ACCT10001 Accounting Reports and Analysis

UNIVERSITY OF MELBOURNE · FIRST-YEAR UNDERGRADUATE · SEMESTER 2, 2026

Full guide + ask Sia about ACCT10001

SIDE 1/2 CLOSED-BOOK MEMORY SHEET · definitions → rules → formulas → decisions **MUST BE IN YOUR HEAD** **Priority:** Case 4 → 1 → 3 → 2

1 · Exam Map

COURSE.JSON · BRIEF

Partici | A1 15% | A2 25% | Examination 50%

"This will be a closed book exam." *ACCT10001 current Canvas exam page + Topic 12 lecture slides.*

FINAL CASE	MARKS	TOPICS / MOVE
1 Transaction analysis	12	T3–5 · A = L + E
2 Common-size	5	T1,6 · model + ratios
3 Management accounting	10	T7–8 · classify
4 Integrated	33	T2,4,6–11 · reason

Format: 2-hour on-campus digital exam + 15 minutes reading; 60 marks; MCQ, multi-answer, fill-in-the-blank, short answer and drop-down selections; not a hurdle. Time ≈ 2 min/mark.

2 · Five Elements

T3 · CASE 1

ASSET	Present economic resource **controlled** from past events.
LIABILITY	Present **obligation** to transfer a resource from past events.
EQUITY	Residual interest: assets less liabilities.
INCOME	↑ assets or ↓ liabilities that ↑ equity, excluding owner contributions.
EXPENSE	↓ assets or ↑ liabilities that ↓ equity, excluding owner distributions.

RECITE + CHECK

```
Assets = Liabilities + Equity
Equity = Assets - Liabilities
```

ASSETS = **LIAB.** + **EQUITY**

Every row must balance

A = L + E — the dual effect is the built-in error check.

2b · Statement Recall

T3 · ARTICULATION

STATEMENT	QUESTION / LINK
Income statement	Performance over a period: income − expenses = profit.
Changes in equity	Opening equity + profit + contributions − distributions = closing equity.
Balance sheet	Resources and claims at a point in time; must satisfy A = L + E.
Cash flows	Reconciles opening to closing cash through operating, investing and financing flows.

Period vs point: profit and cash flows cover a period; the balance sheet is a date. **Articulation:** profit changes retained earnings and closing cash enters the closing balance sheet. A change in one report therefore propagates to the others.

3 · Case 1 Worksheet

T3–5 · 12 MARKS

1. Make columns for each asset, liability and equity account.
2. Post **one row per transaction**; every event touches at least two places.
3. Income and expenses move retained earnings.
4. Post year-end adjustments last: depreciation, prepayments, interest.
5. Total columns; prove closing A = L + E. Enter numbers without $ signs or commas when instructed.

EVENT	EQUATION EFFECT
Owner contributes cash	Cash ↑; contributed equity ↑
Buy inventory for cash	Inventory ↑; cash ↓
Cash sale	Cash ↑; revenue → RE ↑
Recognise COGS	Inventory ↓; expense → RE ↓
Borrow	Cash ↑; liability ↑

Accrual accounting records effects when they occur, not when cash moves. Cash received in advance can create **deferred revenue**; recognise revenue over the service period.

OPENING BS → P&L → RE + CASH → CLOSING BS

Profit → retained earnings

Cash flow → closing cash

Statement articulation: each report feeds the closing balance sheet.

4 · Recognition Gate

T4 · CASES 1/4

1 EXISTS from a past event?

↓

2 PROBABLE benefit? >50%

↓

3 RELIABLY measured?

↓

ALL YES → RECOGNISE

Definition alone is insufficient: all three recognition questions must pass.

Existence language: for an asset, name the past event, the controlled right and its potential benefit; for a liability, name the past event and the present legal or constructive obligation. Then test probability and measurement separately.

5 · Judgement Gates

T4 · AASB 137/138

PROVISION VS CONTINGENT LIABILITY

AASB 137

```
Present obligation + probable outflow
(>50%) + reliable estimate → provision
at best estimate.
Any test fails → contingent liability,
notes only. Remote → nothing.
```

Present obligation?

↓

Outflow > 50%? → NO → NOTES (remote: nil)

↓

Reliable estimate? → NO → NOTES (remote: nil)

↓

PROVISION

AASB 137 decision path — name every criterion before the verdict.

CAPITALISE, EXPENSE, INTANGIBLE

CAPITALISE	New probable future benefit or extends useful life.
EXPENSE	Merely restores prior condition; practicality can override.
RECOGNISE	Externally acquired intangibles; acquired goodwill; qualifying development.
DO NOT	Internally generated goodwill, brands, mastheads, customer lists.

6 · Measurement

T5 · CASE 1

CARRYING AMOUNT

HISTORICAL COST | **CURRENT VALUE**

curr. cost

fair value

value in use

The base follows the asset's purpose; relevance trades against faithful representation.

THREE RECIPES

```
Receivables = invoiced amount -
doubtful-debt allowance
Inventory = lower of cost and NRV
NRV = expected selling price -
completion/selling costs
NCA = cost - accumulated depreciation -
impairment
```

Impairment: write down when carrying amount exceeds recoverable amount; recoverable amount is the higher of fair value less costs of disposal and value-in-use.

7 · Ratio Bank

T6 · CASES 2/4

PROFITABILITY | **MARKET** | **EFFICIENCY**

RATIO JUDGEMENT

LIQUIDITY | **GEARING**

Five families; no ratio answers a question without a benchmark and context.

PROFITABILITY + EFFICIENCY

```
Gross margin = Gross profit ÷ Revenue
ROA decomposition convention = EBIT ÷
average assets
ROE = NPAT ÷ average equity
Asset turnover = Revenue ÷ average
assets
ROA = turnover × margin
= (Sales/Assets) × (EBIT/Sales)
```

LIQUIDITY + GEARING

```
Current ratio = Current assets ÷
Current liabilities
Quick = (Current assets - Inventory) ÷
Current liabilities
D/E = Total liabilities ÷ Total equity
```

Interpretation discipline: calculate → compare with prior years, peers, forecasts or a heuristic → explain the business cause and decision implication. Liquidity and gearing have an appropriate band, not "higher is always better". Use average balances for ROA/ROE.

FAMILY	QUESTION TO ANSWER	DIRECTION CAUTION
Profitability	Return from sales, assets or equity?	Higher usually stronger; inspect strategy.
Efficiency	How hard are assets/working capital used?	Turnover ↑; day-counts ↓, usually.
Liquidity	Can near-term obligations be met?	Too low risks default; too high may mean idle assets.
Gearing	How much creditor funding and risk?	Too high risks solvency/covenants; too low may forgo useful debt.
Market	What does the market price imply?	Interpret against peers and expectations.

8 · Working-Capital Clock

T6

BUY → PAY → COLLECT

payables days

inventory + receivables

cash tied up after PAY until COLLECT

Suppliers finance the payables-days portion; the cash cycle may be negative.

9 · Business-Model Decoder

T1 · CASE 2

Read in this order: COGS/gross margin → inventory → receivables vs PPE. WHO they sell to = revenue; WHAT they sell = inventory; WHERE they sell/make = property.

MODEL	STATEMENT FINGERPRINT
Retail	Finished goods; material store/warehouse PPE; middle margin.
Manufacturing	Raw materials + WIP + finished goods; heavy machinery PPE.
Wholesale	Low margin; high receivables + inventory; little PPE; trade credit.
Service	High margin; large receivables; little inventory/PPE.
P2P platform	Near-zero COGS; very high margin; high opex; cash/intangibles; no inventory.

1 COGS / GROSS-MARGIN BAND

2 INVENTORY AMOUNT + TYPE

3 RECEIVABLES ↔ PPE / INTANGIBLES

Case 2 is a three-look classification, then one-line justification.

10 · Decisions & Stakeholders

T2 · CASE 4

OPERATING	Run the business: price, credit, input quantities.
INVESTING	Buy/sell long-lived assets or investments.
FINANCING	Raise/return capital: loan, shares, dividends.

Primary users: owners/shareholders and creditors/lenders. Creditors have fixed, capped returns and focus on solvency/downside; shareholders have control rights and unbounded upside and focus on return/growth. Management and employees are internal; suppliers, customers, regulators and the public are external.

EXAM TIP *Write stakeholder → information → decision; do not merely name the stakeholder.*

STAKEHOLDER	INFORMATION → DECISION
Management	Detailed, timely operational and budget data → allocate resources and correct performance.
Employees	Solvency, compensation and culture → job/career decisions.
Lender	Cash flow, gearing, interest cover, covenant headroom → lend, price, restrict.
Owner	ROE/ROA, growth, dividends, risk → buy, hold, sell, vote.
Supplier	Liquidity and payment record → grant trade credit.

11 · Case 3 Classifiers

T7–8 · 10 MARKS

PLAN before → **CONTROL** during → **EVALUATE** after

feedback changes next plan

R&D → DESIGN → PRODUCTION → MARKETING → DISTRIBUTION → CUSTOMER SERVICE

P-C-E timing plus the canonical value-chain order.

MA	FA
Internal managers	External stakeholders
Timely, future-facing	Reliable, historical
Disaggregated	Aggregated
Not standards-bound	Standards-bound

Strategy: differentiation = unique valued attributes/premium price; cost leadership = lowest cost through scale, technology or resource access.

12 · Scorecard, Centres, CVP

T8

FINANCIAL money outcomes

CUSTOMER satisfaction/loyalty

INTERNAL process excellence

LEARNING people/capability

Balanced scorecard: capability → process → customer → financial.

COST CENTRE	Costs only
REVENUE CENTRE	Revenue only
PROFIT CENTRE	Revenue + costs
INVESTMENT CENTRE	Profit + invested assets

```
Break-even units = Fixed costs ÷ (Unit
price - Unit variable cost)
Target cost = Market price - Required
profit
Variance = Actual - Planned
```

13 · Case 4 Toolkit

T9–11

FINANCING

```
Debt: subtract old + new interest;
current owners keep 100% NPAT.
Equity: subtract old interest only;
current owners keep (1 - new ownership %)
× NPAT.
Tax applies to PBT.
```

https://www.asksia.ai/cheatsheet/unimelb-acct10001

v2 · 2026-10-25

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SHARED BY _____

Your exam is closed book: nothing printed goes in.

Use this sheet to revise and self-test, not to carry.

Semester 2 examination period, 2–20 November 2026.

ACCT10001 Accounting Reports and Analysis

SELF-TEST DRILLS · ANSWER PATH · JUDGEMENT CARDS · CLASSIC TRAPS

Full guide + ask Sia about ACCT10001

SIDE 2/2 WORK IT COLD · reveal answer only after writing the path

3–5 CORE WORKED DRILLS

Loop: classify → calculate → interpret → check

14 · Drill 1: A = L + E T3 · 4 MARKS

Question. (a) Owners contribute $300 cash. (b) Buy $300 inventory for cash. (c) Sell inventory costing $540 for $1,620 cash. State every account effect and prove the equation.

STEP	ASSETS	LIAB.	EQUITY
a	Cash +300	—	Contributed equity +300
b	Inventory +300; Cash −300	—	—
c sale	Cash +1,620	—	Revenue/RE +1,620
c COGS	Inventory −540	—	Expense/RE −540

TIE-OUT

```
Sale net assets = +1,620 - 540 = +1,080
Net equity = +1,620 - 540 = +1,080
Liabilities unchanged → balanced.
```

CASH +1,620 | **REVENUE +1,620** | **INV. −540** | **COGS −540**

ΔA +1,080 = ΔE +1,080

Separate the revenue side from the inventory-cost side; then net them.

SELF-CHECK *If a row does not balance, a second effect is missing. Do not invent journal entries; the assessed mechanic is the equation worksheet.*

15 · Transaction Trap Cards T3–5

IF YOU SEE...	DO THIS
Cash before earning	Cash ↑, deferred revenue liability ↑; recognise revenue later.
Income or expense	Route through retained earnings.
Long-lived asset used	Depreciation expense; carrying amount falls.
Inventory NRV below cost	Write inventory down to NRV.
Unbalanced row	Stop: find the missing dual effect.

CLOSING WORKSHEET AUDIT

1. Opening balances copied into the correct account columns?
2. Every sale shows both revenue and the inventory/COGS effect?
3. Credit events create receivables or payables rather than imaginary cash?
4. Owner contributions and distributions kept separate from income and expense?
5. Depreciation, prepayments, accrued interest and other year-end adjustments posted last?
6. Column totals produce the requested closing balances, and total assets equal liabilities plus equity?

16 · Drill 2: Recognition T4 · 4 MARKS

GreenGrill. Faulty-barbecue recall; lawyers estimate a **65%** chance of paying **$400,000–$450,000** in about 12 months; public refund offer. Provision or contingent liability?

1. **Present obligation:** public offer creates a constructive obligation from selling faulty units.
2. **Probable outflow:** 65% > 50%, so more likely than not.
3. **Reliable estimate:** the $400,000–$450,000 range permits a best estimate.
4. Recognise a provision at the best estimate; disclose range and uncertainty.

PUBLIC REFUND OFFER → PRESENT

65% → PROBABLE (>50%)

$400k–$450k → ESTIMABLE

ALL YES → PROVISION

The mark path is criterion → fact → conclusion, not the conclusion alone.

COUNTER-DRILL

Lawsuit: **40%** chance and amount cannot be reliably estimated. Probability and measurement fail → disclose a contingent liability in notes, unless remote.

17 · Measurement Mini-Case T5 · 3 MARKS

Identical van costs **$60,000**. Choose the base from how it is held.

HOLDER	ANSWER PATH
Courier; operations, 6 years	Historical cost less accumulated depreciation: verifiable; match consumption.
Leasing investor; rentals + gain	Fair value: current market value is decision-useful.
Used-car dealer; resale in 9 months	Inventory at lower of cost and NRV.

Same asset, different purpose → different measurement base.

17b · Capitalise / Expense Drill T4 · 4 MARKS

OUTLAY	PATH AND ANSWER
Replace an entire heating system	Creates a probable future benefit / extends useful life → **capitalise** as an asset.
Repaint walls and replace a few broken tiles	Restores prior condition; routine repair → **expense** now.
Externally acquired intangible	Can be recognised if the recognition requirements are met.

18 · Drill 3: Model Decoder T1 · 5 MARKS

FIRM	GIVEN COMMON-SIZE PROFILE
X	GM 96%; COGS 4%; opex 90%; cash 47% + intangibles 40%; inventory 0%
Y	GM 20%; opex 9%; receivables 41%; inventory 43%; PPE 6%
Z	GM 60%; opex 30%; NPAT 22%; receivables 48%; inventory 2%; PPE 5%

X gross margin 96%

Y receivables 41%

Y inventory 43%

Z receivables 48%

Visual signature: X has almost no COGS; Y is working-capital heavy; Z invoices labour.

1. **X = P2P platform:** near-zero COGS, 96% margin, asset-light cash/intangibles, no inventory.
2. **Y = wholesaler:** thin margin, fat receivables and inventory, little PPE.
3. **Z = service:** high margin and receivables, almost no inventory/PPE.

TRAP *Do not memorise exact bands as universal facts; use the relative pattern supplied in the question.*

19 · Ratio Interpretation Stems T6

RESULT	WRITE
Quick ≪ current	Liquidity depends heavily on inventory, the least-liquid current asset.
High turnover, low margin	Return is earned by working assets hard: price/cost-leadership route.
Low turnover, high margin	Return comes from margin: differentiated product route.
Negative cash cycle	Collect before paying suppliers; suppliers fund operations.

SECOND DECODER SET

PROFILE	VERDICT + PROOF
A: GM 34%; PPE 46%; inventory 35% in raw materials, WIP and finished goods	**Manufacturer**: three inventory categories plus heavy production assets.
B: GM 45%; inventory 40%; PPE 31%; sells to consumers	**Retailer**: real finished-goods inventory plus store/warehouse assets.
C: GM 62%; receivables 50%; inventory near zero	**Service**: invoices intangible output; high margin, no stock.

20 · Drill 4: PixelMart Ratios T6 · 5 MARKS

Given: revenue 5,000; COGS 3,000; gross profit 2,000; EBIT 600; finance costs 50; NPAT 380; average assets 2,500; average equity 1,500; current assets 900 including inventory 500; current liabilities 600.

```
Gross margin = 2,000 ÷ 5,000 = 40%
ROA = 380 ÷ 2,500 = 15.2%
ROE = 380 ÷ 1,500 = 25.3%
Current = 900 ÷ 600 = 1.5
Quick = (900 - 500) ÷ 600 = 0.67
```

MARGIN: GP ÷ REVENUE = 40%

RETURN: NPAT ÷ AVERAGE BASE

CURRENT: ALL CURRENT ASSETS

QUICK: REMOVE INVENTORY = 0.67

Compute from the stated numerator and denominator; then attach meaning.

Interpret: quick is the better immediate-liquidity measure because it removes inventory. Never stop at "0.67": compare against a benchmark and explain the cause.

21 · Cycle Drill T6 · 4 MARKS

TideTrade: inventory days **60**, receivables **45**, payables **75**.

```
Operating cycle = 60 + 45 = 105 days
Cash cycle = 60 + 45 - 75 = 30 days
```

Its own cash is tied up for 30 days after supplier financing. If inventory turnover slows, inventory days rise, both cycles lengthen, and working-capital needs increase.

22 · Management Classification T7–8

BEFORE	DURING	AFTER
set 28% food-cost target	33% vs 28% renegotiate + correct	review 3 yrs reset next strategy
PLAN	**CONTROL**	**EVALUATE**

Even when past analysis informs next year, its nature is evaluating.

25 · BSC + Centre Drill T8 · 5 MARKS

MEASURE	PERSPECTIVE
RevPAR	Financial: revenue outcome
Guest review score /10	Customer: satisfaction

23 · Drill 5: Debt vs Equity T9 · 8 MARKS

Nimbus: needs $100m. Existing finance cost $5m; tax 25%. Debt = 5% interest-only loan, adding $5m interest. Equity = sell 20%. EBIT: success $120m; failure $70m.

	DEBT	EQUITY
SUCCESS	PBT 120−10=110 Tax 27.5 **Owners keep 82.50**	PBT 120−5=115 NPAT 86.25 80% × = **69.00**
FAILURE	PBT 70−10=60 Tax 15 **Owners keep 45.00**	PBT 70−5=65 NPAT 48.75 80% × = **39.00**

SUCCESS · DEBT 82.50 | **SUCCESS · EQUITY** 69.00

FAILURE · DEBT 45.00 | **FAILURE · EQUITY** 39.00

Current shareholders' share of NPAT: debt wins in both supplied scenarios.

Why: here, tax-deductible interest plus no dilution outweighs the extra interest. Do not generalise the verdict beyond the inputs; apply the path.

24 · Covenant Drill T9 · 3 MARKS

Vela: liabilities $90m; equity $110m; covenant D/E ≤ 0.9; needs $60m.

```
Debt: (90 + 60) ÷ 110 = 1.36 → breach
Equity: 90 ÷ (110 + 60) = 0.53 → comply
```

EQUITY ↑ | **DEBT ↑** D/E rises

Debt raises the numerator; new equity raises the denominator.

AGENCY REASONING + SECOND CHECK

DEBT TRAP	Subtract old + new interest, tax PBT, keep 100% of NPAT; then test the covenant.
EQUITY TRAP	No new interest, but multiply NPAT by the retained ownership percentage.
ETHICS TRAP	Incentives can motivate manipulation; a mathematically attractive option is not a licence to misreport.
AGENCY FIX	Link managers' pay to performance so acting for themselves also benefits owners; monitoring and covenants support alignment.
MEASURE TRAP	Gross profit ignores opex and capital efficiency; NPAT captures profitability; deferred owner-share measures dilution.

26 · Integrated Judgement Cards T4,6,9–11

IF YOU SEE X	DO Y
>50% + estimable obligation	Recognise provision; show all criteria.
≤50% or not estimable	Contingent liability note; remote = nil.
Spend extends useful life	Capitalise; mere restoration = expense.
Immediate-liquidity question	Use quick ratio; explain inventory removal.
Current owners under equity	NPAT × (1 − new ownership %).
D/E breach	Equity issue lowers ratio without adding liabilities.
Fast scale + IPO; profit lags sales	Growth stage; inspect operating cash flow.
Slow inventory turns	Inventory days and working-capital need rise.

CLASSIFY → **FORMULA** → **RESULT** → **MEANING**

EVERY SHORT ANSWER:

rule → fact → calculation → conclusion

EVERY MULTI-ANSWER:

test each option against the named rule

The repeatable answer path for the integrated case.

27 · AI Estimate Control T10 · 3 MARKS

TEST	CHALLENGE	DOCUMENT
back-test vs actual	independent review	inputs + outputs

Reject blind trust + frozen-model drift

Sound options are back-test, independent review and logging.

28 · Exam-Morning Plan COURSE STUDY STRATEGY

1. During reading time, label each part by topic and method; note marks.
2. Budget roughly **2 minutes per mark**; protect the 33-mark integrated case.
3. Case 1: build columns; adjustments last; balance every row.
4. Case 2: margin/COGS → inventory → receivables/PPE; pair ratio with meaning.
5. Case 3: classify by timing, perspective, chain stage or accountability.
6. Case 4: write criterion/fact/calculation/conclusion; show working.
7. Final scan: units, denominator, tax on PBT, dilution, >50% gate, benchmark.

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