

Victoria Management School /School of Economics & Finance

## **MMAF 536 FINANCIAL STATEMENT ANALYSIS**

Trimester Three 2014

### **COURSE OUTLINE**

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#### **Names and Contact Details**

**Don Trow is the lecturer and course coordinator.** Don is an Emeritus Professor of Accountancy, and in recent years has been a director of the New Zealand Stock Exchange, Ryman Healthcare Limited, Opus International Consultants Limited and the Northland Co-Operative Dairy Company Limited. After ten years with professional firms of accountants in Wellington, London and New York, Don was with the School of Accounting and Commercial Law from 1965 and was Professor of Accountancy from 1971.

Don can be contacted at [don.trow@vuw.ac.nz](mailto:don.trow@vuw.ac.nz) or cell phone 021 187 4930  
His office is at Room 720, Rutherford House, phone 463 5364. Office hours, by appointment.  
The preferred contact method is via email.

**Nicky McInnes, Programme Administrator** can be contacted at phone 463 5367 or by email [nicky.mcinnes@vuw.ac.nz](mailto:nicky.mcinnes@vuw.ac.nz) Her office is RH1004.

#### **Trimester Dates**

The teaching period is from Monday **17 November 2014 to Monday 9 February 2015**.  
**There will be a two hour test on Monday 16 February 2015.**

#### **Withdrawal from Course:**

Your fees will be refunded if you withdraw from this course on or before **28 November 2014**.

The standard last date for withdrawal from this course is **27 January 2015**. After that 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**

The course will be delivered via weekly lectures.

Classes will be on **Monday** evening from **5.40pm to 8.30pm** in **Room GBLT3 (NW corner of ground floor of the Law School)** to be held on the following dates:

**17 & 24 November; 1, 8 & 15 December 2014; 26 January; and 2 & 9 February 2015.**

### Course Delivery

Students should note the deadline dates for completion of the six assignments that will form a substantial part of the assessment for the course. **Attendance at class is essential, and it is expected that students will attend all classes. Should you be unable to attend a particular class, please contact Don Trow** by email before the time of the class. There will be no class on Anniversary Day, 19 January, 2015.

### Expected workload

An estimate of the average workload is:

24 hours engaged actively in the lecture class (8 x 3 hours)  
108 hours preparing assignments (6 @ 18 hours)  
68 hours completing other reading and preparation for classes  
200 hours in total

### Prescription

An overview of the analysis and evaluation of corporate performance, financial conditions and future prospects as set out in the corporate entities' published annual reports and financial statements.

### Course Learning Objectives

**The main objective** is to understand how the analysis of financial statements and reports of a range of different organisations can be made, **to assess the strengths, weaknesses and future prospects** of the business. When weaknesses are identified, attention will be given to understanding the **steps that are appropriate to remedy each weakness**. Emphasis will also be placed on acquiring the **skills for making swift analysis** of information, knowing that in the business environment such analysis often needs to be made quickly and in an informal setting.

**Associated objectives**, that are important to achieving the main objective, will be to understand – how financial statements are constructed (and sometimes manipulated) – to understand the nature of acceptable accounting practice (and to identify “creative” accounting) – and to know how to explain the relationship between accounting information for a business and the market value of the equity instruments (or shares) for that business. [It is important to realise, that if you do not have an outline understanding of accepted accounting practice, you are not in a position to be able to make reliable analysis of the information in the financial statements.]

**Learning goals** to be emphasised will include development of critical thinking skills and the effective written and oral communication of findings. The use of information for analysis will also involve *inter alia*, an understanding and application of good quality ethical conduct, an understanding of the extent to which New Zealand accounting practice complies with international standards, and the enquiry required to gain assurance on the continuing viability (sustainability) of a particular business activity.

### Course content

A detailed course programme, showing the topics for each class, and the due dates for assignments, is attached at the end of this Course Outline.

## Readings

The only required reading for the course is contained in **Student Notes** that will be made available at the beginning of the course, and at further intervals during the course programme.

A text that is easy to read, and may be helpful for reference, but not required reading, is: Mary Buffett & David Clark, *Warren Buffett and the Interpretation of Financial Statements*, Simon & Schuster 2008.

More detailed texts that may be helpful for reference, are:

Penman S, *Financial Statement Analysis and Security Valuation*, McGraw-Hill Irwin, New York, 3<sup>rd</sup> edition 2006.

Palepu KG & Healy PM, *Business Analysis and Valuation: Using Financial Statements; Text and cases*, Thomson/South-Western, 4<sup>th</sup> edition 2008.

## Assessment Requirements

- **60% of the grade** will be determined from the marks awarded for the **six assignments**
- **15% of the grade** will be determined from assessment of **participation in the classroom**, including **occasional “snap tests” during the classroom sessions**.
- **25% of the grade** will be determined from the marks awarded for a **final test** to be held on 16 February 2015

Completed assignments will be discussed during the lecture class, and the assignment will be handed in for assessment at the end of the class.

## **Penalties**

**The penalty for late submission of an assignment** will be 50% of the mark for that assignment. There will be no penalty for exceeding the page number limitation for an assignment (four pages) – but it would be appreciated if the size limitation is observed.

## Mandatory Course Requirements

**In addition to obtaining an overall course mark of 50% or better, students must sit the final test and submit six written assignments.** If you cannot complete an assignment, refer to [www.victoria.ac.nz/home/study/exams-and-assessment/aegrotat](http://www.victoria.ac.nz/home/study/exams-and-assessment/aegrotat)

**Attendance at class is essential, and students are expected to attend all classes.**

## **Victoria VIAF Grading Standards**

Victoria VIAF - **Excellent** Category

A (85 – 89%) to A+ (90% and above): The quality is performed to a very high level of proficiency, i.e. it is at a standard that makes it exceptional at Master’s level.

Victoria VIAF - **Very Good** Category

B+ (75 – 79%) to A- (80 – 84%): The quality is performed at a high standard. Students have reached a level which clearly exceeds “competency”.

Victoria VIAF - **Good** Category

B- (65 – 69%) to B (70 – 74%): The quality is clearly demonstrated without being exceptional in any way. Students can be thought of as competent in respect of this quality.

Victoria VIAF - **Satisfactory** Category

C- (50 – 54%) to C+ (60 – 64%): The quality is demonstrated to a minimally acceptable level. There may be flaws but these are not serious enough to “fail” the student on this quality.

Victoria VIAF - **Unsatisfactory** Category

E (0 – 39%) to D (40 – 49%): The quality is absent or performed to a very low level, or the performance is seriously flawed in this respect.

**Class Representative**

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

**Communication of Additional Information**

Additional information concerning this course will be communicated to you in the classroom and/or by mailing to your email address.

**Student feedback**

Student feedback on University courses may be found at [www.cad.vuw.ac.nz/feedback/feedback\\_display.php](http://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 FCA programmes. All material used for such purposes will be treated as confidential, and the outcome will not affect your grade for the course.

