



BUSMGT 733: Analysing Financial Statements (15 points)

Quarter 3 2017 (1176)

Course Prescription

Focuses on the analysis of financial statements and the assessment of an organisation's performance. Develops an understanding of appropriate tools and techniques used to measure and assess risk and value.

Programme and Course Advice

Prerequisite: 60 points from BUSMGT 711-714 with at least a B- average.

Goals of the Course

The course develops students' skills for:

- financial performance analysis;
- credit risk assessment;
- understanding how debt is issued, and the effects of issuing debt at a discount and at a premium;
- appreciating the use and impact of financial instruments on financial performance
- company valuation, using both forecasting models and market multiples;
- analysing deferred tax assets and liabilities

Learning Outcomes

By the end of this course, a student is expected to:

1. evaluate a company's financial performance and compare performance to capital providers' expectations;
2. assess and interpret credit risk, apply financial models for predicting business failure, and recognise the limitations of these models;
3. comprehend and apply the principles for the issue of debt;
4. appraise the use and impact of financial instruments for financial analysis
5. develop, appraise, and combine assumptions to forecast free cash flows and operating income;
6. develop frameworks for company valuation using cash flow and operating income models and market multiples;
7. calculate deferred tax assets and liabilities and evaluate their impact on the financial health of a company.

Content Outline

<u>Week</u>	<u>Commencing</u>	<u>Topic</u>
1	19 June	Framework for analysis and valuation Overview of business activities and financial statements
2	26 June	Profitability analysis and interpretation
3	3 July	Credit analysis and interpretation
4	10 July	Non-owner financing (non-operating liabilities) Assignment Part 1 due at 9am Wednesday 12 July
5	17 July	Accounting for Financial Instruments Mid-quarter test
6	24 July	Cash flow based valuation
7	31 July	Operating income and market based valuation
8	7 August	Deferred tax Assignment Part 2 due at 9am Wednesday 9 August
9	14 August	Deferred tax
10	21 August	Recap of key topics and revision Final test

Learning and Teaching

The class will meet for 5.5 hours per week, comprising 1.5 hour plenary lecture, 2 hours tutorials, and 2 hours team-based learning (TBL).

In addition to attending classes, students should be prepared to spend about 10 hours per week on activities related to this course. These activities include reading the textbook, solving recommended practice problems, preparing for tutorials and the team-based learning sessions, working on assignments and preparing for the tests.

Inclusive Learning

Students are urged to discuss privately any issues or impairment-related requirements face-to-face and/or in written form with the Course Coordinator (Ms Ruth Dimes).

Student Feedback

Student feedback will be constantly gathered and assessed throughout the course to ensure that any issues are addressed immediately.

Teaching Staff

Lecturer and Course Co-ordinator:

Ruth Dimes *FCA (ICAEW)*

Office: 260-388, Level 3, OGGB

Phone: (09) 923 1874

Office hours: Thursday 12pm – 2pm

E-mail: r.dimes@auckland.ac.nz

Learning Resources

Required reading

Textbook: *Easton, P.E, McAnally, M.E, Sommers, G.A, , & Zhang, X, Financial Statement Analysis & Valuation*. (4th ed). Cambridge Business Publishers.,

This textbook is available for purchase from the University of Auckland Bookshop (UBS). The approximate price is NZD\$180.00.

The GSM has negotiated a special deal with the publisher to provide access to the **e-book**, which will cost around USD\$65.00 for a 6-month access. You may purchase via the link below:

https://mybusinesscourse.com/auth/account_required?product=14 (Links to an external site.)
Links to an external site.

Supplementary reading

Week 5 Financial Instruments:

Textbook: Deegan, C, Samkin, S, *New Zealand Financial Accounting*. (6th ed) McGraw Hill Education.

Weeks 8 and 9 Deferred Tax:

Textbook: Deegan, C, *Financial Accounting*. (8th ed) McGraw Hill.

Lecture Recordings

Only the plenary lectures will be recorded. The plenary lecture recording can be accessed via the BUSMGT 733 Canvas Pages.

CANVAS

All course materials may be found on the BUSMGT 733 Canvas Pages. You should access Canvas to read announcements, view your coursework marks, download instructional / revision materials, and access lecture recordings. Instructional / revision materials include lecture slides, solutions to class problems, TBL questions and suggested solutions, tutorial questions and suggested solutions, and assignment problems and suggested solutions will also be uploaded to Canvas.

You may access CANVAS via: <https://canvas.auckland.ac.nz/>

Assessment

Assignments

Group Assignment (assessed in TBL)	5%
Individual Assignment Part 1	15%
Individual Assignment Part 2	15%
Mid-quarter test	25%
Final test	40%
Total	<u>100%</u>

The broad relationship between these assessments and the course learning outcomes is as follows:

Learning Outcome	Group Assignment	Individual Assignment (Parts 1 and 2)	Mid-quarter test	Final test
1	X	X	X	
2	X		X	
3	X		X	
4	X			X
5	X	X		X
6	X	X		X
7				X

TBL / Tutorial Preparation

For your TBLs and tutorials, you are responsible for doing preparation on problems listed in the Weekly Detailed Programme before the respective Weeks. You will be called on to contribute to the TBL and tutorial discussions, so preparation is required by working through the required material / cases. **Do not come unprepared**, and please bring your textbook and/or the handouts with you.

Assignment Submission

Assignments should be submitted via Canvas. Your full name and university ID# must be clearly displayed in all submissions. A penalty of 5% per day is applied for late assignments. If an assignment is missed for medical or compassionate reasons, please present the evidence to the Course Coordinator as soon as possible.

Mid-quarter and Final Tests

The mid-quarter test will be held in Week 5 and will cover material from Weeks 1 to 4.

The final test will be held in Week 10 and will cover all course material, with an emphasis on Weeks 5-9. Both tests will be administered by the Graduate School of Management.

Both tests will be closed book. No notes are permitted.

The venues for the test will be confirmed in class time and posted on CANVAS. Where necessary, an application for medical or compassionate consideration should be made to the Programme Office within one week of the test.

Checking Your Marks

You should check your assignment and test marks that are recorded on CANVAS, especially before the final test. Contact the Course Coordinator for questions on assignment marks and / or mid-term test marks. If you dispute a mark, you must make contact within one week of the mark being posted on CANVAS, or the mark will stand.

Cheating / Plagiarism in Examinations and Coursework

The University of Auckland regards cheating as a serious academic offence.

Plagiarism is a form of cheating. In coursework assignments submitted for marking, plagiarism can occur if you use the work and ideas of others without explicit acknowledgment. Work can be plagiarized from many sources, including books, journal articles, the internet, and other students' assignments. A student's assessed work may be reviewed against electronic source material using computerized detection mechanisms such as "Turnitin". Upon reasonable request, students may be required to provide an electronic version of their work for computerized review.

The way of avoiding plagiarism is to reference your work properly. If you are in doubt about how to reference properly, please ask someone – your lecturers, tutors and the Student Learning Centre are good places to start. Please refer to the following website for further information about academic referencing: www.cite.auckland.ac.nz

The document Guidelines: Conduct of Coursework provides further advice on how to avoid plagiarism. It can be found at: <http://www.business.auckland.ac.nz/thirdpartyassistance>.

The penalties for plagiarism can be severe, including losing some or all of the marks for the assignment. Major offences can be sent to the University's Discipline Committee, where further penalties can be imposed.

Help with Academic Referencing

Acknowledgement of sources is an important aspect of academic writing. The University's Referen@ite website www.cite.auckland.ac.nz provides students with a one-stop online resource for academic referencing needs. Referen@ite explains the essentials of referencing and how to avoid plagiarism. It also includes practical tools to help students reference correctly, use references effectively in writing, and gives fast access to some major reference formats with examples.

In the event of an unexpected disruption

We undertake to maintain the continuity and standard of teaching and learning in all your courses throughout the year. If there are unexpected disruptions, the University has contingency plans to ensure that access to your course continues and your assessment is fair, and not compromised. Some adjustments may need to be made in emergencies. In the event of a disruption, the University and your course coordinators will make every effort to provide you with up to date information via Canvas and the University website.

Late Submissions and Special Consideration

For any queries about the programme policies around the late submission of assignments, or for special consideration or aegrotat processes, please contact the Programme Manager.