

School of Accounting and Commercial Law

ACCY 306 FINANCIAL STATEMENT ANALYSIS

Trimester 2, 2014

COURSE OUTLINE

Names and Contact Details

<i>Course Coordinator & Lecturer</i>	Dr. Noor Houqe noor.houqe@vuw.ac.nz	RH 712	463 6591
<i>Lecturer</i>	Dr. Wares Karim wares.karim@vuw.ac.nz	RH 611	463 6960
<i>Course Administrator</i>	Lucy May Lucy.may@vuw.ac.nz Office hours: Monday-Friday, 8.30am-5pm (Note: Office closed 10.30am-10.45am and 3.30pm-3.45pm)	Enquiries Counter, RH Level 7	463 5775

Trimester Dates

Teaching Period: Monday 14 July – Friday 17 October
Study Period: Monday 20 October – Thursday 23 October
Examination Period: Friday 24 October – Saturday 15 November (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 25 July 2014.
2. The standard last date for withdrawal from this course is Friday 26 September 2014. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an 'Application for Associate Dean's Permission to Withdraw Late' including supporting documentation. The application form is available from either of the Faculty's Student Customer Service Desks.

Class Times and Room Numbers

Tuesday and Thursday 9.30 am – 10.20 am
Rutherford House (RH) LT 2

Course Delivery

The course delivery comprises two hours of lectures each week combined with a one hour tutorial (in weeks 2, 3, 4, 6, 8, 9, 11 and 12). Students are expected to complete two individual assignments.

Group Work

No group work will be assigned in the course.

Expected Workload

Being a 15 point stage three course it is expected that the total workload for this course will be 150 hours. Spread over the 15 weeks comprising the 12 teaching weeks, mid-trimester break and study break, this gives an average of 10 hours per week including lecture and tutorial hours.

Prescription

A critical examination of accounting and finance concepts as applied to financial statements of firms, focusing on the interests of equity investors. The course will also consider the value of financial statement analysis to capital markets and communities.

Course Learning Objectives

By the end of this course, students should be able to:

1. Explain key concepts, principles and relationships in financial statement analysis;
2. Explain the principles of valuation;
3. Undertake equity valuation;
4. Apply the concepts of risk analysis; and
5. Adapt and apply those principles and concepts in valuing a real firm.

Readings

Required text:

Penman, S., *Financial Statement Analysis and Security Valuation*, McGraw-Hill Irwin, New York, 5th edition, 2012, ISBN 9780078025310

Recommended text:

Palepu, K.G. and P. M. Healy, *Business Analysis and Valuation Using Financial Statements, Text and Cases*, Cengage Learning, South-Western, 5th edition, 2013. ISBN: 9781111972288

Additional readings:

Any additional readings will be made available on Blackboard.

ACCY 306 Course Content

Week	Commencing	Topic	Readings	Tutorials	Assignments
1	14 July Wares	How Financial Statements Are Used in Valuation	Penman Chapter 3		
2	21 July Wares	Discounted Cash Flow Valuation: Free Cash Flow Model	Penman Chapter 4	Tutorial 1	
3	28 July Wares	Accrual Accounting Valuation: Pricing Book Values (Residual Earnings Model)	Penman Chapter 5	Tutorial 2	
4	4 August Wares	Accrual Accounting Valuation: Pricing Earnings (Abnormal Earnings Growth Model)	Penman Chapters 6	Tutorial 3	Assignment 1 Friday 8 August, 2pm
5	11 August Wares	Valuation and Active Investing	Penman Chapter 7		
6	18 August Wares	Viewing the Business Through the Financial Statements	Penman Chapter 8	Tutorial 4	TEST Monday 18 August 5.40pm
MID-TRIMESTER BREAK					
7	8 September Noor	The Analysis of the Statement of Shareholders' Equity The Analysis of the Balance Sheet and Income Statement	Penman Chapter 9 & 10		
8	15 September Noor	The Analysis of the Balance Sheet and Income Statement (contd.) Analysis of Profitability	Penman Chapter 10 Chapter 12	Tutorial 5	
9	22 September Noor	Analysis of Profitability (contd.)	Penman Chapter 12	Tutorial 6	
10	29 September Noor	Full-Information Forecasting, Valuation, and Business Strategy Analysis	Penman Chapter 16		Assignment 2 Friday 3 October 2pm
11	6 October Noor	Analysis of the Quality of Financial Statements	Penman Chapter 18	Tutorial 7	
12	13 October Noor	The Analysis of Credit Risk and Return.	Penman Chapter 20	Tutorial 8	

Materials and Equipment

In the test and final examination students will be permitted to use only silent non-programmable calculators or silent programmable calculators with their memories cleared.

Assessment

From Trimester 1, 2014, a revised Assessment Handbook will apply to all VUW courses: see <http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf>.

In particular, there will be a new grade scheme, in which the A+ range will be 90-100% and 50-54% will be a C-.

The course assessment will be as follows:

Component	Weight	Due Date
Assignment 1	10%	2pm Friday 8 August
Assignment 2	10%	2pm Friday 3 October
Tutorial participation	10%	
Test (2 hours)	30%	Monday 18 August at 5.40pm
Final examination (2 hours, Closed book)	40%	Examination period (refer to page 1)

Assignments are to be placed in boxes labelled “ACCY 306” on the Mezzanine floor of Rutherford House.

Tutorial participation has two elements: (1) Your contribution to the learning environment of the whole class; (2) The quality of your preparation and answers. There are 8 tutorials with a total participation grade of 10% of your overall course assessment. For tutorial participation 1.25 points are given per tutorial ($1.25 \times 8 = 10$) for your contribution to the learning environment and the quality of your preparation and answers.

All homework assignments are individual assignments. You are encouraged to discuss this work with your peers. However, you must hand in your own write-up.

All students are encouraged to participate in classroom and tutorial discussions.

Tutorial Group Sign-up

You will be given the opportunity to sign up for one tutorial group on a first-come-first-served basis. Detailed tutorial sign-up instructions are given on Blackboard.

Tutorial lists are available on S-cubed. Subsequent changes can only be made if the Course Administrator agrees.

Penalties

No assignments will be accepted for assessment purposes after the deadline of 2 pm on the relevant submission date, unless accompanied by a certification from a doctor or by prior arrangement.

Use of Turnitin

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <http://www.turnitin.com>. Turnitin is an on-line plagiarism prevention tool which compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and submitted to Turnitin. A copy of submitted materials will be retained on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

Examinations

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period. The final examination for this course will be scheduled at some time during the following period:

Friday 24 October – Saturday 15 November (inclusive)

Mandatory Course Requirements

None.

If you cannot complete an assignment or sit a test or examination, refer to

www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat

Class Representative

A class representative will be elected in the first class, and that person's name and contact details will be made available to VUWSA, the course coordinator, and the class. The class representative provides a communication channel to liaise with the course coordinator on behalf of students.

Communication of Additional Information

Notices will be posted on Blackboard to which all students have access once they have enrolled in the course.

Student feedback

We would like to hear from you as to how the course can be delivered more effectively. Please send your feedback to the Course Coordinator or save it for the end-of-the course evaluation to be administered during the last week of the course. Student feedback on University courses may be found at www.cad.vuw.ac.nz/feedback/feedback_display.php

Link to general information

For general information about course-related matters, go to

<http://www.victoria.ac.nz/vbs/studenthelp/general-course-information>

Note to Students

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and academic audit. The findings may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.
