



ACCG350

Financial Statement Analysis

S1 Evening 2014

Dept of Accounting & Corporate Governance

Contents

<u>General Information</u>	2
<u>Learning Outcomes</u>	3
<u>Assessment Tasks</u>	3
<u>Delivery and Resources</u>	8
<u>Unit Schedule</u>	10
<u>Policies and Procedures</u>	10
<u>Graduate Capabilities</u>	13
<u>Research and Practice</u>	15

Disclaimer

Macquarie University has taken all reasonable measures to ensure the information in this publication is accurate and up-to-date. However, the information may change or become out-dated as a result of change in University policies, procedures or rules. The University reserves the right to make changes to any information in this publication without notice. Users of this publication are advised to check the website version of this publication [or the relevant faculty or department] before acting on any information in this publication.

General Information

Unit convenor and teaching staff

Unit Convenor

Charlene Chen

charlene.chen@mq.edu.au

Contact via charlene.chen@mq.edu.au

Lecturer

Philip Sinnadurai

philip.sinnadurai@mq.edu.au

Contact via philip.sinnadurai@mq.edu.au

Credit points

3

Prerequisites

39cp including (ACCG253(P) or ACCG252(P) or AFIN252(P) or AFIN253(P))

Corequisites

Co-badged status

Unit description

This unit aims to equip students to undertake financial analysis and valuation of listed companies. Students are taught the steps in financial analysis: examining the state of the economy, the industry and the company on a descriptive level, analysing the company's accounting policies, evaluating its financial position using financial ratios and other analytical tools, forecasting the company's financial statements, and finally using a variety of techniques to value the company on the basis of the preceding steps so that an investment decision can be made. In this unit students develop graduate capabilities in a range of areas, including: analytical skills in information management and analysis; problem-solving skills in sourcing and identifying relevant information and interpreting output; and communication skills through the presentation of group reports. This unit is relevant for students interested in careers in areas such as investments, portfolio management, financial and business analysis, and auditing.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

Learning Outcomes

On successful completion of this unit, you will be able to:

- An ability to undertake financial analysis and valuation of listed corporations.
- A capacity to read and interpret an Annual Report and other financial accounting related disclosures.
- Understanding of the theoretical underpinnings of Financial Statement Analysis, drawing on several disciplines.
- Comprehend the link between financial accounting information and share prices.
- Application of the five steps of business analysis of an organization.
- Synthesize understanding of material from units spanning several disciplines, particularly financial accounting and corporate finance.

Assessment Tasks

Name	Weighting	Due
<u>Assessed Coursework</u>	12%	Ongoing
<u>Class Tests</u>	8%	Week 6 and 11
<u>Assignment</u>	20%	Week 8, 9, 12
<u>Final Examination</u>	60%	University Examination Period

Assessed Coursework

Due: **Ongoing**

Weighting: **12%**

The assessed coursework includes **6% of weekly tutorial assignments and 6% of class participation**. During the session, every student is required to prepare thoroughly the pre-set tutorial questions and actively participate in the tutorial classes.

Submission

During the session, **three** of your weekly tutorial assignments will be collected for the purpose of assessing your ongoing effort in the unit. Advance notice will NOT be given that a particular tutorial assignment is to be collected. You should note that it is only possible for you to submit your tutorial assignment in the tutorial in which you are enrolled and to which the tutorial assignment relates. The tutorial assignment must be submitted by you and not by an agent. If you do not attend a tutorial and that week's tutorial assignment is collected, the marks for that tutorial assignment will be forfeited.

For each of these **three** tutorial assignments, **2 marks** will be awarded for a satisfactory

attempt. To receive 2 marks, the student must have made a genuine attempt to provide a comprehensive answer to majority of the questions in that tutorial assignment. Where the student has made a moderate attempt of the tutorial questions, **1 mark** will be awarded. **0 marks** will be awarded for a non-satisfactory attempt or a non-submission.

For class participation in each applicable week's tutorial class, **2 marks** will be awarded for a satisfactory class participation by showing engagement throughout the class, voluntarily answering tutor's or other students' questions, commenting on other students' contributions and asking questions beyond the pre-set tutorial questions. **1 mark** will be awarded for a moderate attempt in class participation by responding to the pre-set tutorial questions. **0 marks** will be awarded for non-participation. **The best three** class participation marks will be recorded.

You should note that tutors will not be marking the tutorial assignment answers for correctness. It is your responsibility to correct your tutorial assignment during the tutorial. Handwritten tutorial assignment will be accepted for marking as long as it has been prepared before the tutorial class.

Extensions

Not applicable. The only exception will be where you were prevented from attending the tutorial through illness or misadventure and at the next tutorial you present to your tutor adequate documentation (such as a medical certificate, or copy of the police report where you were involved in a motor vehicle accident) indicating that you were medically unfit or otherwise unable to attend the missed tutorial. Where you do this, your tutor will do another random collection of tutorial assignment for grading. Where at your next tutorial you fail to present such documentary evidence you will forfeit the marks allocated to the tutorial assignment.

On successful completion you will be able to:

- An ability to undertake financial analysis and valuation of listed corporations.
- A capacity to read and interpret an Annual Report and other financial accounting related disclosures.
- Understanding of the theoretical underpinnings of Financial Statement Analysis, drawing on several disciplines.
- Comprehend the link between financial accounting information and share prices.
- Application of the five steps of business analysis of an organization.
- Synthesize understanding of material from units spanning several disciplines, particularly financial accounting and corporate finance.

Class Tests

Due: **Week 6 and 11**

Weighting: **8%**

Submissions

In-class tests will be distributed in tutorial classes in Week 6 and 11 for the purpose of assessing

your ongoing effort in the unit. Each test is worth **4%**. Questions in both tests are closed book, and answered under examination conditions and of examination standard. You will receive feedback from your tutor in the following weeks. Further details about the tests will be announced in due course on the unit iLearn website.

Extensions

No applicable. You must sit for the test in your assigned tutorial and there is no supplementary test if you are absent. If you miss an in-class test you must comply with the University's policy on special consideration to be granted a special consideration. If your application for special consideration is approved, the weighting on the in-class test will be added to the weighting on the final examination.

On successful completion you will be able to:

- An ability to undertake financial analysis and valuation of listed corporations.
- A capacity to read and interpret an Annual Report and other financial accounting related disclosures.
- Understanding of the theoretical underpinnings of Financial Statement Analysis, drawing on several disciplines.
- Comprehend the link between financial accounting information and share prices.
- Application of the five steps of business analysis of an organization.
- Synthesize understanding of material from units spanning several disciplines, particularly financial accounting and corporate finance.

Assignment

Due: **Week 8, 9, 12**

Weighting: **20%**

The group assignment includes **5%** of group presentation and **15%** of group report. You will be advised of the content, format and assessment criteria later in the session. The requirements of the group assignment will be made available on the unit iLearn website and an announcement will be made during the lectures.

Submission

The assignment is due by 4pm Tuesday 2 June 2014. Please submit the hardcopy of your assignment to BESS, Ground Floor, E4B and the softcopy of your assignment to Turnitin on the unit iLearn.

Assignments will be checked for plagiarism or “copying” (within tutorials and across tutorials) and guilty parties (being the person/s who copied and the person/s who allowed the copying) will be subject to a detailed investigation by the Faculty. Feedback will be provided for both group assignment presentation and report.

Extensions

No extensions will be granted.

Penalties

A deduction of 25% on the total assignment mark will be imposed each day for late submission. This penalty does not apply for cases in which an application for special consideration is made and approved. Students who have not submitted the group assignment will be awarded a mark of 0.

On successful completion you will be able to:

- An ability to undertake financial analysis and valuation of listed corporations.
- A capacity to read and interpret an Annual Report and other financial accounting related disclosures.
- Understanding of the theoretical underpinnings of Financial Statement Analysis, drawing on several disciplines.
- Comprehend the link between financial accounting information and share prices.
- Application of the five steps of business analysis of an organization.
- Synthesize understanding of material from units spanning several disciplines, particularly financial accounting and corporate finance.

Final Examination

Due: **University Examination Period**

Weighting: **60%**

A final examination is designed to assess a student's body of knowledge and critical thinking skills. A final examination is included as an assessment task for this unit to provide assurance that:

- i) the product belongs to the student and
- ii) the student has attained the knowledge and skills tested in the exam.

There will be one paper, of 3 hours duration, to be sat during the end of session examination period. The paper will contain both calculative and theory questions, based on the learning objectives of the unit. More details will be announced in due course in the final lecture in Week 12.

The Session 1 examination period in 2014 is from 16 June to 4 July.

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations. <http://www.timetables.mq.edu.au/exam>

The Macquarie University examination policy details the principles and conduct of examinations

at the University. The policy is available at: <http://www.mq.edu.au/policy/docs/examination/policy.htm>

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. The University's policy on special consideration process is available at http://www.mq.edu.au/policy/docs/special_consideration/policy.html

Supplementary exam information is available at

http://www.businessandconomics.mq.edu.au/current_students/undergraduate/how_do_i/special_consideration

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled as per the Supplementary Examination timetable of the Faculty. Please note that the supplementary examination will be of the similar format as the final examination.

Examination conditions

- Closed book
- Non-programmable calculators with no text-retrieval capacity permitted
- No dictionaries permitted
- Three hours plus 10 minutes reading time

Time Commitment

Your commitment to this unit should entail approximately **135 hours**. An estimate of the amount of time each task should take is shown in the following table:

Tasks	Total hours
Weekly class attendance (3 hrs per week)	38
Weekly study, preparation of weekly tutorial assignments (2 hrs per week)	24
In-class tests	10
Group assignment presentation and report	40
Final examination preparation	23
Total	135

On successful completion you will be able to:

- An ability to undertake financial analysis and valuation of listed corporations.
- A capacity to read and interpret an Annual Report and other financial accounting related disclosures.
- Understanding of the theoretical underpinnings of Financial Statement Analysis, drawing on several disciplines.
- Comprehend the link between financial accounting information and share prices.
- Application of the five steps of business analysis of an organization.
- Synthesize understanding of material from units spanning several disciplines, particularly financial accounting and corporate finance.

Delivery and Resources

Classes

There are 3 hours of face-to-face teaching per week consisting of one 1.5 hour lecture and one 1.5 hour tutorial. It is a requirement that students attend both lectures and tutorials.

The timetable for classes can be found on the University web site at: <http://www.timetables.mq.edu.au/>

Changes to lecture and tutorial times are managed by the on-line enrolment system. It is not necessary to contact members of staff about tutorial changes. On-line enrolment changes to tutorials will be shut down at the end of Week 3 so all changes must be made by then.

Consultation Times

The consultation timetable will be posted on the unit iLearn webpage at the beginning of the session.

You are encouraged to seek help at a time that is convenient to you from a staff member teaching on this unit during their regular consultation hours. In special circumstances, an appointment may be made outside regular consultation hours. Staff will not conduct consultations by email. You may, however, phone staff during their consultation hours.

In order to gain access to staff located at level 2 of building E4A during their consultation hours please ring the staff member from the phones available in the lobby (phone numbers of relevant staff members will be provided on iLearn and are available next to the phones).

Students experiencing significant difficulties with any topic in the unit must seek assistance immediately.

Prizes

The student with the most meritorious performance in ACCG350 Financial Statement Analysis will receive the Macquarie University Accounting and Corporate Governance Prize for the unit. This prize does not contain a monetary award. The prize-winner will receive a certificate.

Further details of prizes awarded by the Faculty are located at the following URL: http://www.businessandconomics.mq.edu.au/undergraduate_degrees/prizes_scholarships

Required Texts

Palepu, Healy, and Peek, Business Analysis and Valuation, IFRS Edition, Text and Cases, 3rd Edition, Cengage Learning, 2013.

The prescribed textbook can be purchased from the Macquarie University Co-op Bookshop.

Copies are also available in the Macquarie University Library.

eBook or eChapter option can be purchased from the publisher website.

Technology Used and Required

During lectures, the WWW, PowerPoint and Microsoft Excel will be used to facilitate delivery.

Students are expected to be proficient at locating publicly available information on the WWW.

Proficiency at using Microsoft Excel is assumed.

Students should also be au fait with a Windows-based word processor, such as Microsoft Office Word.

Unit Web Page

Course material is available on the learning management system (iLearn).

The web page for this unit can be found at: <https://ilearn.mq.edu.au/> from where you need to login to iLearn.

Learning and Teaching Activities

Each weekly lecture and the accompanying lecture notes provide a broad outline of the unit material for that week.

Students are required to attempt the tutorial assignment in advance of each week's tutorial. The tutorials are forums for small-group learning, in which material and concepts from the lectures, textbook and readings are discussed.

The group assignment for this unit requires students to also apply theories and techniques to a current Australian company, in groups of three or four. Students will form groups within the first three weeks of the semester, and will work on the group assignment throughout the semester in those groups, facilitating their learning in a practical way.

A unique feature of the unit is that much of the delivery (from the lectures, textbook, case studies and tutorials) is directed at the major assignment, in addition to the final examination. It would be impossible to effectively teach a unit on Financial Statement Analysis without a group assignment of this nature.

Students are expected to remain abreast of the financial news and developments in the Australian corporate sector.

Changes since the last offering of this unit

A weekly lecture is changed to 1.5 hour. A weekly tutorial class is changed to 1.5 hour. Class participation is included in the assessment tasks (Assessed Coursework).

Unit Schedule

Week	Commencing	Lecture Topic	Reading (from Palepu et al. (2013) unless otherwise advised)	Assessment Tasks	Tutorial Questions (Available on iLearn)
1	3 March	Introduction for Business Analysis and Valuation	Chapter 1		No Tutorials in Week 1
2	10 March	Strategy Analysis	Chapter 2		
3	17 March	Accounting Analysis	Chapter 3 and 4		
4	24 March	Financial Analysis	Chapter 5		
5	31 March	Cash Flow Analysis Review of Cost of Capital	Chapter 5 and 8		
6	7 April	Forecasting	Chapter 6	Class Test 1	
		Mid-Session Break (14 April - 25 April)			
7	28 April	Forecasting (Contd.)	Chapter 6		
8	5 May	Market-Based Ratios	Chapter 7	Group presentation	
9	12 May	Valuation Theory and Concepts	Chapter 7	Group presentation (Contd.)	
10	19 May	Valuation Implementation (Contd.)	Chapter 8		
11	26 May	Equity Security Analysis	Chapter 9	Class Test 2	
12	2 June	Revision		Group assignment due by 4pm Tuesday, 3 June	
13	10 June	Public Holiday - No Lectures			No Tutorials in Week 13

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](#).

Students should be aware of the following policies in particular with regard to Learning and Teaching:

Academic Honesty Policy http://mq.edu.au/policy/docs/academic_honesty/policy.html

Assessment Policy <http://mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy <http://mq.edu.au/policy/docs/grading/policy.html>

Grade Appeal Policy <http://mq.edu.au/policy/docs/gradeappeal/policy.html>

Grievance Management Policy http://mq.edu.au/policy/docs/grievance_management/policy.html

Disruption to Studies Policy http://www.mq.edu.au/policy/docs/disruption_studies/policy.html *The Disruption to Studies Policy is effective from March 3 2014 and replaces the Special Consideration Policy.*

In addition, a number of other policies can be found in the [Learning and Teaching Category](#) of Policy Central.

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: https://students.mq.edu.au/support/student_conduct/

Academic Honesty

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principles is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This mean that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at http://www.mq.edu.au/policy/docs/academic_honesty/policy.html

Grades

Macquarie University uses the following grades in coursework units of study:

- HD - High Distinction
- D - Distinction
- CR - Credit

- P - Pass
- F - Fail

Grades descriptors and other information concerning grading are contained in the Macquarie University Grading Policy which is available at: <http://www.mq.edu.au/policy/docs/grading/policy.html>

All final grades in the Department of Accounting and Corporate Governance are determined by a grading committee and are not the sole responsibility of the Unit Coordinator.

Students will be awarded one of these grades plus a Standardised Numerical Grade (SNG). The SNG is not necessarily a summation of the individual assessment components.

The final grade and SNG that are awarded reflect the corresponding grade descriptor in the Grading Policy.

Grading Appeals and Final Examination Script Viewing

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade. http://www.businessandconomics.mq.edu.au/new_and_current_students/undergraduate_current_students/how_do_i/grade_appeals

Special Consideration Policy

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at: http://www.mq.edu.au/policy/docs/special_consideration/policy.html

However, special consideration will only be approved to students who have satisfactory performance in this unit. Satisfactory performance means that students must achieve at least 50% in their coursework. If the criterion is not met in an application for special consideration subsequently, it will be rejected as 'Invalid'.

Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

Learning Skills

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)

- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

Student Enquiries

For all student enquiries, visit Student Connect at ask.mq.edu.au

IT Help

For help with University computer systems and technology, visit <http://informatics.mq.edu.au/help/>.

When using the University's IT, you must adhere to the [Acceptable Use Policy](#). The policy applies to all who connect to the MQ network including students.

Graduate Capabilities

Discipline Specific Knowledge and Skills

Our graduates will take with them the intellectual development, depth and breadth of knowledge, scholarly understanding, and specific subject content in their chosen fields to make them competent and confident in their subject or profession. They will be able to demonstrate, where relevant, professional technical competence and meet professional standards. They will be able to articulate the structure of knowledge of their discipline, be able to adapt discipline-specific knowledge to novel situations, and be able to contribute from their discipline to inter-disciplinary solutions to problems.

This graduate capability is supported by:

Learning outcomes

- An ability to undertake financial analysis and valuation of listed corporations.
- A capacity to read and interpret an Annual Report and other financial accounting related disclosures.
- Understanding of the theoretical underpinnings of Financial Statement Analysis, drawing on several disciplines.
- Comprehend the link between financial accounting information and share prices.
- Application of the five steps of business analysis of an organization.
- Synthesize understanding of material from units spanning several disciplines, particularly financial accounting and corporate finance.

Assessment tasks

- Assessed Coursework
- Class Tests
- Assignment
- Final Examination

Critical, Analytical and Integrative Thinking

We want our graduates to be capable of reasoning, questioning and analysing, and to integrate and synthesise learning and knowledge from a range of sources and environments; to be able to critique constraints, assumptions and limitations; to be able to think independently and systemically in relation to scholarly activity, in the workplace, and in the world. We want them to have a level of scientific and information technology literacy.

This graduate capability is supported by:

Learning outcomes

- An ability to undertake financial analysis and valuation of listed corporations.
- A capacity to read and interpret an Annual Report and other financial accounting related disclosures.
- Understanding of the theoretical underpinnings of Financial Statement Analysis, drawing on several disciplines.
- Comprehend the link between financial accounting information and share prices.
- Application of the five steps of business analysis of an organization.
- Synthesize understanding of material from units spanning several disciplines, particularly financial accounting and corporate finance.

Assessment tasks

- Assessed Coursework
- Class Tests
- Assignment
- Final Examination

Problem Solving and Research Capability

Our graduates should be capable of researching; of analysing, and interpreting and assessing data and information in various forms; of drawing connections across fields of knowledge; and they should be able to relate their knowledge to complex situations at work or in the world, in order to diagnose and solve problems. We want them to have the confidence to take the initiative in doing so, within an awareness of their own limitations.

This graduate capability is supported by:

Learning outcomes

- An ability to undertake financial analysis and valuation of listed corporations.
- A capacity to read and interpret an Annual Report and other financial accounting related disclosures.
- Understanding of the theoretical underpinnings of Financial Statement Analysis, drawing on several disciplines.
- Comprehend the link between financial accounting information and share prices.
- Application of the five steps of business analysis of an organization.
- Synthesize understanding of material from units spanning several disciplines, particularly financial accounting and corporate finance.

Assessment tasks

- Assessed Coursework
- Class Tests
- Assignment
- Final Examination

Effective Communication

We want to develop in our students the ability to communicate and convey their views in forms effective with different audiences. We want our graduates to take with them the capability to read, listen, question, gather and evaluate information resources in a variety of formats, assess, write clearly, speak effectively, and to use visual communication and communication technologies as appropriate.

This graduate capability is supported by:

Learning outcomes

- An ability to undertake financial analysis and valuation of listed corporations.
- A capacity to read and interpret an Annual Report and other financial accounting related disclosures.
- Application of the five steps of business analysis of an organization.

Assessment tasks

- Assessed Coursework
- Assignment
- Final Examination

Research and Practice

This unit uses research from external sources.

This unit gives you practice in applying research findings in your assignments.

This unit gives you opportunities to conduct your own research.