

School of Accounting and Commercial Law

ACCY 306 FINANCIAL STATEMENT ANALYSIS

Trimester 2, 2016

COURSE OUTLINE

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

See the Course Content and Teaching Schedule at the end of this document.

Trimester Dates

Teaching Period: Monday 11th July – Friday 14th October

Study Period: Monday 17th October – Thursday 20th October

Examination Period: Friday 21st October – Saturday 12th November (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 22nd July 2016.
2. The standard last date for withdrawal from this course is Friday 23rd September. 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 or [online](#).

Names and Contact Details

<i>Course Coordinator & Lecturer</i>	Dr. Richard Wang richard.wang@vuw.ac.nz Office hours: TBA	RH 723	463 5758
<i>Lecturer</i>	Dr. Noor Houqe noor.houqe@vuw.ac.nz Office hours: TBA	RH 715	463 6591
<i>Course Administrator</i>	Rachel Qi rachel.qi@vuw.ac.nz Office hours: Monday-Friday, 8.30am-5pm (Note: Office closed 10.30am-10.45am and 3.30pm-3.45pm)	RH 708	463 7465

Class Times and Room Numbers

Wednesday & Friday 13:40-14:30 in Government Buildings Lecture Theatre 4 (GBLT 4)

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).

Readings

Required text

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

Additional readings

Additional readings will be made available on Blackboard.

Mandatory course requirements

In addition to obtaining an overall course mark of 50 or better, students must complete all assessment components. If you believe that exceptional circumstances may prevent you from meeting the mandatory course requirements, contact the Course Coordinator for advice 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

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.

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:

Component	Weight	Due Date
Assignment 1	6%	Friday 5 Aug @ 2:00 pm
Assignment 2	6%	Friday 30 Sep @ 2:00 pm
Tutorial participation	8%	
Test (2 hours, closed book)	40%	Monday 5 Sep (To be confirmed)
Final examination (2 hours, closed book)	40%	Examination period (To be advised)

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.

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 21st October – Saturday 12th November (inclusive)

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.

In fairness to other students, any assignment submitted after the deadline will be subject to a penalty of 5% of the total marks available for every day or part of a day (including Saturdays and Sundays) that the assignment is submitted late. For example, an assignment marked out of 100 due by 2pm on Monday 1 January but submitted at 1pm on Wednesday 3 January, would be marked out of 100 and then have 10 marks deducted from the marks awarded . No marks will be awarded to any assignment submitted after the assignment has been discussed in class or marked and returned to other students or after 10 days have elapsed, whichever occurs first.

Group Work

No group work will be assigned in the course.

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.

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.

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.

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 announced in class and also posted on Blackboard to which all students have access once they have enrolled in the course.

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.

Course Content

Week beginning	Lecturer	Topic	Readings	Tutorials	Assignments
1 11 Jul	Richard	How Financial Statements Are Used in Valuation	Penman Chapter 3		
2 18 Jul	Richard	Discounted Cash Flow Valuation: Free Cash Flow Models	Penman Chapter 4	Tutorial 1	
3 25 Jul	Richard	Accrual Accounting Valuation: Residual Earnings Model	Penman Chapter 5	Tutorial 2	
4 1 Aug	Richard	Accrual Accounting Valuation: Abnormal Earnings Growth Model	Penman Chapter 6	Tutorial 3	Assignment 1 Friday 5 Aug @ 2pm
5 8 Aug	Richard	Valuation and Active Investing	Penman Chapter 7	Tutorial 4	
6 15 Aug	Richard	Viewing the Business Through the Financial Statements	Penman Chapter 8		
MID-TRIMESTER BREAK					
22 Aug – 4 Sep					
7 5 Sep	Noor	The Analysis of Financial Statements (Part 1)	Penman Chapters 9, 10 & 11		Mid-term test Monday. 5 Sep (to be confirmed)
8 12 Sep	Noor	The Analysis of Financial Statements (Part 2)	Penman Chapters 9, 10 & 11	Tutorial 5	
9 19 Sep	Noor	The Analysis of Profitability	Penman Chapter 12	Tutorial 6	
10 26 Sep	Noor	Full-Information Forecasting, Valuation, and Business Strategy Analysis	Penman Chapter 16	Tutorial 7	Assignment 2 Friday 30 Sep @ 2pm
11 3 Oct	Noor	The Analysis of the Quality of Financial Statements	Penman Chapter 18	Tutorial 8	
12 10 Oct	Noor	The Analysis of Credit Risk and Return.	Penman Chapter 20		
