Abacus Property Group report

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**Executive summary**

The purpose of the report is to illustrate the application of Australia Accounting Standard B10 by Abacus Group Company. Abacus Group is an investment company with various investments in real estate, funds management and properties. It is obtained that AASB10B is crucial for efficient management of companies and therefore, Abacus is utilizing the concept to ensure that its financial statement is without error. The accounting policies can only be changed after informing the Australia Accounting Standard department for the change of the policies. The study established that change of polices could also be done based on the financial statement information to correct errors and other accounting errors which could result to loses for the company. It is therefore, recommended to apply the AASB10 when addressing the problem related financial statement. This would ensure that the company’s transactions are up to the standard. It would also help the company to avoid making loses and making sound decision regarding to investment whether in Real Estate or management fund.

**Introduction**

The objective of the study is to investigate the applications of Australia Accounting Standard B10 standard and law by organizations. The AASB10 is the established standards used by the companies for consolidation of financial statement and accounts it is designed to provide framework of accounting practice in the country. For the purpose of this study, Abacus Property Group is used to investigate the application of AASB10. Abacus Group is a property company with investment in office retail, self storage and industrial properties. It has interest in residential and commercial properties and funds management. Besides it provides funds such as hospital funds, and land funds which are used for the purpose of management. Abacus Group has several years experience in the field of real estate management and finance.

Abacus Group is used for this study because of it involve in a lot of financial management and real estate industrial. It is therefore, important to understand how it has been applying the Australia Accounting Standard B108 within its accounting practices to improve its performance. It is reported that the application of AASB108 by Abacus Group is evidence in the way it consolidates its Abacus Hospital Fund and Abacus Wodonga Land Fund (Wolf & Thame, 2017). The use of AASB10 highlighted the role of Abacus in securing the financial investment and the role and its responsibilities in entity variable return which arise from the collected equity.

The financial reporting in Australia is an important aspect which being monitored with relevant body. Therefore, it is important to select the best criteria for changing accounting policies based on the AASB108. The best strategies for deciding change or selecting accounting policies should be based on the on certain law and principles. Accounting policies are of specific principles, conversions, bases, rules and practices which are utilized by an entity for the purpose of preparing and presenting financial statement. Therefore, a change in accounting should bear the principles and the application should also be designed based on the rules and laws. The change in accounting policies should also consider the adjustment of carrying the assets or liability or other amount of a certain period. It should also base on the result from the assessment of financial statements (AASB Standard, 2015). The change of accounting principles or law can be derived from the new information based on the corrections of errors identified during the financial auditing. This means that the change of law of accounting or policies is done based on the errors or problems identified during the auditing period to ensure that the problems do not occur again. An institution will change the accounting policies only if it is required by the Australia Accounting Standard and also when the information provided in the financial statement provide a reason to change the policy.

The accounting policies are essential for efficient management of organization and therefore, their applications ensure that accounting system is maintained. Abacus Group uses the accounting policies to streamline its accounting procedures. It utilizes the policies to consolidate its Abacus Hospital Fund and Abacus Wodonga Land Fund. The use of AASB10 highlighted the role of Abacus in securing the financial investment and the role and its responsibilities in entity variable return which arise from the collected equity. The company is a financial investment company and therefore, it handles several financial transactions. Abacus Group has clear transaction roadmap which must be followed. The company is audited by qualify auditors and the auditor report analyse for efficient financial management. The Abacus Group revenue and expenses are expected to be within a certain range. It is also uses independent benchmarking information for the industry property to analyses its financial statement (IAS, 2018). The audit report of the company is also made public to bring accountability in the financial management. As reported by in the Abacus Group audit report 2017, the use of external auditor helps the company to identify weakness and bring efficient management of its finances.

The accounting policies and policies which are applied in PPE have reasonable and appropriate. The policies provide a clear guideline ho income statement; cash flow and other relevant transaction should be handled. It also point that the effect of change in estimate should be recognized by including profit and loses. It is appropriate because any change of accounting estimate introduces a new way of calculations and this would affect the profit and loses as well. Therefore, the statement by the policies that any change will affect the profit and loses is appropriate. The principle stated that entry must be able to correct of the prior period error is also a good decision. It is also highlighted when the error occurs, providing techniques which can be used to correct and avoid similar errors. This is an appropriate accounting estimate and should be used by companies. Abacus Group applies the same estimates in identifying problems related to its accounting and application of the best techniques based on the estimate to solve the problem.

It is therefore, recommended to apply the AASB10 when addressing the problem related financial statement. This would ensure that the company’s transactions are up to the standard. It would also help the company to avoid making lose Abacus should have policies for cash flow, income and statement and other areas of financial transaction.

In conclusion, it provides a clear instruction on the model which is used by organizations to ensure that it abide by the Australia Accounting Standard B10 by Abacus Group Company. Abacus Group is an investment company with various investments in real estate, funds management and properties. It is obtained that AASB10B is crucial for efficient management of companies and therefore, Abacus is utilizing the concept to ensure that its financial statement is without error. The accounting policies can only be changed after informing the Australia Accounting Standard department for the change of the policies. The study established that change of polices could also be done based on the financial statement information to correct errors and other accounting errors which could result to loses for the company.

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