

HA2032 CORPORATE ACCOUNTING ASSIGNMENT T2 14

This is an individual assignment. It is required to be submitted in both soft and hard-copy by the Friday of Week 6. Total marks applied to this assessment are 20%.

Please ensure that you attach an assignment submission sheet to your hard copy only. Late submissions draw a penalty of 5% per day (this includes weekends) of the value of the assessment (1 mark in this case) up to a maximum of fourteen (14) days. After that date, your assessment may not be accepted unless prior and special consideration has been granted.

This is NOT a report but it is expected that your submission will be in an appropriate format. There is a word limit applied but you should ensure that each question is appropriately answered. Where references are used, ensure they are recognised (refer to student handbook or your lecturer if unsure).

Important instruction(s):

- a) Do not submit Part C to the Safeassign System.
- b) Safeassign report matching percentage should not exceed 20%.
- c) Include the Safeassign report in your submission.

Part A (600 words)

(6 marks)

The last few years have been difficult economically but the owners of Johnsons P/L, a medium-sized manufacturer of quality dining furniture is keen to grow the business. They have seen an increase in demand for their products from overseas and feel that they will need to increase their operation in order to continue to meet this demand. They are currently looking at a number of options to finance this expansion such as through debt and through equity raising (meaning they will need to “go public”). They have determined that they need to raise \$60 million.

Giving consideration to the various options, you have been requested to advise the owners of Johnsons what the various options are, outlining the positives and negatives of each.

Required: Write a report (should be extensive) to the owners detailing ALL the different options and considerations that you feel the owners should consider raising the \$60 million.

Part B (600 words)

(6 marks)

Choose a **Manufacturing Company** listed in the Australian Stock Market (ASX 200). Discuss the following:

1. Nature of Business
2. If there are, mention and discuss two (2) subsidiaries of the chosen company.
3. Compare the latest Net Profit After Tax (NPAT) for two years and make some comments whether to invest or not. Explain why yes or not.
4. What kinds of shares are being issued?
5. Who is the external auditor? What is the role of the external auditor?

Part C**(8 marks)**

Regardless of the advice you have given (Part A), the owners have decided to go “public” and issue an ‘IPO” They issue 30 million shares (\$2.00), of which the payment on application is to \$0.80 per share (closes 18th April 2013), \$0.50 four weeks after allocation (allocation is 12th May 2013) and the remaining amount to be paid on 30th June 2013. The IPO attracts requests for 30.4 million shares. In this case, it exceeds the allowable number of shares and the directors decide to apply the “first-come, first-served” approach and return the excess back to the unlucky applicants

Required:

Journalise the events (including dates and notations). Assume that all monies were received on 18th April (applications). Use the proper journal for your answers.