition is correct. Only change your answer if you have a very strong hunch that it's wrong, or you find new evidence.

Regardless of how many exams you have successfully passed up to this point, examinations are normally stressful and confronting experiences. It is worth ensuring that you approach each examination purposefully, well-prepared, and with a mind to hone and improve your technique.

**Lecture focus**

**Lecture preparation:**
Prior to attending the lecture you should complete the following:
- Read Textbook Chapters 10 & 11
- Complete the ‘So What Do You Think?’ exercise for Chapters 10 & 11 (pages 310 & 348 of the textbook)
- Familiarise yourself with Key Terms in Chapter Chapters 10 & 11 (see definitions in Glossary)

**Lecture topic:** Financial statement interpretation and analysis

Chapter 10 will introduce you to some fundamental financial statement analysis concepts. These will provide a framework for your understanding of financial accounting. Chapter 11 then explains how to use financial statement data, and includes coverage of financial ratios and common-size financial statement analysis.
After completing your reading of Chapters 10 & 11, you should be able to achieve the following learning outcomes. Each of these learning outcomes will be tested by the textbook activities identified to be prepared for your Week 10 tutorial. As you will see below, at this level of study most of the learning outcomes are closely related and most activities will require you to demonstrate a range of learning outcomes.

1. **Explain the importance of and calculate the return on assets (ROA) (LO10.2)**

   The topic of ‘return on assets’ is discussed on pages 297–301 of the textbook. You will recall that the return on assets (ROA) ratio was introduced at the end of textbook Chapter 2. You will now examine this measure in greater detail and you will need to be able to apply it to assist in comparing alternative scenarios (as in Exercise E10.3). You need to understand that the return on assets calculation is a significant measure of investment performance and is one of the most important ideas that you will need to understand with regard to business operations. Exhibit 10–1 (on page 300) provides a clear illustration of the ROA calculation based on a sample condensed balance sheet and income statement—you should study this carefully.

   This material will assist you in completing the following Textbook Exercise for the tutorial next week:
   - E10.3 Compare investment alternatives

2. **Calculate and interpret margin and turnover using the adapted DuPont model (LO10.3)**

   The DuPont model is an expansion of the ROA calculation which uses margin and turnover to focus on the two key components of investment performance—profitability and utilisation of assets. The DuPont model is explained on pages 301–303 of the textbook. This material is relevant to a number of the exercises and problems prescribed for this Chapter, so you need to focus on developing a sound understanding of this method of analysis.

   This material will assist you in completing the following Textbook Exercise for the tutorial next week:
   - E10.5 ROA analysis using adapted DuPont model
   - E10.10 Effect of transaction on working capital and current ratio
   - P10.17 Analysis of liquidity and profitability measures of Bude Hotels Ltd.
   - P10.18 Analysis of liquidity and profitability measures of One.Tel Ltd.

3. **Explain the significance of and calculate the return on equity (ROE) (LO10.4)**

   Like the return on assets (ROA) ratio, the return on equity (ROE) ratio was also introduced at the end of textbook Chapter 2. Here, again, we will examine this measure in greater detail and you will need to be able to apply this calculation in a range of scenarios. Return on equity is discussed and illustrated on pages 303–304 of the textbook by reference to the data in Exhibit 10–1 on page 300. You are expected to be able to explain the ROE calculation and the significance of the ROE ratio in analysing financial statements.

   This material will assist you in completing the following Textbook Exercise for the tutorial next week:
   - P10.17 Analysis of liquidity and profitability measures of Bude Hotels Ltd.
   - P10.18 Analysis of liquidity and profitability measures of One.Tel Ltd.
4. **Calculate working capital, the current ratio and the quick ratio and explain their significance (LO10.6)**

Working capital and other measures of liquidity (being the current ratio and the quick ratio) are discussed on pages 304–306 of the textbook. You need to be able to apply these calculations and also explain how they relate to each other and their significance in analysing financial statements. Note in particular that in regard to these ratios, trends are more significant than any given measurement (as noted on page 304 of the textbook) and that ratio measurements at a single point in time are not very descriptive without reference to an external benchmark.

This material will assist you in completing the following Textbook Exercise for the tutorial next week:
- E10.10 Effect of transaction on working capital and current ratio
- P10.17 Analysis of liquidity and profitability measures of Bude Hotels Ltd.
- P10.18 Analysis of liquidity and profitability measures of One.Tel Ltd.

5. **Demonstrate how trend analysis can be used most effectively (LO10.7)**

As noted above, trend analysis is critical in terms of interpreting the various ratios covered in this chapter (particularly in terms of the measures of liquidity). Trend analysis is illustrates in detail on pages 306–309 of the textbook.

This material will assist you in completing the following Textbook Exercise for the tutorial next week:
- P10.17 Analysis of liquidity and profitability measures of Bude Hotels Ltd.
- P10.18 Analysis of liquidity and profitability measures of One.Tel Ltd.

**Comprehensive exercises**

The focus of Chapter 11 of the textbook is develop your understanding of how financial statement ratios can be used to interpret an entity’s financial position based on analysis of their financial statements. The exercises from Chapter 11 are broad and comprehensive in nature, integrating a range of learning outcomes from across all chapters covered thus far in the unit. These are quite demanding tasks which bring together your understanding of the impact of transactions and the preparation and analysis of financial statements. Set aside adequate time to properly undertake these activities. Bring any specific problems or issues you have to the tutorial for discussion.
- E11.4 Effect of transactions on various financial ratios
- P11.15 Analytical case—complete an income statement
- P11.16 Comparative financial ratio analysis
**Week 8 checklist**

At the end of Week 8 you should complete the following table to indicate what you have achieved. If there are particular tasks that you have not completed or learning outcomes you have not achieved, you might make a note of how and when you will address these issues.

<table>
<thead>
<tr>
<th>Task/learning outcome</th>
<th>Achieved</th>
<th>Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checked Unit website on vUWS for announcements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed reading Chapters 10 &amp; 11 of the textbook</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed preparation for Week 8 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 8 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 8 tutorial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed, self-checked and handed in homework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepared for and completed the mid-semester test</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the importance of and calculate the return on assets (ROA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can calculate and interpret margin and turnover using the adapted DuPont model</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the significance of and calculate the return on equity (ROE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can calculate working capital, the current ratio and the quick ratio and explain their significance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can demonstrate how trend analysis can be used most effectively</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

My notes:

____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
Week 10

(Note that Week 9, commencing Monday 22 September, is the intra-session break. Week 10 is the following week, commencing Monday 29 September.)

The focus of Week 10 we will be on the topic of corporate governance, which is covered in Chapter 9 of the textbook. Details of the lecture focus will be provided during the semester.

Tutorial preparation

Note that the group assignment final report is due to be submitted at the commencement of the tutorial in Week 10 along with the student evaluation of participation in the group project process.

The tutorial this week will revisit the content of the Week 8 lecture. You should have completed the following from textbook Chapters 10 & 11 in preparation for the tutorial.

  (see Week 8 ‘Lecture focus’ for more detail)

Remember that the textbook exercises listed above are ‘Homework’ that must be submitted at the start of the tutorial.

In preparation for the tutorial you should also complete the Self-Study Material for Chapters 10 and 11 on pages 311–314 and 353–356 of the textbook.
**Week 10 checklist**

At the end of Week 10 you should complete the following table to indicate what you have achieved. If there are particular tasks that you have not completed or learning outcomes you have not achieved, you might make a note of how and when you will address these issues.

<table>
<thead>
<tr>
<th>Task/learning outcome</th>
<th>Achieved</th>
<th>Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checked Unit website on vUWS for announcements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed reading Chapter 9 of the textbook</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed preparation for Week 10 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 10 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 10 tutorial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete and submitted the group assignment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed, self-checked and handed in homework</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

My notes:

____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
Week 11

The focus of the Week 11 lecture will be on Chapter 12 of the textbook. Chapter 12 marks our commencement of Part 2 of the textbook dealing with management accounting. We have now completed our coverage of financial accounting and will be examining a distinct new area of accounting. This will involve new concepts and terminology/jargon and our perspective will shift from the historical viewpoint of financial accounting to the management accounting emphasis on planning, decision-making and control.

Tutorial preparation

There will be no lecturer or tutorials at Campbelltown Campus on Monday 6th October as this is the Labour Day holiday.

Lecture focus

Lecture preparation:

Prior to the lecture you should complete the following:

- Read Textbook Chapter 12
- Complete the ‘So What Do You Think?’ exercise for Chapter 12 (pages 402–403 of the textbook)
- Familiarise yourself with Key Terms in Chapter 12 (see definitions in Glossary)

Lecture topic: Cost-Volume-Profit analysis

Chapter 12 is the keystone chapter in the management accounting section of the textbook. It presents the ‘big picture’ perspectives of the ‘planning and control cycle’ and the ‘cost classification models’. These will be revisited and reinforced as we work through the subsequent chapters on management accounting, so it is vital that you gain a sound basic understanding of these tools.

You will need to be able to clearly distinguish between financial accounting and management accounting and recognise that for management accounting purposes there are different costs for different purposes. These distinctions are explained in the first part of Chapter 12 on textbook pages 373–375.
After completing your reading of Chapter 12, you should be able to achieve the following learning outcomes. Each of these learning outcomes will be tested by the textbook activities identified to be prepared for your Week 12 tutorial.

1. **Explain the difference between variable and fixed cost behaviour patterns, and the simplifying assumptions made in this classification method (LO12.3)**

The relationship between total cost and volume of activity is discussed on pages 376–378 of the textbook. This section clearly distinguishes between variable costs and fixed costs, which is a key distinction you need to understand in this Chapter. The following section on ‘Applications of cost-volume-profit analysis’ dealing with cost behaviour patterns on pages 379–382 is also useful in developing your understanding of these concepts.

This material will assist you in completing the following Textbook Exercise for the tutorial next week:
- E12.3 Estimating costs based on behaviour patterns.

2. **Explain the difference between the traditional income statement format and the contribution margin income statement format (LO12.7)**

The contribution margin format on page 383 is introduced as a modified income statement format on pages 382–389 of the textbook. Pages 382-389 of the textbook relate to this learning outcome and the following two learning outcomes. You will note from the problems listed under each of these outcomes, that they are intrinsically related in terms of practical application. The contribution margin model defined on page 384 is an essential tool used to determine the impact of cost, selling price and volume changes on operating profit and is critical to effective short term decision making. Hence, you will need to spend some time reading this section of chapter, reviewing the various calculations and completing the related exercises and problems.

This material will assist you in completing the following Textbook Exercise and Problems for the tutorial next week:
- E12.6 Understanding CVP relationships
- P12.23 Prepare contribution margin income statement and answer what-if questions.
- P12.25 Prepare a contribution margin format income statement; calculate break-even point.

3. **Explain the contribution margin and use it in CVP analysis (LO12.8)**

The major section detailing ‘Applications of cost-volume-profit analysis’ on pages 379–389 of the textbook will assist you in completing the following Textbook Exercise and Problems for the tutorial next week:
- E12.8 Calculating selling price of new product; what-if questions; break-even.
- P12.23 Prepare contribution margin income statement and answer what-if questions.
- P12.25 Prepare a contribution margin format income statement; calculate break-even point.
- P12.38 understanding the effects of operating leverage.
4. **Explain the meaning and the significance of the break-even point and calculate the break-even point (LO12.9)**

The major section detailing ‘Applications of cost-volume-profit analysis’ on pages 379–389 of the textbook will assist you in completing the following Textbook Problems for the tutorial next week:

- P12.23 Prepare contribution margin income statement and answer what-if questions.
- P12.25 Prepare a contribution margin format income statement; calculate break-even point.
- P12.38 Understanding the effects of operating leverage.

5. **Discuss the meaning and application of the following terms: differential, allocated, sunk and opportunity (LO12.11)**

These terms are outlined on page 393 of the textbook under the heading ‘Cost classifications for other analytical purposes’. These are the cost classifications listed in the final column of Exhibit 12–1 on page 372 of the textbook, and you need to be aware of what these terms mean and how they are used to support decision making. You need to be able to define and explain each of the four cost categories listed in this section.

This material will assist you in completing the following Textbook Exercise and Problem for the tutorial next week:

- E12.11 Application of cost terminology.
- P12.38 Understanding the effects of operating leverage.

6. **Describe how costs are determined to be relevant for short-run decisions (LO12.12)**

The discussion of ‘Short-run decision analysis’ on pages 393–402 of the textbook covers both this learning outcome and the seventh learning outcome below. These outcomes are brought together in Exercise E12.15. The critical issue is that you understand the usefulness of the concept of ‘relevant’ cost in simplifying and focusing the decision making process. This is illustrated in the consideration of the special pricing decision (on pages 395–398), and the make or buy decision (on pages 398–400).

This material will assist you in completing the following Textbook Exercises for the tutorial next week:

- E12.13 Sell or process further?
- E12.15 Accept special sales order?

7. **Determine a special pricing decision when a firm is operating at full, rather than idle capacity (LO12.13)**

See comments above under Outcome 6. The major section detailing ‘Short-run decision analysis’ on pages 393–402 of the textbook will assist you in completing the following Textbook Exercise for the tutorial next week:

- E12.15 Accept special sales order?
# Week 11 checklist

At the end of Week 11 you should complete the following table to indicate what you have achieved. If there are particular tasks that you have not completed or learning outcomes you have not achieved, you might make a note of how and when you will address these issues.

<table>
<thead>
<tr>
<th>Task/learning outcome</th>
<th>Achieved</th>
<th>Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checked Unit website on vUWS for announcements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed reading Chapter 12 of the textbook</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed preparation for Week 11 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 11 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 11 tutorial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed, self-checked and handed in homework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the difference between variable and fixed cost behaviour patterns, and the simplifying assumptions made in this classification method</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the difference between the traditional income statement format and the contribution margin income statement format</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the contribution margin and use it in CVP analysis</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the meaning and the significance of the break-even point and calculate the break-even point</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can discuss the meaning and application of the following terms: <em>differential, allocated, sunk and opportunity</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can describe how costs are determined to be relevant for short-run decisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can determine a special pricing decision when a firm is operating at full, rather than idle capacity</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

My notes:

____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
Week 12

The focus of the Week 12 lecture will be on Chapter 13 of the textbook. You will also be working through the textbook exercises from Chapter 12 in your tutorial.

Chapter 13 examines cost accounting and reporting systems.

Tutorial preparation

The tutorial this week will revisit the content of the Week 11 lecture. You should have completed the following from textbook Chapter 12 in preparation for the tutorial.


Remember that the textbook exercises listed above are ‘Homework’ that must be submitted at the start of the tutorial.

In preparation for the tutorial you should also complete the Self-Study Material for Chapter 12 on pages 405–409 of the textbook.

Lecture focus

Lecture preparation:

Prior to attending the lecture you should complete the following:

- Read Textbook Chapter 13
- Complete the ‘So What Do You Think?’ exercise for Chapter 13 (pages 455–456 of the textbook)
- Familiarise yourself with Key Terms in Chapter 13 (see definitions in Glossary)

Lecture topic: Cost accounting and reporting

Cost accounting is yet another dimension of accounting and you will need to understand how it relates to both financial accounting and managerial accounting and the strategic role that cost management plays in an organisation’s value chain functions.

You should focus on the difference between direct and indirect costs and the process for pooling and assigning indirect costs to cost objects (specifically the application of overheads to jobs). You should also pay attention to the elements of product cost and recognise that product costs are accounted for differently than period costs.

The key to your understanding of cost accounting is to be able to picture how costs flow through raw material, work in process, finished goods and cost of goods sold. This will help you to appreciate the reporting issues concerning inventory valuation and the statement of cost of goods manufactured, which are vital to the income determination for a manufacturing firm.
After completing your reading of Chapter 12, you should be able to achieve the following learning outcomes. Each of these learning outcomes will be tested by the textbook activities identified to be prepared for your Week 13 tutorial.

1. **Explain the general operation of a product costing system and how costs flow through the inventory accounts to cost of goods sold (LO13.5)**

The general characteristics of cost accounting systems are covered on pages 439–446 of the textbook. Pay particular attention to Exhibits 13–3 and 13–4 on pages 440–441 on product costs and the flow of costs. To test your learning of this material, a series of product costing problems are presented in the selected exercises listed below.

This material will assist you in completing the following Textbook Exercise and Problem for the tutorial next week:

- E13.7 Product costing—various issues.
- E13.8 Product costing—two overhead allocation rates.
- E13.10 Manufacturing overhead—over/underapplied.
- E13.14 Application of overhead rates to costing service.

2. **Calculate predetermined overhead application rates and explain how these are developed and used (LO13.6), and**

3. **Present and interpret a statement of cost of goods manufactured (LO13.7)**

These two outcomes are closely related and covered in the section of the textbook referred to above (pages 439–446). Overhead application rates are discussed on pages 442–445 (refer in particular to Exhibit 13–5 on page 442 and Exhibit 13–6 on pages 442–443). The summarising and reporting of manufacturing costs in the ‘statement of cost of good manufactured’ is then outlined on pages 445–446, with an example of this statement provided in Exhibit 13–7 on page 445.

This material will assist you in completing the following Textbook Exercise and Problem for the tutorial next week:

- E13.17 Overhead application rate calculated, applied and evaluated.

4. **Apply activity-based costing and explain activity-based management (LO13.9)**

Activity-based costing (ABC) and activity-based management (ABM) are discussed at the end of Chapter 13 of the textbook on pages 450–454. See, in particular, the article in the *Business In Practice* segment on pages 453–454 which places these concepts into a real world context. You will need to be able to apply ‘cost drivers’ to allocate costs in applying ABC—refer to Exhibit 13–10 (on textbook page 451) which provides a useful illustration in this regard.

This material will assist you in completing the following Textbook Exercise and Problem for the tutorial next week:

- P13.27 Activity-based costing
Week 12 checklist

At the end of Week 12 you should complete the following table to indicate what you have achieved. If there are particular tasks that you have not completed or learning outcomes you have not achieved, you might make a note of how and when you will address these issues.

<table>
<thead>
<tr>
<th>Task/learning outcome</th>
<th>Achieved</th>
<th>Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checked Unit website on vUWS for announcements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed reading Chapter 13 of the textbook</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed preparation for Week 12 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 12 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 12 tutorial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed, self-checked and handed in homework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the general operation of a product costing system and how costs flow through the inventory accounts to cost of goods sold</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can calculate predetermined overhead application rates and explain how these are developed and used</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can present and interpret a statement of cost of goods manufactured</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can apply activity-based costing and explain activity-based management</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

My notes:

____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
Week 13

The focus of the Week 13 lecture will be on Chapter 14 of the textbook. You will also be working through the textbook exercises from Chapter 13 in your tutorial.

Chapter 14 is the final chapter in the textbook, and covers the final element of the section on management accounting. It deals with cost analysis for planning and control.

Tutorial preparation
The tutorial this week will revisit the content of the Week 12 lecture. You should have completed the following from textbook Chapter 13 in preparation for the tutorial.


Remember that the textbook exercises listed above are ‘Homework’ that must be submitted at the start of the tutorial.

In preparation for the tutorial you should also complete the Self-Study Material for Chapter 13 on pages 457–460 of the textbook.

Lecture focus

Lecture preparation:
Prior to attending the lecture you should complete the following:

- Read Textbook Chapter 14
- Complete the ‘So What Do You Think?’ exercise for Chapter 14 (pages 504–505 of the textbook)
- Familiarise yourself with Key Terms in Chapter 14 (see definitions in Glossary)

Lecture topic: Cost analysis and planning for control

Chapter 14 deals, essentially, with budgeting for an entity. You should be able to relate this to any personal budgeting that you have done in terms of understanding the rationale behind developing a budget and the aspects which make the budget a useful tool. You need to understand how the budgeting process is useful for planning and control, and the ways in which various component budgets of an operating budget are interrelated. Also make sure you integrate your knowledge of the financial accounting model with the management process of budgeting.

In particular, you should develop a sound understanding of the following points:

- the sales/revenue forecast is the starting point, and the key, to the entire budgeting process
- standard costs are unit budgets and standards can be used in the planning and control process
- the reasons for and method of flexing a budget
- for control purposes, variances from standards can be calculated and used to encourage those responsible for costs to have control awareness (but note that using variances to coerce performance is dysfunctional).
You will need to refer back to the various cost classifications introduced in Chapter 12 as these are critical for budgeting purposes and will be drawn upon extensively in this chapter.

After completing your reading of Chapter 14, you should be able to achieve the following learning outcomes. Each of these learning outcomes will be tested by the textbook activities identified to be prepared for your Week 14 tutorial.

1. **Explain the significance of the sales forecast (or revenue budget) to the overall operating budget (LO14.5)**

   The sales forecast is introduced in the section of the textbook dealing with the budgeting process in detail on pages 482–484. Refer to Exhibit 14–2 on page 484 for an overview of the operating budget development sequence. This outcome requires you to have a clear understanding of how the sales forecast contributes to the overall operating budget, but many of the exercises/problems related to this outcome also require application of later outcomes (see below) so you may need to complete the remainder of the chapter before attempting these activities.

   This material will assist you in completing the following Textbook Exercise and Problem for the tutorial next week:
   - E14.4 Production and purchases budget
   - P14.21 Purchases budget—analytical.
   - E14.7 Cash receipts budget
   - E14.9 Cash receipts budget
   - P14.28 Sales, production, purchases and cash budgets

2. **Develop the purchases and production budget (LO14.6)**

   The purchases and production budget is examined in detail on pages 484–489. An example of a production budget is provided in Exhibit 14–4 on pages 487–488. See also the useful ‘study suggestion’ on page 487 which provides a perspective which may help you understand some of the concepts employed here.

   This material will assist you in completing the following Textbook Exercise and Problem for the tutorial next week:
   - E14.4 Production and purchases budget
   - P14.21 Purchases budget—analytical.
   - P14.28 Sales, production, purchases and cash budgets
3. **Develop a cash budget (LO14.9)**

   The cash budget is examined on pages 490–494, with an illustration of a cash budget in Exhibit 14–7 on page 493, which shows the sources of various budget amounts. A range of exercises and problems are provided in the textbook to test your ability to interpret and prepare a cash budget.

   This material will assist you in completing the following Textbook Exercise and Problem for the tutorial next week:
   - E14.7 Cash receipts budget.
   - E14.9 Cash receipts budget.
   - P14.25 Cash Budget
   - P14.28 Sales, production, purchases and cash budgets

4. **Describe what a flexible budget is and how it is used (LO14.12)**

   The discussion of ‘performance reporting’ on pages 495–498 of the textbook includes an explanation of the ‘flexible budget’ on pages 497–498. In considering this material it is important to keep in mind that the reason for calculating variances is to communicate these to the person responsible, so that favourable variances can be captured and unfavourable variances can be eliminated. This ties in with the concept of ‘responsibility reporting’ as identified on page 496 of the textbook.

   This material will assist you in completing the following Textbook Exercise and Problem for the tutorial next week:
   - E14.13 Flexible budgeting
   - E14.14 Flexible budgeting
# Week 13 checklist

At the end of Week 13 you should complete the following table to indicate what you have achieved. If there are particular tasks that you have not completed or learning outcomes you have not achieved, you might make a note of how and when you will address these issues.

<table>
<thead>
<tr>
<th>Task/learning outcome</th>
<th>Achieved</th>
<th>Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checked Unit website on vUWS for announcements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed reading Chapter 14 of the textbook</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed preparation for Week 13 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 13 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 13 tutorial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed, self-checked and handed in homework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the significance of the sales forecast (or revenue budget) to the overall operating budget</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can develop the purchases and production budget</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can develop a cash budget</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can describe what a flexible budget is and how it is used</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

My notes:

____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
Week 14

The final week will be dedicated to reviewing the entire unit and preparing you for the final examination. The final lecture will revise the key knowledge from the preceding weeks and prime you to perform at your best in the examination. The final tutorial will complete your study of the textbook by focusing on Chapter 14.

Tutorial preparation

The tutorial this week will revisit the content of the Week 13 lecture. You should have completed the following from textbook Chapter 14 in preparation for the tutorial.


Remember that the textbook exercises listed above are ‘Homework’ that must be submitted at the start of the tutorial.

In preparation for the tutorial you should also complete the Self-Study Material for Chapter 14 on pages 507–510 of the textbook.

Study skills tip

Back in Week 8 it was suggested that you have look at some resources to improve your exam technique. A number of resources are available through UWS website via the Student Learning Unit:

http://currentstudents.uws.edu.au/students/ods/lzu

At this stage of the unit, you should seek out advice on how to make sure your preparation leads to success in the final examination. You should look at the resources available under the ‘Exam preparation and strategies’ link.

The key is to apply an active learning approach to your revision. It is not especially helpful to simply re-read the textbook. Identify what areas you are not confident about and focus most of your attention on those. Use sample exam questions and other activities to make sure you are applying and testing your learning. Form a study group with fellow students to help motivate each other and provide opportunities to discuss and work through problem areas.

If you have completed the prescribed reading and exercises in this Learning Guide, engaged in the lectures throughout the semester and participated enthusiastically in the tutorials, you are well positioned to demonstrate your knowledge in the final exam.

Good luck with the final exams and your University studies beyond this unit!
# Week 14 checklist

At the end of Week 14 you should complete the following table to indicate what you have achieved. If there are particular tasks that you have not completed or learning outcomes you have not achieved, you might make a note of how and when you will address these issues.

<table>
<thead>
<tr>
<th>Task/learning outcome</th>
<th>Achieved</th>
<th>Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checked Unit website on vUWS for announcements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 14 lecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attended Week 14 tutorial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have devised a revision and exam plan to help me prepare for the final examination</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completed, self-checked and handed in homework</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

My notes:

____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________
____________________________________________________________________________________________