

# ACCT3610 BUSINESS ANALYSIS AND VALUATION

## Course Outline Semester 2, 2017

### Course-Specific Information

The Business School expects that you are familiar with the contents of this course outline. You must also be familiar with the Course Outlines Policies webpage which contains key information on:

- Program Learning Goals and Outcomes
- Academic Integrity and Plagiarism
- Student Responsibilities and Conduct
- Special Consideration
- Student Support and Resources

This webpage can be found on the Business School website:

<https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>

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# COURSE-SPECIFIC INFORMATION

## 1 STAFF CONTACT DETAILS

Lecturer	Dr Jeff Coulton	Location:	QUAD3061 (Quadrangle Bldg)
Phone:	9385 5811	Email:	<a href="mailto:j.coulton@unsw.edu.au">j.coulton@unsw.edu.au</a>
Consultation Time:	TBA		

## 2 COURSE DETAILS

### 2.1 Teaching Times and Locations

Lectures start in Week 1(to Week 12): The Time and Location are:  
Wednesday 9am-12pm Business School Bldg 115  
Wednesday 1-4pm Ainsworth G02

### 2.2 Units of Credit

The course is worth 6 units of credit.

### 2.3 Summary of Course

This course is about the analysis of financial information arising primarily from the financial reports of entities. Fundamental analysis techniques are examined in detail with particular emphasis on the application of these techniques in equity (share) valuation decisions. The course comprises three related parts. Part one outlines the four basic steps in the fundamental analysis framework: business analysis, accounting analysis, financial analysis and prospective analysis. The next part combines these skills in addressing the question of valuation, while the final section of the course applies the skills in several different contexts, such as credit analysis, security analysis, mergers and acquisitions and financial policy decisions.

### 2.4 Course Aims and Relationship to Other Courses

Business Analysis and Valuation is a capstone course that brings together areas of financial accounting, finance and strategic management. This course is offered by the School of Accounting and is generally taken as an elective or Disciplinary Specialisation course in the Master of Commerce or Master of Professional Accounting degrees.

Because of the interdisciplinary nature of the course, this course aims to synthesize and apply what you learnt in previous courses, to further develop the graduate attributes, and to prepare you for the professional career. This course is a very useful preparatory course for the CPA, CA and CFA programs. Due to the applied nature of the course, it is helpful to those contemplating careers in investment banking (particularly in equity research), security analysis, funds management, financial planning, business consulting, corporate finance and public accounting. The course also has wide application in personal investment activities.

To complete the advance topics covered in the course, a certain level of prior knowledge in both accounting and finance is assumed. The following courses (or acceptable equivalents) are the minimum prerequisites and must be completed to enrol in the course:

ACCT2542 and FINS1613

## 2.5 Student Learning Outcomes

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all undergraduate students in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree (e.g. 'be an effective team player'). You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree (e.g. 'participate collaboratively and responsibly in teams').

For more information on Program Learning Goals and Outcomes, see the School's Course Outlines Policies webpage available at <https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>

The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed (they may also be developed in tutorials and other activities):

Program Learning Goals and Outcomes		Course Learning Outcomes	Course Assessment Item
<i>This course helps you to achieve the following learning goals for all Business undergraduate] students:</i>		<i>On successful completion of the course, you should be able to:</i>	<i>This learning outcome will be assessed in the following items:</i>
1	Knowledge	Explain the linkage between strategic business analysis, accounting analysis and financial analysis. Identify and utilise relevant information contained in financial statements.	<ul style="list-style-type: none"> <li>• Major Project</li> <li>• Weekly hand-ins</li> <li>• Exam</li> </ul>
2	Critical thinking and problem solving	Identify and analyse issues relating to accounting quality. Prepare and substantiate a valuation that incorporates the strategic, accounting and financing activities of a business entity	<ul style="list-style-type: none"> <li>• Major Project</li> <li>• Weekly hand-ins</li> <li>• Exam</li> </ul>
3a	Written communication	Construct written work which is logically and professionally presented.	<ul style="list-style-type: none"> <li>• Major Project</li> </ul>
3b	Oral communication	Communicate ideas in a succinct and clear manner.	<ul style="list-style-type: none"> <li>• Presentation of major project</li> <li>• Weekly hand-ins</li> </ul>
4	Teamwork	Work collaboratively to complete a task.	<ul style="list-style-type: none"> <li>• Major project</li> <li>• Weekly hand-ins</li> </ul>
5a.	Ethical, social and environmental responsibility	Identify and assess environmental and sustainability considerations in valuation and portfolio construction	<ul style="list-style-type: none"> <li>• Exam</li> <li>• Major project</li> </ul>
5b.	Social and cultural awareness	Not specifically addressed in this course.	

## 3 LEARNING AND TEACHING ACTIVITIES

### 3.1 Approach to Learning and Teaching in the Course

This course helps you to apply the accounting knowledge and skills you acquired in previous courses to analyse and determine the value of a company in the real business world. We will explain basic techniques and principles of financial statement analysis in seminars. We will use case studies extensively to illustrate how to analyse and value a business. To gain most from this course, you are encouraged to think critically and participate actively in the class discussion. You also need to develop an appreciation of the link between qualitative and quantitative analysis. To achieve this, preparations before classes are essential. You also have a chance to analyse and value a real company, which requires you to take initiatives and work effectively in a group environment

### 3.2 Learning Activities and Teaching Strategies

Seminar Procedure:

There will be one three-hour seminar each week. Seminars might typically involve a one-hour lecture component and a workshop component that either precedes or follows the lecture. The workshop may be used to discuss a case, review assigned problems or practice skills. We will then discuss the findings of the weekly task.

It is essential that, prior to a seminar, you read the relevant course materials and prepare written responses to any assigned/case study questions. Seminar/case study questions often require additional research beyond the normal prescribed readings.

Self Study:

Self study is a key element of the learning design of this course. In most sessions readings and self study materials will be provided in class and/or posted on Blackboard to facilitate deeper learning of core elements of the course. The aim of these self-study materials is to encourage you to assume responsibility in the learning process, and to broaden your understanding of the material covered in class. Please note that there are no readings sets required to be purchased at the start of the course.

## 4 ASSESSMENT

### 4.1 Formal Requirements

In order to pass this course, you must achieve a composite mark of at least 50.

### 4.2 Assessment Details

Assessment Task	Weighting	Length	Due Date
Class Participation	25%	Ongoing	Weeks 2 – 11
Major Project	30%	15 pages	Week 11 & 12
Final Exam	45%	2 hours	Exam Period

#### 4.2.1 Class Participation (25%)

The course will be taught in a discussion mode to facilitate thoughtful discussion of the cases. To get the most out of the course, you must be prepared for discussion every week. You should come to class with a list of questions on everything you do not

understand, and you should be prepared to discuss your opinions on professional issues. In other words, you do not have to have a specific question to participate; I am very interested in your opinions.

Participation marks will be awarded based on your weekly hand-ins. I will be assigning questions or tasks to groups, and sometimes individuals, for each seminar for weeks 2-11. You will submit your responses in class. These questions or tasks will be practical applications of the lecture material and are designed to make you better at researching and performing financial statement analysis tasks quickly and accurately. This will be hopefully be beneficial in your future careers. For each of weeks 2 to 11, the weekly task will be worth 3 marks. Your best 8 weekly grades will count towards your final grade. I will award a discretionary 1 bonus mark for good participation over the semester. This means that you can miss up to 2 classes without any automatic penalty – **however you cannot be awarded participation grades for a class you do not attend, regardless of the reason for you missing the class.** I will provide more details about class participation in the first class.

#### 4.2.2 Major Project (30%)

The major project is aimed at developing your understanding of, and practical skills in financial statement analysis and valuation. It is also designed to enhance teamwork, and analytical and communication skills. Upon successful completion of the project you will have acquired a working knowledge and practical skills in undertaking an equity valuation using 'leading-edge' financial statement analysis techniques. From experience, the final report often provides excellent evidence of your analytical skills that can be presented to prospective employers when applying for jobs.

The detailed guidelines of the major project will be handed out in the second class.

To complete this project, you are required to:

- (1) Form syndicates of 4 or 5 members from students in your seminar stream;
- (2) Progressively analyse your company using the strategic, accounting, financial and prospective analysis tools identified in the course.
- (3) Submit your final written project reports by 3pm, Friday 13 October (end of Week 11). You will also be required to submit reports throughout the semester. More details will be provided by Class 2.

The project comprises two components.

- (1) your group submissions throughout the semester, including the detailed final project
- (2) your group presentation.

The project is worth 30% of the course assessment. Further details on the nature and requirements of the project will be provided in Week 2 and your progress will be regularly discussed throughout the course.

#### 4.2.3 Final Exam (45%)

The final examination will be a two hour examination at a time to be advised via the examination timetable. All material covered in the course is examinable. Further details of the exam will be provided in the Week 12 seminar.

The aim of the final exam is to assess if you have achieved an adequate level of technical competency in financial statement analysis and the capacity to apply the technical competency analytically and critically in a business environment.

### 4.3 Assessment Format

You will be advised in class 2 of the formatting requirements for the Major Project.

Late submission will not be accepted. You will get zero marks for any piece of work you fail to submit on time. It is your responsibility to make sure you meet the deadlines at various stages for your group project.

### 4.4 Assignment Submission Procedure

Weekly submissions will be uploaded during class. You will be advised of the procedure in class 1. You will upload your Major Project submissions through the Turnitin function on the course Moodle page.

### 4.5 Special Consideration, Late Submission and Penalties

For information on Special Consideration please refer to the Business School's Course Outlines Policies.

### 4.6 Protocol for viewing final exam scripts

The UNSW Business School has set a protocol under which students may view their final exam script. Please check the protocol [here](#).

#### Quality Assurance

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.

## 5 COURSE RESOURCES

The website for this course is on Moodle at:  
<http://moodle.telt.unsw.edu.au>

The textbook for this course is: Palepu, K. G., P. M. Healy, V. Bernard, S. Wright, M. Bradbury, P. Lee, Business Analysis and Valuation Using Financial Statements: Text and Cases, Asia Pacific 2<sup>nd</sup> Edition, Cengage Learning, 2014. There is an e-book version of this text available from [www.cengagebrain.com.au](http://www.cengagebrain.com.au). Last semester a discount of 10% could be obtained using the code "TAKE10OFF". I will see if that applies again this semester. In any case, the e-book is much cheaper than the hard copy

## 6 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's myExperience survey is one of the ways in which student evaluative feedback is gathered. In this course, we will seek your feedback through. As a result of this feedback, we are increasing the focus on you undertaking practical applications of the course material during the weekly seminar times.



## 7 COURSE SCHEDULE

<b>LECTURE SCHEDULE</b>		
<b>Week</b>	<b>Topic</b>	<b>Textbook Reading*</b>
Week 1 24 July	<b><i>Introduction</i></b>	PH Chap 1
Week 2 31 July	<b><i>Strategic Analysis</i></b>	PH Chap 2
Week 3 7 August	<b><i>Accounting Analysis 1</i></b>	PH Chap 3
Week 4 14 August	<b><i>Accounting Analysis 2</i></b>	PH Chap 4
Week 5 21 August	<b><i>Financial Analysis</i></b>	PH Chap 5
Week 6 28 August	<b><i>Forecasting</i></b>	PH Chap 6
Week 7 4 September	<b><i>Valuation 1</i></b>	PH Chap 7
Week 8 11 September	<b><i>Valuation 2</i></b>	PH Chap 8
Week 9 18 September	<b><i>Equity Security Analysis</i></b>	PH Chap 9
<b><i>Mid-semester break</i></b>		
Week 10 2 October	<b><i>Credit Analysis</i></b>	PH Chap 10
Week 11 9 October	<b><i>Mergers &amp; Acquisitions</i></b>	PH Chap 11 PH
Week 12 16 October	<b><i>Course Review &amp; major project presentations</i></b>	
Week 13 23 October	NO LECTURES	

\* Additional readings for each week will be posted on Moodle.