

ASSESSMENT BRIEF	
Subject Code and Name	ACCT6003: Financial Accounting Processes
Assessment	Assignment 2
Individual/Group	Individual
Length	Part A: Practical calculations (40 marks) Part B: Video Presentation (60 marks)
Learning Outcomes	Apply accounting principles and standards when accounting for non-current assets, revenue and liabilities and recognise the judgements required in a range of diverse business contexts. Differentiate between shares and debentures and apply appropriate accounting procedures.
Submission	By 11:55pm AEST/AEDT Sunday of week 8
Weighting	25%
Total Marks	100 marks

Context:

This assessment will cover the learning objectives from the topics covered in weeks 3, 4, 5 and 6 and applying them to real cases. These include accounting for shares and debentures and accounting for non-current assets, including impairment and asset revaluation.

Part A: This assessment is designed to demonstrate your understanding of the accounting process to account for the above topics.

Please use the supplied templates to design your answer in the correct General Journal format and combine all answers into one assessment document covering all tasks. Please follow the submission instructions on Blackboard. Submit the assessment file in a word or PDF format including cover sheet. **JPEG files cannot be opened and will not be marked.**

Part B: You will be required to prepare a short video (no more than 5 minutes) addressing the specific questions provided in this assignment. This is designed to assess your understanding of the concepts you have applied in Part A and also demonstrate your communication skills to your audience. Please ensure that your presentation includes reference to relevant Australian Accounting Standards (AASB) and the Corporations Act, where relevant.

Instructions:

Part A:

- Using the templates provided. Design your own General Journal templates.
- Type your answers into the General journal, remembering to leave a blank line after each entry and include a narration and date for every entry.
- Where required, please provide clear workings of your calculations in your answers.
- Do not rewrite the question in your assignment.
- Round all amounts to the nearest dollar.

Part B:

Prepare a video presentation to answer the questions in Part B. Upload your file on Blackboard by reading the instructions contained in the following link: [https://laureate-au.blackboard.com/webapps/blackboard/content/listContentEditable.jsp?content_id= 387629_1&course_id= 4044_1](https://laureate-au.blackboard.com/webapps/blackboard/content/listContentEditable.jsp?content_id=387629_1&course_id=4044_1)

Please refer to the Marking Rubric on Blackboard which sets out the expectations for the communication element of your presentation.

Part A: Written report (40 marks)

Question 1: Impairment of assets (9 Marks)

Flights Ltd has determined that its aviation division is a cash-generating unit (CGU). Information as at 30th June 2020 is as follows:

Cash-generating unit	\$
Buildings – At cost	700,000
Equipment – At cost	600,000
Inventory	50,000
Land	250,000
Receivables	150,000
Goodwill	50,000
Total	1,800,000

Additional information:

- Buildings - Accumulated depreciation as at 30 June 2020: \$100,000
- Equipment - Accumulated depreciation as at 30 June 2020: \$200,000
- Flights Ltd calculated the value in use for the division to be \$600,000

Required:

- Calculate the impairment loss as at 30 June 2020: **(2 Marks)**
- Prepare a table as provided below to allocate the above impairment loss: **(2 Marks)**

ASSETS	Carrying amount	Proportion	Loss allocated	Adjusted carrying amount
Totals				

- Prepare a general journal (as per template below) to record the above impairment loss for the year ended 30 June 2020. Include a narration. **(5 Marks)**

General Journal template:

Date	Details	Debit (\$)	Credit (\$)

Question 2: Revaluation of Non-current assets (13 Marks)

The Balance sheet for Saturn Ltd disclosed the following information:

Saturn Ltd
Balance Sheet (extract)
30th June 2019

Non-current Assets:	\$
Plant –At cost:	1,000,000
Accumulated depreciation-Plant	(300,000)

Additional information:

- The company has adopted fair value for the valuation of non-current assets. This has resulted in the recognition in previous periods of an asset revaluation surplus/reserve for the plant of \$120,000.
- The plant has a useful life of 10 years and a zero-residual value.
- On 31st December 2019, it was decided to revalue this amount to its fair value of \$400,000.

Required:

- Record the journal entries (as per template below) as at 31 December 2019, relating to the revaluation of this plant. Include narrations. **(7 Marks)**
- Record the closing journal entries (as per the template below) for any gain or loss on revaluation only, as at 30th June 2020. Include narrations. **(6 Marks)**

Ignore any tax effects.

General Journal template:

Date	Details	Debit (\$)	Credit (\$)

Question 3: Share issue (18 Marks)

Cobra Ltd was incorporated on 1 July 2019 and issued a prospectus inviting applications for 100,000 ordinary shares at an issue price of \$10.

The shares are payable as follows:

- \$5 payable on application
- \$2 payable on allotment
- \$3 payable on call to be made 30th September 2019
- Share issue costs were \$1,500 and legal costs were \$500

The transactions for the period were as follows:

Date	Transaction
31/08/2019	Applications were received for 160,000 shares.
3/09/2019	Applications for 60,000 were rejected by the directors and the application money was refunded to the shareholders concerned.
4/09/2019	The Company allotted 100,000 shares to the remaining applicants
25/09/2019	All the allotment money was received. Share issue and legal costs were paid in cash
30/09/2019	The call was made on the shares, payable by 31 October 2019
31/10/2019	Call money was received from the shareholders of only 80,000 shares
31/10/2019	The remaining 20,000 shares were forfeited. The forfeited shares were offered to an investment company at a price of \$8 per share paid to \$10 and the transfer was completed on 31 March 2020. The costs of reissue amounted to \$500
30/4/2020	These shareholders received a refund for the amount owed to them

Additional information:

The company's constitution states that any forfeited shares must be refunded to the shareholders.

Required:

Prepare the general journal entries (as per template below) in the books of Cobra Ltd to record the above transactions. Provide narrations for all your entries.

General Journal template:

Date	Details	Debit (\$)	Credit (\$)

Part B: Video Presentation (no more than 5 minutes) (60 marks)**Technical accuracy of your presentation: 40 marks**

Prepare a video presentation to address each of the following questions. Please introduce yourself and the purpose of your presentation. Speak slowly and clearly to address the following:

Issue 1: (12 Marks)

You are the accountant for a small accounting firm, Bailey Pty Ltd. A client, Kaelyn has just emailed you with great confusion over accounting for her non-current assets. She does not understand the difference between a revaluation decrement and an impairment loss and has asked why we have different names for the same process. Provide advice to Kaelyn, with relevant references to the Australian Accounting standards in your answer.

Issue 2: (28 Marks)

Riley Ltd is a medium sized public company which operates within the manufacturing sector. The assets include a large number of non-current assets such as Plant and Machinery items. The CFO currently prepares the annual financial statements using the Cost model however is considering changing to the Revaluation (fair value) method.

In order to assist with the CFO's decision, he needs to know the impact that this change will have on the financial statements and reports. The company is in its growth stage and wants to continue attracting new investors with its impressive financial results.

Required:

In your presentation, discuss the differences between the Cost model and the Revaluation model. In particular, highlight the different impact each model will have on the financial statements. Discuss the effect on each financial statement individually; Balance sheet, Statement of Changes in Equity and Income statement. Also consider any effects on financial analysis and the cost of implementing each model. Each point of discussion needs to address the differences and whether it will encourage new investors to Riley Ltd.

Provide a recommendation in your conclusion as to which model you suggest Riley Ltd to follow given the company's current strategy of new investment.

Presentation skills (Refer marking Rubric on Blackboard) = 20 marks

You will be assessed on your technical understanding of each question and also your presentation skills. Please refer to the marking rubric which details the assessment criteria for the communication and presentation skills.

You must use visual aids to support your presentation and must be seen at all times in front of the camera. Marks will not be awarded if you read directly from your notes.

Learning Rubric Assessment 1: Part B
criteria 20% Communication skills
Presentation marking

Assessment Attributes	Fail (0-49%) (Marks 0-9.9)	Pass (50-64%) (Marks 10-12.9)	Credit (65-74%)(Marks 13-14.9)	Distinction (75-84%)(Marks 15 -16.9	High Distinction (85-100%) (Marks 17-20)
Language and presentation • Structure of sentences and paragraphs • Vocabulary • Pronunciation • Evidence of rehearsal • Nonverbal communication • Use of notes	Sentences are poorly structured. Many errors in pronunciation. Vocabulary is inadequate. The technical terms are not clearly described. Presenter does not appear rehearsed. Presenters nonverbal communication distracts from the presentation. Presenter does not use strategies to engage the audience. Presenter reads directly from notes. Language and presented of very low level. Not completed.	Sentences are mainly well structured. Some errors in pronunciation. Vocabulary is adequate. The technical terms are clearly described with some exceptions. Presenter appears somewhat rehearsed. Presenter attempts to use appropriate facial expressions, eye contact, tone, grooming and confident. Presenter attempts to use some strategies to engage the audience. Presenter is frequently reliant on notes.	Sentences are mainly well structured with a few errors. Some errors in pronunciation. Vocabulary is appropriate and extensive. The technical terms are described with a few exceptions. Presenter appears rehearsed and prepared. Presenter uses appropriate facial expressions, eye contact, interesting tone with some exceptions. Well-groomed and confident with some exceptions. Presenter uses effective strategies to engage the audience. Presenter is not reliant on notes but uses them.	Sentences are mainly well structured, clear. A few errors in pronunciation. Vocabulary is appropriate and extensive. The technical terms are clearly explained with a few exceptions. Presenter appears fully rehearsed and well prepared. Presenter uses appropriate facial expressions, eye contact, interesting tone. Well-groomed and confident. Presenter uses effective strategies to engage the audience. Presenter is not reliant on notes.	Sentences are well structured, clear and pronunciation is flawless. Vocabulary is appropriate and extensive. The technical terms are clearly explained. Presenter appears fully rehearsed and well prepared. Presenter uses appropriate facial expressions, eye contact, interesting tone. Well-groomed and confident. Presenter uses effective strategies to engage the audience. Presenter is not reliant on notes and does not appear to have memorised the presentation.