

School of Accounting of Commercial Law

## **ACCY 306 FINANCIAL STATEMENT ANALYSIS**

Trimester 2, 2015

### **COURSE OUTLINE**

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

<i>Course Coordinator &amp; Lecturer</i>	Dr. Thu Phuong Truong <a href="mailto:thuphuong.truong@vuw.ac.nz">thuphuong.truong@vuw.ac.nz</a> Office hours: TBA	RH 712	463 5233 (ext. 8961)
<i>Lecturer</i>	Dr. Wares Karim <a href="mailto:wares.karim@vuw.ac.nz">wares.karim@vuw.ac.nz</a> Office hours: TBA	RH 626	463 6762
<i>Course Administrator</i>	Lucy May <a href="mailto:lucy.may@vuw.ac.nz">lucy.may@vuw.ac.nz</a> Office hours: Monday-Friday, 8.30am-5pm (Note: Office closed 10.30am-10.45am and 3.30pm-3.45pm)	RH 708	463 5775

#### **Trimester Dates**

Teaching Period: Monday 13<sup>th</sup> July – Friday 16<sup>th</sup> October

Study Period: Monday 19<sup>th</sup> October – Thursday 22<sup>nd</sup> October

Examination Period: Friday 23<sup>rd</sup> October – Saturday 14<sup>th</sup> November (inclusive)

#### **Withdrawal from Course**

1. Your fees will be refunded if you withdraw from this course on or before Friday 24<sup>th</sup> July 2015.
2. The standard last date for withdrawal from this course is Friday 25<sup>th</sup> September 2015. 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' form including supporting documentation. The application form is available from either of the Faculty's Student Customer Service Desks or [online](#).

#### **Class Times and Room Numbers**

Monday and Wednesday 10.30-11.20am

Government Building Lecture Theatre 3 (GB LT3)

#### **Course Delivery**

The course delivery comprises two hours of lectures each week combined with a one hour tutorial (in weeks 2, 3, 4, 5, 8, 9, 10 and 11).

### **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.

## Course Content

Week	Commencing	Topic	Readings	Tutorials	Assignments
1	13 July Wares	How Financial Statements Are Used in Valuation	Penman Chapter 3		
2	20 July Wares	Discounted Cash Flow Valuation: Free Cash Flow Model	Penman Chapter 4	Tutorial 1	
3	27 July Wares	Accrual Accounting Valuation: Pricing Book Values (Residual Earnings Model)	Penman Chapter 5	Tutorial 2	
4	3 August Wares	Accrual Accounting Valuation: Pricing Earnings (Abnormal Earnings Growth Model)	Penman Chapters 6	Tutorial 3	Assignment 1 Thu 6 Aug @ 2pm
5	10 August Wares	Valuation and Active Investing	Penman Chapter 7	Tutorial 4	
6	17 August Wares	Viewing the Business Through the Financial Statements	Penman Chapter 8		Test Thu 20 Aug @ 5.45pm TBC
<b>MID-TRIMESTER BREAK</b>					
7	7 September Phuong	The Analysis of Financial Statements (Part 1)	Penman Chapter 9, 10 & 11		
8	14 September Phuong	The Analysis of Financial Statements (Part 2)	Penman Chapter 9, 10 & 11	Tutorial 5	
9	21 September Phuong	The Analysis of Profitability	Penman Chapter 12	Tutorial 6	
10	28 September Phuong	Full-Information Forecasting, Valuation, and Business Strategy Analysis	Penman Chapter 16	Tutorial 7	Assignment 2 Thu 1 Oct @ 2pm
11	5 October Noor	The Analysis of the Quality of Financial Statements	Penman Chapter 18	Tutorial 8	
12	12 October Phuong	The Analysis of Credit Risk and Return.	Penman Chapter 20		

## Readings

### Required text

Penman, S., *Financial Statement Analysis and Security Valuation*, McGraw-Hill Irwin, New York, 5<sup>th</sup> edition, 2013, 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, 5<sup>th</sup> edition, 2013. ISBN: 9781111972288.

### Additional readings

Additional readings will be made available on Blackboard.

## 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

The Assessment Handbook will apply to all VUW courses: see

<http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf>.

The course assessment will be as follows:

<b>Component</b>	<b>Weight</b>	<b>Due Date</b>
Assignment 1	6%	Thursday 6 Aug @ 2pm
Assignment 2	6%	Thursday 1 Oct @ 2pm
Tutorial participation	8%	
Test (2 hours, closed book)	40%	Thursday 20 Aug @ 5.45pm TBC
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 8% of your overall course assessment. For tutorial participation 1 point are given per tutorial (1\*8=8) 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. Tutorial sign up instructions for ‘MyAllocator’ can be found on Blackboard under ‘Tutorials’. 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 23<sup>rd</sup> October – Saturday 14<sup>th</sup> November (inclusive)

## **Mandatory Course Requirements**

In addition to obtaining an overall course mark of 50 or better, students must complete all assessment components. Any student who is concerned that they have been (or might be) unable to meet any of the MCRs because of exceptional personal circumstances, should contact the course coordinator as soon as possible.

If you cannot complete an assignment or sit a test or examination, refer to [www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat](http://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 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](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 VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

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