ACCG350

Financial Statement Analysis

S2 Day 2018

Dept of Accounting & Corporate Governance

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General Information

Unit convenor and teaching staff
Unit Convenor
Dr. Charlene Chen
accg350@mq.edu.au
Contact via accg350@mq.edu.au
Consultation hours available on iLearn

Credit points
3

Prerequisites
(39cp at 100 level or above) including (ACCG252 or ACCG253 or AFIN250 or AFIN252 or AFIN253)

Corequisites

Co-badged status

Unit description
The unit aims to equip students to undertake financial analysis and the valuation of listed companies. Students are taught the following steps in financial analysis and valuation: (i) evaluating the state of the economy, the industry and a company, (ii) analysing the company's accounting policies, evaluating its financial position using financial ratios and other analytical tools, (iii) forecasting the company's financial statements, and (iv) using a variety of techniques to value the company so that an investment decision can be made. Students will 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.

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:

Demonstrate an ability to undertake group work of financial analysis and business valuation using a structured approach.

Interpret annual reports and other related public disclosures to evaluate a listed

company's strategic decisions, accounting policies, financial position and growth potential.

Understand linkages between economic environment, industry, strategy and the company valuation.

Understand how financial statements are used in the valuation process.

Understand how to use different valuation models and investigate the sensitivity of the valuation to changes in the key input parameters.

Assessment Tasks

Name	Weighting	Hurdle	Due
Assessed Coursework	8%	No	Ongoing
Class Test	10%	No	Week 10
Assignment	32%	No	4 October and 1 November 2018
Final Examination	50%	No	University Examination Period

Assessed Coursework

Due: **Ongoing**
Weighting: **8%**

The assessed coursework includes **8%** of weekly homework. Student is required to attempt all assigned homework questions.

Submission

Homework is need to be submitted to the Turnitin available on iLearn before the start of tutorial classes at which students are enrolled. Tutor will randomly select four weeks to mark homework.

Each homework will be awarded a mark out of 2. To receive 2 marks, student must have made a genuine attempt to homework questions. Where student has made a moderate attempt, 1 mark will be awarded. A mark of 0 will be awarded for a non-satisfactory attempt or a non-submission.

Extension

No extensions will be granted. Students who have not submitted their homework to the Turnitin on time will be awarded a mark of 0, except for cases in which an application for special consideration is made and approved. If the application is approved, tutor will mark homework in an alternative week.

On successful completion you will be able to:

- Interpret annual reports and other related public disclosures to evaluate a listed company's strategic decisions, accounting policies, financial position and growth

potential.
- Understand linkages between economic environment, industry, strategy and the company valuation.
- Understand how financial statements are used in the valuation process.
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Class Test

Due: **Week 10**
Weighting: **10%**

Class test will be held in Week 10 tutorial class. The test is worth 10%. Class test is closed book, and test questions are answered under examination conditions and of examination standard. Further details about class test will be announced on iLearn.

Extension

No extensions will be granted. Students who have not attended the scheduled class test will be awarded a mark of zero, except for cases in which an application for special consideration is made and approved. If the application is approved, student is required to sit in a supplementary class test.

On successful completion you will be able to:
- Interpret annual reports and other related public disclosures to evaluate a listed company's strategic decisions, accounting policies, financial position and growth potential.
- Understand linkages between economic environment, industry, strategy and the company valuation.

Assignment

Due: **4 October and 1 November 2018**
Weighting: **32%**

The assignment includes **5%** of group presentation (individually assessed), **12%** of group report and **15%** of individual report. Student will be advised of the content, format and assessment criteria later in the session. Instructions of the assignment including group presentation, group report and individual report will be made available on iLearn.

Submission

Group presentation is due in registered tutorials of groups in Week 6 or 7.

Group report is due on Thursday 4 October 2018 and individual report is due on Thursday 1 November 2018.

Group report and individual report need to be submitted to the Turnitin available on 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 investigated by the Faculty Discipline Committee.

Extension and Penalties

There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission – 20% penalty). This penalty does not apply for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

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Final Examination

Due: **University Examination Period**
Weighting: **50%**

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.

The final exam of ACCG350 is closed book, and includes both calculative and theory questions, based on the learning outcomes of the unit. More details will be announced in due course in the final lecture in Week 13.

The Session 2 examination period in 2018 is from 12 November to 30 November.

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

You are advised that it is Macquarie University policy not to set early examinations for individuals

or groups of students. All students are expected to ensure that they are available until the end of the teaching session, that is, the final day of the official examination period.

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 making an application under the Special Consideration Policy.

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

Supplementary exam information is available at http://www.businessandeconomics.mq.edu.au/current_students/undergraduate/how_do_i/disruption_to_studies

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

On successful completion you will be able to:

- Interpret annual reports and other related public disclosures to evaluate a listed company's strategic decisions, accounting policies, financial position and growth potential.
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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 weekly tutorials.

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

Changes to tutorial times are managed by e-student. It is not necessary to contact members of staff about tutorial changes. On-line enrolment changes to tutorials will be closed at the end of Week 2 so all changes must be made by then.

Required Texts

Palepu, Healy, Wright, Bradbury and Lee, Business Analysis & Valuation: Using Financial Statements, Second Asia Pacific Edition, Cengage Learning, 2015.

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.

Consultation Times

The consultation timetable will be made available on iLearn at the beginning of the session. Consultation will start from Week 3.

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.

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

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.

What is required to complete the unit satisfactorily

Each weekly lecture and the accompanying lecture notes provide a broad outline of the unit material for that week. Students are encouraged to attend lectures or watch iLecture.

Students are required to attempt homework questions 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.

Students are required to apply theories and techniques to the valuation of a listed company on ASX in the assignment. Students are required to work on the assignment throughout the session in groups, and undertake the valuation process independently. A unique feature of the unit is that much of the delivery (from lectures, textbook, case studies and tutorials) is directed at the assignment, in addition to the final examination.

Expected Workload

Students are expected to spend 150 hours working on this unit. As a guide a student should spend these approximate amounts of time on each of the following activities:

Activities	Hours
Weekly class attendance (3 hrs per week)	39
Weekly study, preparation of weekly homework (2 hrs per week)	24

Class test	10
Assignment	50
Final examination preparation	27
TOTAL	150

Unit Schedule

Week	Commencing	Lecture Topic	Readings (from Palepu et al. (2015))	Assessment Tasks	Tutorial Questions (Available on iLearn)
1	30 Jul.	Introduction to Business Analysis and Valuation	Chapter 1		No Tutorials in Week 1
2	6 Aug.	Strategy Analysis	Chapter 2		
3	13 Aug.	Accounting Analysis	Chapter 3 and 4		
4	20 Aug.	Financial Analysis	Chapter 5		
5	27 Aug.	Financial Analysis (Contd.)	Chapter 5		
6	3 Sep.	Credit Analysis	Chapter 10	**Group presentation**	
7	10 Sep.	Self-study for group report		**Group presentation (Contd.)**	
		Mid-Session Break			
8	2 Oct.	Forecasting Income Statement	Chapter 6 and 8	**Group report**	
9	8 Oct.	Forecasting Balance Sheet Review of Cost of Capital	Chapter 6 and 8		
10	15 Oct.	Equity Valuation	Chapter 7 and 8	**Class test**	
11	22 Oct.	Equity Valuation (Contd.)	Chapter 7 and 8		
12	29 Oct.	Price Multiples and Market Efficiency	Chapter 7 and 9	**Individual report**	
13	5 Nov.	Revision			

Policies and Procedures

Macquarie University policies and procedures are accessible from Policy Central (https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- Academic Appeals Policy
- Academic Integrity Policy
- Academic Progression Policy
- Assessment Policy
- Fitness to Practice Procedure
- Grade Appeal Policy
- Complaint Management Procedure for Students and Members of the Public
- Special Consideration Policy *(**Note:** The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.)*

Undergraduate students seeking more policy resources can visit the Student Policy Gateway (https://students.mq.edu.au/support/study/student-policy-gateway). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit Policy Central (https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/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/study/getting-started/student-conduct

Results

Results shown in *iLearn*, or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in eStudent. For more information visit ask.mq.edu.au.

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 tha 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 infromation 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

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.businessandeconomics.mq.edu.au/new_and_current_students/undergraduate_current_students/how_do_i/grade_appeals

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://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the Acceptable Use of IT Resources 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

- Demonstrate an ability to undertake group work of financial analysis and business valuation using a structured approach.
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- Understand linkages between economic environment, industry, strategy and the company valuation.
- Understand how financial statements are used in the valuation process.
- Understand how to use different valuation models and investigate the sensitivity of the valuation to changes in the key input parameters.

Assessment tasks

- Assessed Coursework
- Class Test
- 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

- Demonstrate an ability to undertake group work of financial analysis and business valuation using a structured approach.
- Interpret annual reports and other related public disclosures to evaluate a listed company's strategic decisions, accounting policies, financial position and growth potential.
- Understand linkages between economic environment, industry, strategy and the company valuation.
- Understand how financial statements are used in the valuation process.
- Understand how to use different valuation models and investigate the sensitivity of the valuation to changes in the key input parameters.

Assessment tasks

- Assessed Coursework
- Class Test
- 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

- Demonstrate an ability to undertake group work of financial analysis and business valuation using a structured approach.
- Interpret annual reports and other related public disclosures to evaluate a listed

company's strategic decisions, accounting policies, financial position and growth potential.
- Understand linkages between economic environment, industry, strategy and the company valuation.
- Understand how financial statements are used in the valuation process.
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Assessment tasks

- Assessed Coursework
- Class Test
- 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

- Demonstrate an ability to undertake group work of financial analysis and business valuation using a structured approach.
- Interpret annual reports and other related public disclosures to evaluate a listed company's strategic decisions, accounting policies, financial position and growth potential.
- Understand linkages between economic environment, industry, strategy and the company valuation.
- Understand how financial statements are used in the valuation process.
- Understand how to use different valuation models and investigate the sensitivity of the valuation to changes in the key input parameters.

Assessment tasks

- Assessed Coursework
- Class Test
- Assignment

- Final Examination

Changes from Previous Offering

Individual report is included in the assessment tasks (Assignment). The number of class tests is reduced from two to one. Summaries of readings can not be used to substitute homework submissions.

Research and Practice, Global and Sustanability

This unit uses research from the extant journal literature in the fields of capital markets. The prescribe textbook has a reference list at the end of each chapter containing all references cited by the author. These provide some guidance to references that could be used to research particular issues.

This unit gives students practice in applying research findings in their assignments.

This unit gives students opportunities to conduct their own research.

This unit addresses global and sustainability issues as direct areas of study and as necessary implications arising from the materials, assessment and academic discussion and debate in classes. This unit promotes sustainability by developing ability in students to research and locate information within accounting discipline. This unit aims to provide students with an opportunity to obtain skills which will benefit them throughout their career.