## Description

*This is a two-part task with the following descriptions:*

*1). The first part of the task focuses on your practical knowledge of analysis of accounting transactions and also contents and structures of the two key financial statements, balance sheet and income statement. These issues are the entry points to understand the information of corporate financial reporting.*

*2). In part two of this task, you will conduct a short investigation around some legal and ethical issues (if any) which could significantly impact corporate financial performance and reporting. These are examples of the issues that any business might face within the real world.*

## Specific Requirements

**Part 1 (25 +10+ 15 = 50 marks)**

*Sam Petros has graduated with a Master of Accounting and Financial Planning. Now after a few years’ experience in practice, feeling more confident about operating a business. He has decided to establish his own tax and accounting consultancy firm. His clients will include local businesses and individuals. His first month of transactions trading as SP Accounting are provided below.*

***a) You are required to record the following events into the transaction analysis chart or indicating if the event is not an accounting event (template provided).***

***March 2021***

1. *Invested $250,000 of his own funds into a business bank account.*
2. *Sam contributed his own computer equipment valued at $12,000, to the business.*
3. *Purchased a small office in Burwood for $620,000. Sam paid a 10% deposit, and the balance was financed through a mortgage with Eastpac Bank.*
4. *Sam purchased Office equipment for $10,000 cash.*
5. *Hired an office assistant on a casual basis.*
6. *Paid $3,600 for building and contents insurance for 12 months. Office stationery was purchased for $800 on 10-day credit terms. Office furniture was purchased for $4,000 cash.*
7. *Sam acquired a motor vehicle for $35,000 on 120 days credit terms. No payments are required until July 2021.*
8. *The Office stationery account of the 6th was paid.*

*12 Sam invoiced his first client, City BMW, $3,000 for 15 hours consulting.*

*16 Invoiced clients $3,500 for consulting services performed.*

*17 Received full payment from City BMW.*

*18 Paid wages to the office assistant totalling $1,400, $300 of which was deducted for PAYG tax which will be remitted to the Australian Taxation Office at a later date.*

*25 Invoiced clients for $4,800 for consultation services.*

*28 Paid a mortgage repayment of $2,800, of which $1,200 is interest and $1,600 is principal.*

*28 Sam withdrew $2,000 for personal use.*

***Additional information at the end of the month:***

*• Admin expenses owing at balance date are $480.*

*• Motor vehicle is depreciated at 20% per annum straight line, residual value $5,000.*

*• Computer equipment is depreciated at 40% per annum reducing balance, zero residual value.*

*• Equipment is depreciated at 20% per annum straight line, residual value $1,000.*

*• Office Furniture is depreciated at 10% per annum straight line, zero residual value.*

*• Accounts for one month of Insurance expense, the policy was purchased on the 6th.*

*• Assume a full month for depreciation for all assets (no depreciation for the office building).*

*• All the office stationery remained unused at balance day.*

*• Round to nearest dollar.*

*• Ignore GST and income tax.*

***b)******Prepare the classified Income Statement and Balance Sheet for the month ending 31 March 2021 for SP Accounting firm.***

***Please note that your answer to this part must be presented after part 1(a) in the same file.***

**Part 2 (a)** **(25 + 25 = 50 marks)**

Craig Norm, an engineer, of Norm Engineering, has been contracted by the Australian Building Association (ABA) to conduct an audit of the materials installed and supplied by City Builders Pty Ltd. City Builders supplies and fit cladding to the external walls of apartment buildings throughout Australia. The cladding is both decorative and forms part of the building structure.

Craig, on completion of his audit determines the cladding to be highly flammable and potentially very dangerous. Tim Jones is the owner and director of City Builders. Upon advising, Tim is devastated and knows if he loses his building license and subsequently his business, he will not be able to afford to care for his family. They will likely lose their home.

Prior to submitting his audit report to the ABA, Tim approaches Craig with an offer to make him a director and shareholder of City Builders Pty Ltd at no cost to Craig. He also offers to pay Craig thirty percent of all company profits. City Builders has been highly profitable in recent years due to the building boom in apartments in Australia. The only condition Tim places on Craig is that he does not disclose his findings about the cladding in his report to the ABA.

**Required:**

Discuss Craig’s’ ethical position / obligations and his possible courses of action. Your research should be drawn from the prescribed text, articles, and any relevant ethical frameworks.

**Part 2 (b)**

Harminder recently had dinner with his sister Priya, who is a senior accountant at *AAA Ltd*, a large pharmaceutical company listed on the Australian Stock Exchange. Over dinner Priya expressed her concerns about many recent complaints about one of their leading products CoVax. CoVax, which is promoted as a cure for many deadly diseases, has reportedly been responsible for many premature deaths of clients. There is to be a major investigation by authorities into the company and its practices regarding the drug CoVax and other products. Harminder and his parents have always supported Priya’s career decisions and consequently have invested many thousands of dollars buying shares in *AAA Ltd*. The family are now considering selling all their shares before this news hits the financial press, which is imminent in the next few days.

1. **Required:**

Discuss the ethical or legal implications that may follow if Harminder and his family sell their shares prior to this announcement and their possible courses of action.

From your research, ensure you cite **all** references in your answer together with supporting legislation if any. Please make sure you use Harvard citation method and compliance with Turnitin program. (900 – 1200 words)

**Your total mark out of 100 for Parts 1 & 2 will be converted to a percentage out of 20%**

## Learning Outcomes

This task allows you to demonstrate achievement towards the unit learning outcomes. The ULOs are aligned with specific graduate learning outcomes – that is, the skills and knowledge graduates are expected to have upon completion of their studies – and this assessment task is an important tool in determining achievement of those outcomes.

If you do not demonstrate achievement of the unit learning outcomes, you will not be successful in this unit.

It is good practice to familiarise yourself with the ULOs and GLOs as they provide guidance on the knowledge, understanding and skills you’re expected to demonstrate upon completion of the unit. In this way they can be used to guide your study.

*Table for learning outcomes that are aligned to this task goes here:*

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| --- | --- |
| **Unit Learning Outcomes (ULO)** | **Graduate Learning Outcomes (GLO)** |
| **ULO 1:** Assess the financial standing of an entity by examining relevant financial information and identify how disclosure techniques can support business decisions. | **GLO 1** Discipline-specific knowledge and capabilities: appropriate to the level of study related to a discipline or profession |
| **ULO 2:** Evaluate scenarios involving ethical decisions in financial accounting. | **GLO 8** engaging ethically and productively in the professional context and with diverse communities and cultures in a global context |

## Referencing

Any material used in this assignment that is not your original work must be acknowledged as such and appropriately referenced.