



# MGNT803

## Financial Statements and Analysis

Term 1 North Ryde 2018

*MGSM Degree Programs*

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#### Disclaimer

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## General Information

Unit convenor and teaching staff Jeffrey Wong <a href="mailto:jeffrey.wong@mqsm.edu.au">jeffrey.wong@mqsm.edu.au</a> North Ryde campus
Credit points 4
Prerequisites Admission to MMgmt
Corequisites
Co-badged status
Unit description Throughout this unit, a baseline of knowledge is built around financial and management accounting. From this base students are given the tools and techniques required to analyse financial accounting statements, particularly profit and loss, the balance sheet and statement of cash flows. Beyond mere calculation and presentation of financial statements, this unit equips students with the ability to analyse and interpret financial data, project and assess performance of business units and assess viability and sustainability through a financial and ethical lens.

## 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:

Construct profit and loss, cash flow statements and balance sheets based on a set of financial data for a given business unit.

Analyse and interpret financial data, calculating key ratios for a business unit or firm.

Project and assess the performance, viability and sustainability of a business unit or firm through interpretation and analysis of financial data.

Reflect and articulate their personal attitudes and approaches to ethical challenges within the preparation and reporting of financial information for a firm.

## Assessment Tasks

Name	Weighting	Hurdle	Due
<u>Mid-Semester Examination</u>	20%	No	8 February 2018
<u>Group Project</u>	30%	No	15 March 2018
<u>Final Examination</u>	50%	No	Exam week: 19 - 24 March 2018

### Mid-Semester Examination

Due: **8 February 2018**

Weighting: **20%**

More information on the mid-semester examination will be provided in-class

On successful completion you will be able to:

- Analyse and interpret financial data, calculating key ratios for a business unit or firm.

### Group Project

Due: **15 March 2018**

Weighting: **30%**

Group Report (15%)

The group report should compare and contrast the historical (for the last 5 years) and expected future performance for a company and a competitor in a similar line of business. The group report should be comprised of two parts, a qualitative part and a quantitative part. These two parts do NOT need to be in their own distinctive sections, and it is up to the group to structure the report in a way that makes logical sense. 5,000 word limit. To be submitted electronically.

Within the qualitative area, the discussion should include (but does not have to be limited to):

- BRIEF background information on the two companies including how they are placed within the industry.
- The group may also include a BRIEF overview of the recent stock price movements for these two companies.
- Industry trends and how well each company is placed to face these trends given their strategic outlook.
- General local and global economic conditions and its expected impact on these two companies (if any).
- The group may wish to supplement this with any additional information available. For example, the group may also use common tools encountered during studies at MGSM or

during employment (e.g. SWOT), provided it does not make them a disproportional part of the report.

Within the quantitative area, the group should:

- Begin with an analysis of trends in items contained in profit and loss statements, balance sheets, and statement of cash flows. As a part of this analysis, the group should also use appropriate ratios under the general areas of: profitability, liquidity, working capital management, leverage and financial risk.
- Be smart about using ratios. e.g. Don't use 5 ratios that tell the same story.
- Highlight the most important change within these ratios and try to identify reasons for these changes.
- Compare the quantitative analysis for the two companies and identify reasons for any differences in numbers or trends.

#### Individual Report (15%)

Based on the qualitative and quantitative analysis, each member individually should make a recommendation. There are three possible recommendations you can make:

1. Invest in the company
2. Invest in the competitor
3. Or, for whatever reason, invest in neither

You should also comment on the relative strengths and weaknesses of your entire analysis (inclusive of the group report). Your discussion should focus on what the analysis has accomplished and what are the limitations. Marking criteria will be made available in class. To be submitted electronically.

#### Learning outcomes from group project

By the end of this project, students will have achieved the following learning outcomes:

1. Students would have the ability to analyse, contrast, and discuss the historical performance of businesses from a number of perspectives, using various tools and techniques.
2. Students would have the ability to discuss the qualitative aspects of businesses and the general industry/economic environment, and how these may impact future business performance. These qualitative aspects may include (but is not limited to) the quality of longer term business strategies (in light of the industry/economic environment), shorter term business plans, and the agility of the businesses in a changing business environment.
3. Students would also develop writing skills appropriate in a high quality business report.

No extensions will be granted. 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 disruption of studies is made and approved.

On successful completion you will be able to:

- Construct profit and loss, cash flow statements and balance sheets based on a set of financial data for a given business unit.
- Analyse and interpret financial data, calculating key ratios for a business unit or firm.
- Project and assess the performance, viability and sustainability of a business unit or firm through interpretation and analysis of financial data.
- Reflect and articulate their personal attitudes and approaches to ethical challenges within the preparation and reporting of financial information for a firm.

## Final Examination

Due: **Exam week: 19 - 24 March 2018**

Weighting: **50%**

The final examination is of three (3) hours and ten (10) minutes reading time.

The exam format will consist of a combination of short answer and essay style questions. More details on the exam will be provided in class. The final exam will cover content from:

- Materials presented in-class
- Textbook, unit notes, and other readings
- Exercises and in-class discussions

You are expected to present yourself for examination at the time and place designated in the MGSM Examination Timetable. The timetable will be available at <https://students.mgsm.edu.au/sydney-students/units/exams/>

On successful completion you will be able to:

- Analyse and interpret financial data, calculating key ratios for a business unit or firm.
- Reflect and articulate their personal attitudes and approaches to ethical challenges within the preparation and reporting of financial information for a firm.

## Delivery and Resources

Required text

Atrill, P., McLaney, E., & Harvey, D., 2018, Accounting for Non-Specialists, 7th Edition, Pearson Australia, ISBN: 978-1-4886-1258-9

For information on textbook prices and online ordering, please refer to the Co-Op Bookshop

webpage at <http://www.coop.com.au>

MGSM iLearn

The web page for this unit can be found at: <https://ilearn.mq.edu.au/login/MGSM>

## Unit Schedule

Weekly class - Thursday 1pm - 5pm (Starts: 11 January 2018)

Students are required to attend all classes.

Our Unit Notes provide the key information and are written, where applicable, from the perspective of managers and executives. The textbook readings provide background/supporting material where relevant. The topics and readings are as follows:

Session	Topic	Primary Readings	Textbook Readings
1	The Nature of Accounting	Unit Notes – Topic 1	AMH (Textbook) Chapters 1 & 4
2	Balance Sheets and Profit and Loss Statements	Unit Notes – Topic 2	AMH (Textbook) Chapters 2 & 3
3	Statement of Cash Flows	Unit Notes – Topic 3	AMH (Textbook) Chapter 6
4	Working Capital Management	Unit Notes – Topic 4	AMH (Textbook) Chapter 13
5	Financial Statement Analysis	Unit Notes – Topic 5	AMH (Textbook) Chapter 8
6	Financial Statement Analysis: Managing for Sustainable Growth	Unit Notes – Topic 6	
7	Cost Behaviour and Analysis	Unit Notes – Topic 7	AMH (Textbook) Chapters 9 & 10
8	Short-Term Management Planning	Unit Notes – Topic 8	AMH (Textbook) Chapter 7
9	Business Ethics and Corporate Social Responsibility in Accounting	Unit Notes – Topic 9	AMH (Textbook) Chapter 7
10	Budgeting	Unit Notes – Topic 10	AMH (Textbook) Chapter 11
Final Exam		19 – 24 March 2018	

## 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-centr) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-centr>)

al). 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) (<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](http://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<http://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](http://ask.mq.edu.au).

## 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](http://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](http://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/](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

### PG - Capable of Professional and Personal Judgment and Initiative

Our postgraduates will demonstrate a high standard of discernment and common sense in their professional and personal judgment. They will have the ability to make informed choices and decisions that reflect both the nature of their professional work and their personal perspectives.

This graduate capability is supported by:

#### Learning outcomes

- Construct profit and loss, cash flow statements and balance sheets based on a set of financial data for a given business unit.
- Analyse and interpret financial data, calculating key ratios for a business unit or firm.
- Project and assess the performance, viability and sustainability of a business unit or firm through interpretation and analysis of financial data.
- Reflect and articulate their personal attitudes and approaches to ethical challenges within the preparation and reporting of financial information for a firm.

#### Assessment tasks

- Group Project
- Final Examination

### PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.



This graduate capability is supported by:

## **Learning outcomes**

- Construct profit and loss, cash flow statements and balance sheets based on a set of financial data for a given business unit.
- Analyse and interpret financial data, calculating key ratios for a business unit or firm.
- Project and assess the performance, viability and sustainability of a business unit or firm through interpretation and analysis of financial data.
- Reflect and articulate their personal attitudes and approaches to ethical challenges within the preparation and reporting of financial information for a firm.

## **Assessment tasks**

- Group Project
- Final Examination

## **PG - Critical, Analytical and Integrative Thinking**

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

## **Learning outcomes**

- Construct profit and loss, cash flow statements and balance sheets based on a set of financial data for a given business unit.
- Analyse and interpret financial data, calculating key ratios for a business unit or firm.
- Project and assess the performance, viability and sustainability of a business unit or firm through interpretation and analysis of financial data.
- Reflect and articulate their personal attitudes and approaches to ethical challenges within the preparation and reporting of financial information for a firm.

## **Assessment tasks**

- Mid-Semester Examination
- Group Project
- Final Examination

## **PG - Research and Problem Solving Capability**

Our postgraduates will be capable of systematic enquiry; able to use research skills to create

new knowledge that can be applied to real world issues, or contribute to a field of study or practice to enhance society. They will be capable of creative questioning, problem finding and problem solving.

This graduate capability is supported by:

## **Learning outcomes**

- Construct profit and loss, cash flow statements and balance sheets based on a set of financial data for a given business unit.
- Analyse and interpret financial data, calculating key ratios for a business unit or firm.
- Project and assess the performance, viability and sustainability of a business unit or firm through interpretation and analysis of financial data.
- Reflect and articulate their personal attitudes and approaches to ethical challenges within the preparation and reporting of financial information for a firm.

## **Assessment tasks**

- Mid-Semester Examination
- Group Project
- Final Examination

## **PG - Effective Communication**

Our postgraduates will be able to communicate effectively and convey their views to different social, cultural, and professional audiences. They will be able to use a variety of technologically supported media to communicate with empathy using a range of written, spoken or visual formats.

This graduate capability is supported by:

## **Learning outcomes**

- Construct profit and loss, cash flow statements and balance sheets based on a set of financial data for a given business unit.
- Analyse and interpret financial data, calculating key ratios for a business unit or firm.
- Project and assess the performance, viability and sustainability of a business unit or firm through interpretation and analysis of financial data.
- Reflect and articulate their personal attitudes and approaches to ethical challenges within the preparation and reporting of financial information for a firm.

## **Assessment tasks**

- Group Project
- Final Examination

## PG - Engaged and Responsible, Active and Ethical Citizens

Our postgraduates will be ethically aware and capable of confident transformative action in relation to their professional responsibilities and the wider community. They will have a sense of connectedness with others and country and have a sense of mutual obligation. They will be able to appreciate the impact of their professional roles for social justice and inclusion related to national and global issues

This graduate capability is supported by:

### Learning outcomes

- Construct profit and loss, cash flow statements and balance sheets based on a set of financial data for a given business unit.
- Project and assess the performance, viability and sustainability of a business unit or firm through interpretation and analysis of financial data.
- Reflect and articulate their personal attitudes and approaches to ethical challenges within the preparation and reporting of financial information for a firm.

### Assessment tasks

- Mid-Semester Examination
- Group Project
- Final Examination

## Changes from Previous Offering

No changes from previous offering

## Alignment with MGSM's mission-driven attributes and graduate capabilities

### MISSION-DRIVEN ATTRIBUTES

- **Leadership:** Practise interpreting and synthesising financial information in order to discern problems and opportunities and suggest appropriate strategies for dealing with them.
- **Global mindset:** This unit will emphasise the decision making process in a global economic context. Students are encouraged to be mindful of differences in company practices, industries, laws, and country specific factors that may influence decision outcomes.
- **Citizenship:** Recognise the discretion available to managers when applying accounting models and apply ethical accounting practices in order to present a true and fair view of the performance of an entity.

- **Creating sustainable value:** Practise analysing and interpreting external and internal accounting information to make informed business decisions that seek to maximise value for all stakeholders.

## GRADUATE CAPABILITIES

- **Discipline knowledge and skills:** Students prepare a set of accounts and learn the role of these accounts in the management of a business (interpreting financial accounts to determine the status and outlook for a business).
- **Critical, analytical and integrative thinking:** Students interpret audited financial accounts to critique and compare performance based on analysis of certain business factors.
- **Research and problem solving:** Students will be able to identify tools of analysis and apply them to solve problems in differing scenarios.
- **Effective communication:** Familiarisation with financial analysis tools will enable students to communicate effectively on technical financial interpretation and the briefing of colleagues.
- **Engaged and responsible, active and ethical citizens:** Students will develop good ethical corporate citizen practice through financial knowledge and an awareness of the range of stakeholders involved in any business and their different needs.

## Attendance Policy (MGSM)

The interactive environment of the classroom is central to the MGSM experience. Students are required to attend the full duration of all classes for the units in which they are enrolled. We recognise that exceptional circumstances may occur, such as unavoidable travel on behalf of your organization or the serious illness or injury of you or a close family member.

Special consideration may be given for a maximum of 20% non-attendance for such circumstances as long as lecturers are contacted in advance, and supporting documentation provided, to request exemption from attendance. Failure to abide by these conditions may result in automatic withdrawal, with academic and/or financial penalty. The full Student Attendance Policy is published in the MGSM Student Handbook at <https://students.mgsm.edu.au/handbook>

## Content Disclaimer

These unit materials and the content of this unit are provided for educational purposes only and no decision should be made based on the material without obtaining independent professional advice relating to the particular circumstances involved.