This unit aims to develop the ability to understand, interpret and use financial reports. The unit is structured to provide an understanding of accounting concepts, issues and problems rather than educating someone to take the role of a professional accountant. The focus of the unit is on accounting for external users and after developing an understanding of the basic concepts underlying external general-purpose financial reports, techniques to analyse such reports are examined. The unit also provides an introduction to accounting for internal users. Basic cost concepts for making operating and strategic decisions within an organisation are discussed.
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<table>
<thead>
<tr>
<th>Unit Web Site URL</th>
<th>Arman Hendiyanto, MBA, MSc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lecturer</td>
<td><a href="mailto:arman@aaj.co.id">arman@aaj.co.id</a></td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:armanhendiyanto@yahoo.com">armanhendiyanto@yahoo.com</a></td>
</tr>
<tr>
<td>Phone:</td>
<td>+62-818-897239</td>
</tr>
<tr>
<td>Fax:</td>
<td>+62-21 392-3532</td>
</tr>
<tr>
<td>Consultation Hours:</td>
<td>Workdays, by appointment</td>
</tr>
<tr>
<td>Lecture Times:</td>
<td>Saturday, 9.30am – 3.00pm</td>
</tr>
<tr>
<td>Lecture Venue:</td>
<td>Untar Campus 1, Bldg M, 2nd fl.</td>
</tr>
</tbody>
</table>

Your lecturer

Arman started his career in educational area in 1989, as a assistant lecturer at Faculty of Economics University of Indonesia where he got his bachelor degree in accounting. He has taught various subjects, including financial accounting, management accounting, investment, as well as financial management. He later served as a lecturer at Master of Management Program – University of Indonesia since 1994. His teaching experience was broadened to include Master of Accounting Program – University of Indonesia and Master of Management Program – University of Tarumanegara. He also holds MBA in International business and MSc in Finance from Temple University in USA in 1994.

On the other professional side, Arman is an Audit Partner at Amir Abadi Jusuf Public Accountant – a member of RSM International, which is the world’s sixth largest accounting firm. Previously he served private company as senior management position and consultant firm. His experiences have been enriched by being speakers for various seminars and workshops managed private training institutions.

In keeping his professional knowledge, he also awarded Certified Management Accountant from Institute of Management Accountant, Certified Indonesian Public Accountant from Ministry of Finance, Certified Tax Consultant and Fund Manager.

Arman is also active in several professional societies, including Indonesian Institute of Accountancy, Indonesian Institute of Audit Committee, Institute of Management Accountant – USA, and Professional Risk Manager International Association.
UNIT DESCRIPTION

Introduction

“The ability to disseminate data and select information, then use in business decision making, is the first step in winning the tight competition.”

(anonymous)

Welcome to MGMT8502 Accounting a unit offered by the Graduate School of Management of the University of Western Australia (UWA) in collaborating with Tarumanagara University. This is a core unit in the MBA and is usually one of the first taken by students as part of this degree.

The use of financial information permeates all aspects of business decisions irrespective of the nature of a business entity. Successful business managers are those who understand the financial implications of their decisions and actions. However, this is not to say that all managers must possess accounting skills and it is not intended that you will qualify as an accountant upon the completion of this unit. A professional accounting qualification requires three years of full-time university level study, a post-graduate certification program and, some cynics might suggest, a personality change. Thus, this unit introduces some key accounting concepts so as to help you to navigate your way around published financial statements. Furthermore, this unit will equip you with sufficient knowledge of accounting as to enable you to meaningfully interact with those who provide professional accounting services from both within and external to your organisation. You will be able to understand and use accounting information in a way that enhances both your own effectiveness and that of the organisation to which you belong.

Therefore, this unit will introduce and emphasise the use of accounting information in decision-making. The course provides an introduction to the preparation of various types of financial statements so as to develop an understanding of the structure and conceptual foundation to these statements. However, the main emphasis will be on the use of the financial statements by managers rather than their preparation.

The first and major part of the unit provides the skills necessary to read and interpret the financial statements of large listed corporate entities. These financial statements comprise the income statement, balance sheet, statement of changes in equity and the cash flow statement. These statements comprise general-purpose financial reports that are normally prepared for the benefit of users external to the entity (e.g., shareholders and lenders). We then examine the performance and position of the entity as revealed by financial statement analysis. Finally, so as to obtain a better understanding of the usefulness of the information provided in these statements, we examine the conceptual basis for financial accounting and also the professional body that set the standards for financial reporting.

The second part of the unit primarily focuses on the types of accounting information made available and use by management in their decision making. Topics include the use of accounting information in planning, control, decision-making, and performance measurement. One important lesson to be gained from this part of the unit is that accounting information is constructed and used in different ways for different purposes.

The unit description

Accounting aims to develop the ability to understand, interpret and use financial statements. The unit is structured to provide an understanding of accounting concepts, issues and problems rather than educating someone to take the role of a professional accountant. The focus of the unit is on accounting for external users and after developing an understanding of the basic concepts underlying external general-purpose financial reports, techniques to analyse such reports are examined. The unit also provides an introduction to accounting for internal users. Basic cost concepts for making operating and strategic decisions within an organisation are discussed.
The goal of the unit

MGMT8502 Accounting has two goals. The first is to develop your ability to understand, interpret and use financial statements as available public information. The second is to develop your awareness of the basis for preparation and the strategic use of internal accounting information in enhancing management effectiveness decision making. It is essential for MBA graduates to have a basic and wholly understanding of accounting in these two forms.

Learning outcomes

On completion of this unit, you should be able to:
• Appreciate the difficulties and assumptions involved in the preparation of financial statements;
• Understand the concepts of each element of financial statement such as cash, receivable, non current asset, payable, revenue and cost;
• Analyse and interpret information contained in those financial statements (with particular emphasis on using ratio analysis and cash flow analysis) bearing in mind the inherent limitations of such information;
• Identify the different purposes for preparing accounting information for internal users;
• Explain how management can use internal accounting information in making strategic decision making.; and
• Appreciate the uses and issues associated with budgets and the balanced scorecard as management tools.

Prerequisites

The prerequisites for this unit are: Nil

TEACHING AND LEARNING RESPONSIBILITIES

Teaching and learning strategies

The classes in this unit are interactive, participation of all students is really needed and encouraged. You make a real contribution both by asking questions and providing relevant examples from your experience when appropriate. Our objective is to foster a learning environment where all students feel comfortable in asking questions when they require clarification about an issue or principle. In class, we use a combination of presentations, group-based work and problem/case based learning.

Charter of student rights

This Charter of Student Rights upholds the fundamental rights of students who undertake their education at the University of Western Australia.

It recognises that excellence in teaching and learning requires students to be active participants in their educational experience. It upholds the ethos that in addition to the University’s role of awarding formal academic qualifications to students, the University must strive to instil in all students independent scholarly learning, critical judgement, academic integrity and ethical sensitivity. The charter outlines the rights and responsibilities for both students and staff of the university and you are encouraged to refer to the charter at: http://www.guild.uwa.edu.au/info/student_help/student_rights/charter.shtml.
Use of student feedback

You will be asked to complete two evaluations during this unit. The Student Perception of Teaching (SPOT) and the Student’s Unit Reflective Feedback (SURF). The SPOT is an evaluation of the lecturer and the unit. The SURF is a university wide survey and deals only with the unit. Your feedback is extremely important and can be used to make changes to the unit or lecturing style when appropriate. For example, the use of quizzes every 2 weeks in this unit is as a direct response to a student’s suggestion in a prior SPOT survey. Since implementing the fortnightly quizzes, students rate this part of the assessment very highly.

ASSESSMENT MECHANISM

The purpose of assessment

There are a number of reasons for having assessable tasks as part of an academic program. The assessable tasks are designed to encourage you to explore and understand the subject more fully. The fact that we grade your work then gives you an indication of how much you have achieved. Providing feedback on your work also serves as part of the learning process.

Assessment details

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Assignment</td>
<td>15%</td>
<td>Due in class week 5 (19 August 2006)</td>
</tr>
<tr>
<td>In-class Quizzes</td>
<td>21%</td>
<td>Conducted in class weeks 2, 4, 6 and 8</td>
</tr>
<tr>
<td>Group Assignment</td>
<td>30%</td>
<td>Due in class week 8 (9 September 2006)</td>
</tr>
<tr>
<td>Final Examination</td>
<td>34%</td>
<td>Saturday 24th September</td>
</tr>
</tbody>
</table>
The standard of assessment

The Graduate School must ensure that the processes of assessment are fair and are designed to maintain the standards of the School and its students. The School follows the University of Western Australia’s grading system:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>HD (Higher Distinction)</td>
<td>80-100%</td>
</tr>
<tr>
<td>D (Distinction)</td>
<td>70-79%</td>
</tr>
<tr>
<td>CR (Credit Pass)</td>
<td>60-69%</td>
</tr>
<tr>
<td>P (Pass)</td>
<td>50-59%</td>
</tr>
<tr>
<td>N+ (Fail)</td>
<td>45-49%</td>
</tr>
<tr>
<td>N (Fail)</td>
<td>0-44%</td>
</tr>
</tbody>
</table>

The School awards marks leading to these grades by using the following general criteria which are presented here as an indication of the School’s expectations. These general criteria may be supplemented by specific standards provided with regard to a particular assignment.

**HD** The student has a clear understanding of theory, concepts and issues relating to the subject and is able to adopt a critical perspective. The student is able to clearly identify the most critical aspects of the task and is able to offer a logically consistent and well articulated analysis within the analytic framework presented in the course. The student is able to draw widely from the academic literature and elsewhere but maintains relevance.

**D** The student has a clear understanding of theory, concepts and issues relating to the subject. The student is able to develop an analysis of an issue using the analytic framework presented in the course and is able to identify and evaluate the critical issues. The student is able to draw upon relevant academic and other material.

**CR** The student demonstrates an understanding of the analytic framework developed in the course and a partial understanding of concepts and issues. The student is able to identify some key issues and is able to present a logical discussion, but with some conceptual errors or gaps between analysis and conclusions shortcoming. The student is able to draw upon an adequate range of references and other materials.

**P** The student generally takes a descriptive rather than analytic approach to the subject. The student is able to demonstrate some understanding of the issues involved but does not demonstrate the ability to apply the analytical framework which had been developed in the course. Draws primarily upon course materials for referencing.

**N+** The student is unable to demonstrate that he or she understands the core elements of the subject matter. The student is able to provide some insight into issues but misapplies analytic framework developed in course, omitting key factors and, for example, drawing conclusions which are not related to the preceding discussion.

**N** The student is unable to demonstrate any understanding of the subject matter. Material presented for assessment is unrelated to course framework and shows no effort to identify or address critical aspects of the topic.

The scaling of marks to ensure comparability between classes in an acceptable academic practice. The GSM and Board of Examiners has the right to scale marks where it is considered necessary to maintain consistency and fairness.
Assessment components

Individual Assignment (15% of final mark)

It's tough to tally cost of global piracy
By Geoffrey A. Fowler
2 June 2006
The Wall Street Journal Asia

The plastic in a blank CD or DVD costs less than a quarter. But when the music industry finds a CD that has been ripped off by copyright pirates, they say it is valued at between $1 and $5. Hollywood says a pirate DVD can be valued at between nothing and a full retail $25. The software industry sometimes weighs in at more than $200 per counterfeit disc.

Why is there such variety? Counting the losses from piracy isn't a science -- it is an art. Police in developing countries like China may count pirated goods at their street value, but companies and industry associations have different, often political, goals behind their counting systems. Now the rising incidence of Internet piracy is making counting losses even harder, and more controversial.

"We can confidently say we will never know 100% the exact loss. There are several sciences, and none of them work entirely satisfactorily," says Keith Jopling, director of strategic analysis and research for the International Federation of the Phonographic Industry, the main music-industry trade group.

Police data and surveys can provide estimates of the number of DVDs sold in street pirate markets, and the numbers of songs and programs downloaded off the Internet. But the music, movie and software industries -- largely wiped out by piracy in many developing countries -- face a more vexing problem of reckoning their losses: Somebody who buys a pirated disc at a steep discount isn't necessarily a lost customer for a full-price product....

Required
Expenses (costs) mean different things to different people. In this article companies identify the costs related to tracking and uncovering piracy and the costs related to lost sales. From an accounting point of view discuss the issues that need to be considered when determining whether these two types of expenses (costs) should be recognised in the financial statements.

Be sure to include appropriate references in your assignment.

Assignment length
The Individual Assignment has a maximum page limit of 5 A4 sheets double sided. The format is to be 11pt ARIAL font with one and half line paragraph spacing. Margins are to be set at 25mm. The maximum page limit of 10 pages excludes the Title page, the Table of Contents, the Executive Summary, the References Page and any appendices. Please note that an appendix, where used, should only contain information that is in support an argument or comment already made within the body of the paper. Marks will not be awarded for new arguments or points provided in an appendix. Please note that the Individual Assignment should not be bound or placed in a cover. Please submit your Individual Assignment with a single staple located in the top left hand corner.
Group Assignment 2 (30% of final mark)

You are required to prepare an analysis of PT Indofood Sukses Makmur, Tbk to determine whether to recommend a hold, buy or sell decision be made by an equity investor.

In your analysis you should make use of the most recent financial statements and any other information available up until 30 June 2006. The final share price on this date is to be incorporated into your financial analysis.

Your report should include a section commenting on any differences in the major accounting policies adopted, what impact any changes to these policies have had on financial ratio levels, and an assessment of the financial prospects of PT Indofood Sukses Makmur, Tbk. You should also comment on any significant differences in accounting policies/strategies which impact on the financial ratios of PT Indofood Sukses Makmur, Tbk and your benchmark(s).

Careful consideration, identification and discussion of your chosen industry comparisons need to be made.

You may complete this assignment individually or in a group with a maximum of 3 members.

Where you choose to complete the assignment in groups, peer assessment will be used.

Groups are to be chosen by students and should be identified to Lecturer by class 4 (5 August 2006)

Once you have chosen to work within a particular group, a group assignment must be submitted (i.e., you cannot disband the group midway through the quarter).

Groups are required to submit a hard copy of the assignment to Lecturer in class week 8 (9 September 2006). All ratio calculations where relevant and workings are required to be submitted as appendices. You should retain items such as research notes, e-mails and a record of your individual input to the group assignment.

Assignment length

A maximum page limit of 10 A4 sheets printed on both sides is set for the Group Assignment. The format of the submission is to be 11 pt ARIAL font with 1.5 times paragraph spacing. The submitted document is to have 25mm margins. This 20 page limit excludes the Title page, the Table of Contents, Executive Summary, References and any Appendices. Please note that an appendix, where used, should contain information to support an argument or comment within the body of the paper. Marks will not be awarded for any new arguments or points introduced in an appendix. Given the likely length of the Group Assignment, please note that your submission should be bound.

In Class Quizzes (21% of final mark)

There will be 4 quizzes during the quarter. Each quiz is worth 7% of the total unit assessment and will be completed during class time.

There will be no alternative time set to sit missed quizzes. The best 3 marks will be used to calculate your final grade. If you only sit 3 quizzes, all of those grades will be included. If you only sit 2 quizzes, you will only receive a maximum of 14/21 for this piece of assessment.

Each quiz will be multiple choice questions and or short answer questions. Quizzes are based on the topics covered since the previous quiz.
Final Exam (34% of final mark)

This exam will be 180 minutes in duration and will cover all Topics. There will be 6 essay/problem /case type questions. The exam is open book. To pass this unit, students are required to achieve a score of at least 45% in the final exam.

Submission of assignments

Assignments should be submitted in class on the due date.
Late assignments will attract a penalty of 5% per day or part thereof. This penalty will be waived by Lecturer only in exceptional circumstances.

ETHICAL SCHOLARSHIP, ACADEMIC LITERACY AND ACADEMIC MISCONDUCT

Ethical scholarship is the pursuit of scholarly enquiry marked by honesty and integrity.

Academic Literacy is the capacity to undertake study and research, and to communicate findings and knowledge, in a manner appropriate to the particular disciplinary conventions and scholarly standards expected at university level.

Academic misconduct is any activity or practice engaged in by a student that breaches explicit guidelines relating to the production of work for assessment, in a manner that compromises or defeats the purpose of that assessment. Students must not engage in academic misconduct. Any such activity undermines an ethos of ethical scholarship. Academic misconduct includes, but is not limited to cheating, or attempting to cheat, through:

- Collusion
- Inappropriate collaboration
- Plagiarism (see more details below)
- Misrepresenting or fabricating data or results or other assessable work
- Inappropriate electronic data sourcing/collection
- Breaching rules specified for the conduct of examinations in a way that may compromise or defeat the purposes of assessment.

Penalties for academic misconduct vary according to seriousness of the case, and may include the requirement to do further work or repeat work; deduction of marks; the award of zero marks for the assessment; failure of one or more units; suspension from a course of study; exclusion from the University, non-conferral of a degree, diploma or other award to which the student would otherwise have been entitled. Refer to the Ethical Scholarship, Academic Literacy and Academic Misconduct and individual Faculty policies. For further information on the rules and procedures in respect of appropriate academic conduct you should visit: http://www.teachingandlearning.uwa.edu.au/tl/academic_conduct
Acknowledgements and plagiarism

In the course of your individual and group work assignments, you will encounter ideas from many sources. These will include journal and newspaper articles, commentaries, books, web sites and other electronic sources, original case sources, lecture materials. All MBA assignments that you submit must acknowledge all the different sources you have used. Not to acknowledge your sources is plagiarism, a form of dishonesty. Plagiarism is the misappropriation of the work or ideas of others and presenting them as your own. This is reprehensible from both an ethical and legal viewpoint. Neither the School nor the University accepts ignorance or the fact that a student’s previous acts of plagiarism had been undetected as a defence.

In order to avoid engaging in plagiarism it is your responsibility to acknowledge all of your sources in any work submitted for assessment and it is essential that you reference the work of others correctly. Where you quote directly from a source, you must ensure that any direct quotations are placed in quotation marks and are fully referenced. Even when you do not quote directly and are just referring to or expanding on the work of others, you must still acknowledge the sources of your information and ideas. Close paraphrasing in which you change a few phrases around, leave a clause out of a long sentence or put the original sentences in a different order is still plagiarism. To mark words as a quotation the entire text that has been copied should be enclosed within quotation marks. If the copied text is four or more lines in length, it may be more appropriate to set it as a separate and indented paragraph. Each time that text is copied, the source must be acknowledged with a reference citation, including the page number.

Advice on proper referencing is given below. If you have any doubts concerning appropriate referencing formats or how to acknowledge the work of others correctly, you should seek the advice of your lecturer.

Referencing

It is important that the referencing of any sources used in your written work is done properly, if only to substantiate the points you are making in your assignment or project. The Harvard style is the preferred and there are some notes for guidance which have been prepared by the library staff: ‘Citing your sources Harvard Style’

Endnote is a really good system for building up a database of references. Not everyone will want to invest the time in using this system but you should consider it if you intend to build up resource materials or plan to undertake extensive research in a particular area. The library staff have also developed a tutoring package: ‘A quick Guide to Using EndNote’ which provides the basics for using EndNote with an essay

This is linked to from the how to Use End Note page www.library.uwa.edu.au/guides/endnote/ which provides more comprehensive information.
 Appeals against academic assessment

In the first instance, students are strongly advised to talk informally to the lecturer about the grade awarded. The University provides the opportunity for students to lodge an appeal against any mark which he or she feels is unfair. Any student making an appeal is under an obligation to establish a prima facie case by providing particular and substantial reasons for the appeal.

There is a 12 day time limit for making any such appeal. An appeal against academic assessment may result, as appropriate, in an increase or decrease in the mark originally awarded. The University regulations relating to appeals and the form on which the appeal should be lodged can be found in the GSM website or at http://www.publishing.uwa.edu.au/handbooks/interfaculty/PFAAAA.html

 TEXTBOOKS AND RESOURCES

 Required textbook(s)

 Additional/Suggested/Alternate text(s)

 Additional resources and reading material
 Journals and Newspapers
 The following journals and newspapers are all very good references for current issues facing the accounting profession and users of accounting information and can all be found within the Business Library system (i.e., either in hard copy or electronically). As this course is designed to address the needs of managers as users of accounting information you may find that your best source for additional reading is something like the Australian Financial Review or the UK Financial Times. Using current business transactions and events reported in these newspapers is a good way to challenge your understanding of the concepts and learning outcomes that we address in this unit.
 • In the Black (published by CPA Australia)
 • Asian Wall Streets Journal
 • Akuntansi (published by Ikatan Akuntan Indonesia)
 • Charter Magazine (published by the Institute of Chartered Accountants in Australia)
 • Australian Accounting Review, Melbourne
 • Australian Financial Review
 • UK Financial Times
 • The Age
**Reference Books**

- Trotman, K., & Gibbins, M., Financial Accounting: An Integrated Approach, 2 edn, Thomson, Melbourne

**Websites and Databases**

The following websites are very useful sites to visit:

Thomson Learning (publisher of Bazley and Hancock)


Institute of Chartered Accountants in Australia

http://www.icaa.orq.au

CPA Australia

http://www.cpa.org.au

Jakarta Stock Exchange

http://www.jsx.co.id

Bapepam

http://www.bapepam.co.id

Indofood Sukses Makmur

http://www.indofood.co.id

Australian Accounting Standards Board

http://www.aasb.com.au

Australian Stock Exchange


Australian Taxation Office

http://www.ato.gov.au

Financial Accounting Standards Board (USA)

http://www.fasb.org

Woolworths (Australia)

http://www.woolworthslimited.com.au
### UNIT STRUCTURE

**Seminar topics**

<table>
<thead>
<tr>
<th>Class</th>
<th>Week Commencing</th>
<th>Topic</th>
</tr>
</thead>
</table>
| 1     | 15 July         | An introduction to Accounting  
The supply and demand for accounting information  
Financial reporting framework |
| 2     | 22 July         | In-class Quiz 1  
The role of the auditor and the audit committee in corporate governance  
Sarbanes-Oxley Act and COSO  
Accounting Cycle  
Wealth and the measurement of profit |
| 3     | 29 July         | The components of the balance sheet and introduction to the worksheet |
| 4     | 5 August        | In-class Quiz 2  
Income statement and statement of changes in equity  
Debtors, creditors, prepayments and accruals |
| 5     | 19 August       | Non-current assets and depreciation, and Inventory  
Cash flow statements  
Accounting for interest in other economic entities |
| 6     | 26 August       | Financial statement analysis |
| 7     | 2 September     | Introduction to management accounting and cost concepts  
Cost-volume-profit analysis |
| 8     | 9 September     | Decision making with and without resource constraints  
Planning and control: budgets  
Performance measurement and the Balanced Scorecard |
| Exam Week | Final Exam |
**Attendance**

Participation in class, whether it be listening to a lecture or getting involved in other activities, is an important part of the learning process. For this reason the GSM has decided not to move to on-line teaching. It is, therefore, important that you attend classes (and be on time).

More formally, the University regulations state that ‘to complete a course or unit students shall attend prescribed classes, lectures, seminar and tutorials’. Students should not expect to obtain approval to miss more than two classes per unit, unless there are exceptional circumstances.

**Taping of Lectures**

The Graduate School does not provide tape recordings of lectures, however if you do wish to tape record a lecture then as a matter of courtesy, you should obtain the permission of the lecturer first.