



**Faculty of Business, Economics & Accounting  
Department of Business Studies**

**HELP Bachelor of Business (Hons) Year 2 & Year 3 - HUBBU**

**INTERNAL SUBJECT DETAILS  
Semester 1, 2009**

**Subject:** ACC 203  
**Financial Accounting 2**

**Subject Lecturer:** Dr Steven Liew  
Email: lwchoy2@gmail.com  
HP 012 9752555

## **PRE-REQUISITE(S)**

ACC101 Financial Accounting 1

## **SYNOPSIS**

This subject covers further topics in financial accounting. It builds upon the knowledge gained from ACC101 Financial Accounting 1, and thus, the successful completion of ACC101 Financial Accounting 1 is a pre-requisite of this subject. The topics include accounting for Merchandising Operations ; as well as partnerships. It considers how to deal with entities that may use single entry systems or has incomplete records. This subject takes a look at social and environmental accounting as well as the effects of globalisation on accounting.

## **OBJECTIVES**

The objectives are:

- to enable students to prepare the accounts for Merchandising Operations ;
- to enable students to prepare the financial statements when there are incomplete records or when an entity uses a single entry system;
- to enable students to prepare the accounts for partnerships;
- to enable students to demonstrate an understanding of accounting for goodwill;
- to enable students to demonstrate an understanding of the basic concepts in accounting for corporations / company accounting;
- to enable students to prepare the financial statements for corporations;
- to enable students to demonstrate an understanding of basic sources of finance (bonds and other long term borrowings);
- to enable students to demonstrate an understanding of social and environmental accounting and the effects of globalisation on accounting, and
- to enable students to prepare the cash flow statements for corporations;
- to enable students to analyse and interpret financial statements of corporations, and
- to enable students to demonstrate an understanding of the disclosures in the notes to the financial statements and appreciate the impact/issues underlying accounting policy choice.

## LEARNING OUTCOMES

Upon completion of this subject, students should be able to:

- prepare the accounts for Merchandising Operations
- prepare the financial statements when there are incomplete records or when an entity uses a single entry system;
- prepare the accounts for partnerships;
- demonstrate an understanding of accounting for goodwill;
- demonstrate an understanding of social and environmental accounting and the effects of globalisation on accounting;
- demonstrate an understanding of the basic concepts in accounting for corporations company accounting, and
- prepare the financial statements for corporations;

## TOPICS

Topic 1	Accounting for Merchandising Operations
Topic 2	Single Entry and Incomplete records
Topic 3	Partnership I (Introduction and Basic Concepts)
Topic 4	Partnership II (Further Considerations) & Goodwill
Topic 5	Accounting for Corporations I (Introduction, Share Capital, Retained Earnings, Reserves & Other Considerations)
Topic 6	Accounting for Corporations II (Financial Statements) - FRS 101
Topic 7	Accounting for Corporations II (Cash Flow Statements) – FRS107
Topic 8	Debentures / Bonds and Other Non-Current Liabilities – FRS 137
Topics 9	Financial Statements Analysis and Interpretation for Corporations
Topics 10	Notes to Financial Statement & Accounting Policy Choice (Considering

FRS 101 & FRS 108)

Topic 11 Introduction to Social & Environmental Accounting and Accounting Issues in the International Arena

### **PRESCRIBED TEXTS**

Wood, F. and Sangster, A. (2002) *Business Accounting Vol 1*, 9<sup>th</sup> edn, Prentice-Hall.

Wood, F. and Sangster, A. (2002) *Business Accounting Vol 2*, 9<sup>th</sup> edn, Prentice-Hall.

Horngren, C.T., Harrison, W.T. and Bamber, L.S. (2005) *Accounting*, 6<sup>th</sup> edn, Prentice-Hall.

### **RECOMMENDED REFERENCES**

Hoggett, J., Edwards, L. and Meldin, J. (2003) *Financial Accounting in Australia*, 5<sup>th</sup> edn, John Wiley & Sons.

Weygandt, J.J., Kieso, D.E. and Kimmel, P.D. (2005) *Accounting Principles*, 7<sup>th</sup> edn, John Wiley & Sons.

Larsen, J.E. (2003) *Modern Advanced Accounting*, 9<sup>th</sup> edn, McGraw-Hill.

Dyckman, T.R., Davis, C.J., and Dukes, R.E. (2001) *Intermediate Accounting*, 5<sup>th</sup> edn, McGraw-Hill.

Cunningham, B.A., Nikolai, L.A. and Bazley, J.D. (2004) *Accounting Information for Business Decisions*, 2<sup>nd</sup> edn, The Dryden Press.

## Subject Outline / Teaching Plan

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Department : Business Studies  
Lecturer : Dr Steven Liew

Subject Code : ACC 203  
Subject Title : Financial accounting 2

Week	Topics	References
1	- Accounting for Merchandising Operations	
2	Computation and importance of gross profit Determine the cost of goods sold under a periodic system	
3	Single entry and incomplete records	
4	Partnership I (Basic concepts, preparation of partnership accounts)	
5	- Partnership II ( Admission of new partners, retirement of partners, and dissolution of partnership)	
6	- Accounting for corporation I (Introduction, share capital, retained profits, reserves etc)	
7	- Accounting for corporation II (Preparation of financial statements and issue and redemption of shares)	
8	- Preparation of cash flow statement	
9	Prepare a statement of cash flows using the indirect method. Prepare a statement of cash flows using the direct method. Analyze the statement of cash flows	
10	Debentures/ bonds and other non-current liabilities	
11	Accounting for operating and capital leases. Identify the methods for the presentation and analysis of long-term liabilities	

12	- Financial statements analysis and interpretation - Notes to financial statements and accounting policy choice	
13	analyzing a firm's liquidity, profitability, and solvency Understand the concept of earning power Recognize the limitations of financial statement analysis	
14	Revision Class	
15	Revision Class	

**ASSESSMENT:**

Assessment Items	Value	Due Date
1. Assignment	20%	Week 6
2. Mid-Term Test	20%	Week 8
3. Final exam (Closed Book)	60%	

**REQUIREMENTS:**

To gain a pass in this subject, students **must**:

- Achieve a passing grade in the final examination i.e. score a minimum of 35 marks out of 70 if there is an examination for this subject.
- Attempt **ALL** areas of assessment; and achieve a total result of 50% or better overall.

**\*\* - Please check on the notice board and My Acel for the actual date. HELP University College reserves the right to make any changes to the above where appropriate.**

## ASSIGNMENT QUESTION

### Question 1

On September 1, Snow Supply had an inventory of 15 backpacks at a cost of RM25 each. The company uses a perpetual inventory system. During September, the following transactions and events occurred.

Sept. 4 Purchased 50 backpacks at RM25 each from Jenks, terms 2/10, n/30.

Sept. 6 Received credit of RM150 for the return of 6 backpacks purchased on Sept. 4 that were defective.

Sept. 9 Sold 30 backpacks for RM35 each to McGill Books, terms 2/10, n/30.

Sept. 13 Sold 15 backpacks for RM35 each to Calvin Office Supply, terms n/30.

Sept. 14 Paid Jenks in full, less discount.

### Instructions

**Journalize the September transactions for Snow Supply.**

30 MARKS

### Question 2

The following information is available for Tolan Company:

	Debit	Credit
Tolan, Capital		RM 50,000
Tolan, Drawing	RM 42,000	
Sales		510,000
Sales Returns and Allowances	20,000	
Sales Discounts	7,000	
Cost of Goods Sold	337,000	
Freight-out 2,000		
Advertising Expense	15,000	
Interest Expense	19,000	
Store Salaries Expense	45,000	
Utilities Expense	18,000	
Depreciation Expense	7,000	
Interest Revenue		25,000

### Instructions

**Using the above information, prepare the closing entries for Tolan Company.**

30 MARKS

**Question 3**

The adjusted trial balance of Olsen Company contained the following information:

	Debit	Credit
Sales		RM580,000
Sales Returns and Allowances	RM 20,000	
Sales Discounts	7,000	
Cost of Goods Sold	386,000	
Freight-out	2,000	
Advertising Expense	15,000	
Interest Expense	18,000	
Store Salaries Expense	50,000	
Utilities Expense	28,000	
Depreciation Expense	7,000	
Interest Revenue		30,000

**Instructions**

**1. Use the above information to prepare a multiple-step income statement for the year ended December 31, 2008.**

20 MARKS

**2. Prepare a single-step income statement for the year ended December 31, 2008.**

20 MARKS

**Total 100 MARKS**



## **ACADEMIC INTEGRITY**

### **Honesty and Responsibility**

Academic integrity is an important tenet for HELP University College. In pursuit of the highest standards of academic integrity, the Department of Business Studies holds its students to the highest ethical standards defined by the Rules and Regulations section of the Academic Handbook. All students at the Department of Business Studies are subjected to and are bound by the Student Academic Misconduct Rule to assure academic honesty. Students are required to sign a pledge on the assignment cover sheet before submitting your assignments to the Department of Business Studies.

### **What is Plagiarism?**

Plagiarism is academic dishonesty or academic theft, and it is a serious academic offence. Plagiarism includes, but is not limited to, the followings:

1. quote, paraphrase or summarize someone else's ideas, theories or data, in whole or in part, without appropriate acknowledgement
2. borrow ideas, opinion or words, in whole or in part, from other sources without properly crediting the author(s)
3. use any facts, statistics, diagrams or graphs, in whole or in part, without acknowledging the source clearly
4. claim or imply original authorship of someone else's ideas, theories or data, in whole or in part, as your own
5. employ or allow someone to help to revise, amend or write your work and pass off as your own original work
6. collaborate with or allow other students to copy your work
7. draw on sources more than what you have acknowledged by citations

While a student is not discouraged to discuss an assignment with his/her friends or classmates, the work he/she submits must be done by the student alone. If a student shares his/her assignment with other students and they plagiarize it, the student is as guilty as those students who plagiarized his/her assignment. All parties to plagiarism are considered equally guilty. Under no circumstances should a student be involved in collusion with other students unless he/she is permitted to work on an assignment jointly by the lecturer/tutor. If a student is unsure what constitutes plagiarism, he/she is obliged to consult the lecturer/tutor on the matter before submission of his/her assignment.

### **When and How to Reference?**

Knowing when and how to cite is a student's responsibility. If he/she is in doubt or need more help on this matter, the student may consult the lecturer/tutor. The following list comprises some of the sources a student will need to reference. The list is by no means exhaustive, but simply consists of the most common sources used by students to complete their work.

1. Books
2. Chapters in books
3. Journal articles

4. Conference papers
5. Newspaper articles
6. Magazines
7. Websites
8. Study guide

Students are advised to cite in the following cases<sup>[1]</sup>:

1. When he/she quotes two or more words verbatim, or even one word if it is used in a way that is unique to the source
2. When he/she introduce facts that he/she have found in a source
3. When he/she paraphrase or summarize ideas, interpretations, or conclusions that he/she find in a source
4. When he/she introduce information that is not common knowledge or that may be considered common knowledge in your field, but the reader may not know it
5. When he/she borrow the plan or structure of a larger section of a source's argument (for example, using a theory from a source and analyzing the same three case studies that the source uses)
6. When he/she build on another's method found either in a source or from collaborative work in a lab
7. When he/she build on another's program in writing computer code or on a not-commonly-known algorithm
8. When he/she collaborate with others in producing knowledge

In general, a referencing system requires two parts:

1. In-text citations  
This is information about a source within the text of an assignment.
2. List of references  
This is a list of all sources a student has used to research his/her assignment. It is alphabetically arranged by author surname and appears immediately after the last page of an assignment.

Different faculties or departments may have different requirement on how referencing for an assignment should be done. The various formats used for in-text citations and list of references are available in the following websites:

1. Harvard System (<http://www.adelaide.edu.au/library/guide/gen/harvard.html>)
2. Chicago Style (<http://www.chicagomanualofstyle.org/index.html>)
3. American Psychological Association or APA Style (<http://www.apastyle.org>)
4. Modern Language Association of America or MLA Style (<http://www.mla.org>)

Once a student has selected a referencing style for his/her assignment, he/she must follow the same style consistently throughout the assignment. We strongly suggest that the student consults the lecturer/tutor about which method to use before submission of his/her assignment.

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<sup>1</sup> <http://www.yale.edu/bass/writing/sources/plagiarism/warning.html>, accessed May 18, 2008.

## **What are the Procedures and Penalties for Plagiarism?**

When a lecturer/tutor encounters a possible case of plagiarism, the lecturer/tutor shall report the matter to the Head of the Department, who then initiates an investigation on the matter. The following procedures would be carried out:

1. The lecturer/tutor shall provide evidence that substantiates an academic offence has occurred. The following documentations must be ready prior to reporting of alleged plagiarism:
  - a. Copy of the alleged plagiarized assignment
  - b. Copy of the source material (e.g. articles, websites, newspaper, etc.)
  - c. Report of plagiarism
  - d. Any other information that would support the claim of plagiarism
2. If the evidence warrants an accusation of academic offence, the Head of Department shall establish a Board of Inquiry comprising 3 academic staff. The Department shall provide all necessary documentations, including report on prior academic offences if applicable, to the Board of Inquiry.
3. The Board of Inquiry shall put the matter to the student in writing and give him/her an opportunity to respond to the accusation within 3 working days.
4. The student will be required to attend a meeting with the Board of Inquiry. After meeting the student, the Board of Inquiry shall decide whether or not the alleged plagiarism has occurred. The following documentations shall be submitted to the Head of Department at the end of the meeting:
  - a. Findings of the investigation
  - b. Recommended action(s) to be taken or imposed
5. The Head of Department shall review the Board of Inquiry's report with supporting evidence and shall decide on an appropriate action(s) based on the recommendation of the Board of Inquiry.
6. The decision of the Head of Department shall be put in writing to the student. Copies of all documentations will be retained in the Department.
7. If the student feels that he/she has been unfairly accused or treated, the student may appeal to the Head of Department within 5 working days.
8. The Head of Department shall review the appeal and the final decision will be communicated to the student in writing and a copy will be kept with the Department. Once a determination of plagiarism and penalty has been made by the Head of Department, the investigative process will be deemed to have ended and the student will not be allowed to appeal.

Possible penalties for plagiarism range from mark reduction for the assignment to expulsion from the University. The student will not be allowed to make up the assignment. If plagiarism has been found to have occurred, the Department will take action(s) as determined by the forms of plagiarism implicated:

### **1. Complete plagiarism**

Verbatim copying another person's work without acknowledgement

- |                         |   |   |
|-------------------------|---|---|
| 1 <sup>st</sup> offence | : | A grade of "F" in the subject and a warning letter will be issued         |
| 2 <sup>nd</sup> offence | : | Expulsion from the University at the discretion of the Head of Department |

## 2. Substantial plagiarism

Near-verbatim copying another person's work by simply altering the order of the sentences or the format of presentation or by changing a few words or phrases without acknowledgement.

- 1<sup>st</sup> offence : Zero mark on the assignment and a warning letter will be issued
- 2<sup>nd</sup> offence : A grade of "F" in the subject and a warning letter will be issued
- 3<sup>rd</sup> offence : Expulsion from the University at the discretion of the Head of Department

## 3. Minimal plagiarism

Acknowledgement is made but paraphrasing by changing and/or eliminating some words

- 1<sup>st</sup> offence : Deduction of 50% of available marks on the assignment and a warning letter will be issued
- 2<sup>nd</sup> offence : A grade of "F" in the subject and a warning letter will be issued
- 3<sup>rd</sup> offence : Expulsion from the University at the discretion of the Head of Department

## 4. Unintentional plagiarism

Insufficient acknowledgement by not applying citation or quotation marks correctly

- 1<sup>st</sup> offence : Deduction of up to 50% of available marks on the assignment and a warning letter will be issued
- 2<sup>nd</sup> offence : A grade of "F" in the subject and a warning letter will be issued
- 3<sup>rd</sup> offence : Expulsion from the University at the discretion of the Head of Department

Pleading ignorance or unintentional plagiarism does not constitute valid reasons for plagiarism and will not avoid the penalties from being imposed. Excuses for acts of plagiarism such as the following, but not limited to, will not be entertained:

1. I don't have time to do the assignment
2. I have too many assignments due on the same day
3. I don't know, I really didn't do it
4. I am not aware
5. I don't understand what plagiarism means
6. I have no intention to plagiarize
7. I forgot to cite the reference
8. I forgot to include the bibliography
9. My English is not good
10. My lecturer/tutor did not explain to me
11. In my country, it is alright to copy someone else's work
12. My friend copied my assignment when I let him/her to look at my assignment
13. My friend copied my assignment when I allow him/her to use my laptop
14. I did my assignment in the computer lab, someone must have copied my work
15. I asked my friend to submit my assignment and he/she copied my work
16. I discussed my assignment with my friends, so our answers are the same/similar
17. Even though I do not have in-text citation but I have bibliography/reference list

Students should be reminded that it is their responsibilities to take due care throughout their written work to effectively reference or cite when they use others' ideas from any source.