ACCG3050
Financial Statement Analysis
Session 1, In person-scheduled-weekday, North Ryde 2023

Department of Accounting and Corporate Governance

Contents

General Information ........................................ 2
Learning Outcomes ........................................ 2
General Assessment Information ....................... 3
Assessment Tasks .......................................... 3
Delivery and Resources .................................. 5
Unit Schedule ............................................. 6
Policies and Procedures .................................. 7

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General Information

Unit convenor and teaching staff
Convenor
Jengfang Chen
accg3050@mq.edu.au

Credit points
10

Prerequisites
130cp at 1000 level or above including AFIN250 or AFIN2050 or AFIN252 or AFIN253 or AFIN2053

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:

**ULO1**: Undertake group work to perform a financial analysis and business valuation using a structured approach.

**ULO2**: Interpret annual reports and other related public disclosures and evaluate a listed company's strategic decisions, accounting policies, financial position and growth.
potential.

ULO3: Explain linkages between economic environment, industry, strategy and the company valuation.

ULO4: Examine how financial statements are used in the valuation process.

ULO5: Compare different valuation models and investigate the sensitivity of the valuation to changes in the key input parameters.

General Assessment Information

Late Assessment Submission Penalty

Unless an application for Special Consideration has been submitted and approved, a 5% penalty (of the total possible mark) will be applied each day a written assessment is not submitted, up until the 7th day (including weekends). After the 7th day, a grade of ‘0’ will be awarded even if the assessment is submitted. Submission time for all written assessments is set at 11.55pm. A 1-hour grace period is provided to students who experience a technical concern.

For any late submissions of time-sensitive tasks, such as scheduled tests, exams, performance assessments, and/or scheduled practical assessments/labs, students need to submit an application for Special Consideration.

Assessment Tasks

<table>
<thead>
<tr>
<th>Name</th>
<th>Weighting</th>
<th>Hurdle</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignment</td>
<td>30%</td>
<td>No</td>
<td>Week 7 &amp; 12 (Group report) Week 12 &amp; 13 (Presentation)</td>
</tr>
<tr>
<td>Assessed Coursework</td>
<td>10%</td>
<td>No</td>
<td>Before the start of tutorial class</td>
</tr>
<tr>
<td>Final Examination</td>
<td>60%</td>
<td>No</td>
<td>To be held during the university examination period</td>
</tr>
</tbody>
</table>

Assignment

Assessment Type: Case study/analysis
Indicative Time on Task: 25 hours
Due: Week 7 & 12 (Group report) Week 12 & 13 (Presentation)
Weighting: 30%

This Assignment comprises of a group report and an individual report. Student will be advised of the content, format and assessment criteria.

On successful completion you will be able to:

- Undertake group work to perform a financial analysis and business valuation using a
structured approach.

- Interpret annual reports and other related public disclosures and evaluate a listed company's strategic decisions, accounting policies, financial position and growth potential.
- Explain linkages between economic environment, industry, strategy and the company valuation.
- Examine how financial statements are used in the valuation process.
- Compare different valuation models and investigate the sensitivity of the valuation to changes in the key input parameters.

Assessed Coursework

Assessment Type 1: Participatory task
Indicative Time on Task 2: 20 hours
Due: Before the start of tutorial class
Weighting: 10%

Students must submit homework to the Turnitin available on iLearn before the start of tutorial class at which the student is enrolled. Tutor will randomly select six weeks to mark homework. The best five marks will be recorded. 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.

On successful completion you will be able to:

- Interpret annual reports and other related public disclosures and evaluate a listed company's strategic decisions, accounting policies, financial position and growth potential.
- Explain linkages between economic environment, industry, strategy and the company valuation.
- Examine how financial statements are used in the valuation process.
- Compare different valuation models and investigate the sensitivity of the valuation to changes in the key input parameters.

Final Examination

Assessment Type 1: Examination
Indicative Time on Task 2: 45 hours
Due: To be held during the university examination period
Weighting: 60%
A two-hour examination will be held during the University Examination period.

On successful completion you will be able to:

- Interpret annual reports and other related public disclosures and evaluate a listed company's strategic decisions, accounting policies, financial position and growth potential.
- Explain linkages between economic environment, industry, strategy and the company valuation.
- Examine how financial statements are used in the valuation process.
- Compare different valuation models and investigate the sensitivity of the valuation to changes in the key input parameters.

1 If you need help with your assignment, please contact:
   - the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
   - the Writing Centre for academic skills support.

2 Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation

### Delivery and Resources

#### Classes

There are 3 hours of teaching per week consisting of one 1.5-hour face-to-face lecture and one 1.5-hour face-to-face tutorial.

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


#### 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.
special circumstances, an appointment may be made outside regular 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.

**Unit Schedule**

### Unit Schedule

<table>
<thead>
<tr>
<th>Week</th>
<th>Monday</th>
<th>Lecture Topic</th>
<th>Readings (from Palepu et al., 2020)</th>
<th>Assessment Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>20-Feb</td>
<td>A framework for business analysis and valuation</td>
<td>Chapter 1</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>27-Feb</td>
<td>Strategy Analysis</td>
<td>Chapter 2</td>
<td>Week 2 Homework (HW)</td>
</tr>
<tr>
<td>3</td>
<td>6-Mar</td>
<td>Accounting Analysis</td>
<td>Chapter 3 &amp; 4</td>
<td>Week 3 HW</td>
</tr>
<tr>
<td>4</td>
<td>13-Mar</td>
<td>Financial Analysis</td>
<td>Chapter 5</td>
<td>Week 4 HW</td>
</tr>
<tr>
<td>5</td>
<td>20-Mar</td>
<td>Financial Analysis (Contd.)</td>
<td>Chapter 5</td>
<td>Week 5 HW</td>
</tr>
<tr>
<td>6</td>
<td>27-Mar</td>
<td>Credit Analysis</td>
<td>Chapter 10</td>
<td>Week 6 HW</td>
</tr>
<tr>
<td>7</td>
<td>3-Apr</td>
<td>Forecasting Income Statement</td>
<td>Chapter 6 &amp; 8</td>
<td>Week 7 HW</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Group Report-I (7-Apr)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td><strong>Mid-Session Break</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>24-Apr</td>
<td>Forecasting Balance Sheet</td>
<td>Chapter 6 &amp; 8</td>
<td>Week 8 HW</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Review of Cost of Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>1-May</td>
<td>Equity Valuation</td>
<td>Chapter 7 &amp; 8</td>
<td>Week 9 HW</td>
</tr>
<tr>
<td>10</td>
<td>8-May</td>
<td>Equity Valuation (Contd.)</td>
<td>Chapter 7 &amp; 8</td>
<td>Week 10 HW</td>
</tr>
<tr>
<td>11</td>
<td>15-May</td>
<td>Price Multiples and Market Efficiency</td>
<td>Chapter 7 &amp; 9</td>
<td>Week 11 HW</td>
</tr>
<tr>
<td>12</td>
<td>22-May</td>
<td>Report submission and presentation</td>
<td></td>
<td>Group Report-II (22-May) &amp; Presentation</td>
</tr>
</tbody>
</table>
Policies and Procedures

Macquarie University policies and procedures are accessible from Policy Central (https://policies.mq.edu.au). 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
- Assessment Procedure
- Complaints Resolution Procedure for Students and Members of the Public
- Special Consideration Policy

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

To find other policies relating to Teaching and Learning, visit Policy Central (https://policies.mq.edu.au) and use the search tool.

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: https://students.mq.edu.au/admin/other-resources/student-conduct

Results

Results published on platform other than eStudent, (eg. iLearn, Coursera etc.) 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 or if you are a Global MBA student contact globalmba.support@mq.edu.au

Academic Integrity

At Macquarie, we believe academic integrity – honesty, respect, trust, responsibility, fairness and courage – is at the core of learning, teaching and research. We recognise that meeting the expectations required to complete your assessments can be challenging. So, we offer you a range of resources and services to help you reach your potential, including free online writing and maths support, academic skills development and wellbeing consultations.
Student Support
Macquarie University provides a range of support services for students. For details, visit [http://students.mq.edu.au/support/](http://students.mq.edu.au/support/)

The Writing Centre
The Writing Centre provides resources to develop your English language proficiency, academic writing, and communication skills.

- Workshops
- Chat with a WriteWISE peer writing leader
- Access StudyWISE
- Upload an assignment to Studiosity
- Complete the Academic Integrity Module

The Library provides online and face to face support to help you find and use relevant information resources.

- Subject and Research Guides
- Ask a Librarian

Student Services and Support
Macquarie University offers a range of Student Support Services including:

- IT Support
- Accessibility and disability support with study
- Mental health support
- Safety support to respond to bullying, harassment, sexual harassment and sexual assault
- Social support including information about finances, tenancy and legal issues
- Student Advocacy provides independent advice on MQ policies, procedures, and processes

Student Enquiries
Got a question? Ask us via AskMQ, or contact Service Connect.

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.