AFIN832
Business and Financial Analysis
Semester 1, 2012

Department of Applied Finance and Actuarial Studies
Students in this unit should read this unit guide carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

**ABOUT THIS UNIT**

- This unit teaches students how to analyse and value a business. Students are taught the steps in business analysis: examining the state of the economy, the industry and the business on a descriptive level, analysing the business's accounting policies, evaluating its financial position using accounting ratios and other analytical tools, forecasting the business's financial statements and finally using a variety of techniques to value the business on the basis of the preceding steps so that an investment decision can be made.
- The unit is relevant for students interested in careers in investments, portfolio management, financial and business analysis, and mergers and acquisitions.

**TEACHING STAFF**

- **Convenor:** Associate Professor Sue Wright
- **Office:** E4A332
- **Telephone:** 9850 8521
- **Email:** sue.wright@mq.edu.au

- **Other lecturers:** Mr Anthony Passe de Silva
  Mr Vahid Kolahdouzan

**CONTACTING STAFF**

- **Consultation times**
  Sue is available in her office on Tuesdays 10-12, or at other mutually convenient times by appointment. The other lecturers are adjunct staff and should only be contacted by email (to be provided).

You are encouraged to seek help at a time that is convenient to you from a staff member teaching on this unit during their regular consultation hours. In special circumstances, an appointment may be made outside regular consultation hours.
Staff will not conduct consultations by email. You may, however, phone staff during their consultation hours.

- **Other ways of contacting staff**
  During class, or immediately following the class
  During consultation times in person or by telephone
  By email at other times

Students experiencing significant difficulties with any topic in the unit must seek assistance immediately.

**Classes**

- There are three contact hours for learning each week: one three-hour seminar. Attendance is compulsory.

- The seminar is on Tuesdays 2pm – 5pm in C4A 318.

- The timetable for classes can be found on the University web site at: [http://www.timetables.mq.edu.au/](http://www.timetables.mq.edu.au/)

**Required and Recommended Texts and/or Materials**


- The prescribed textbook can be purchased from the Macquarie University Co-op Bookshop. Copies are also available in the Macquarie University Library.

**Technology Used and Required**

- Students require computer technology and competence sufficient to regularly access the AFIN832 iLecture webpage via the internet, and to use a word processing and a spreadsheet program (such as Word and Excel) for assignments.

- The unit webpage will contain copies of lecture guides, announcements and changes made during the semester. Students are expected to visit the unit webpage on a regular basis.

**Unit Webpage**

- Teaching and assessment material is available on the learning management system (iLearn)
LEARNING OUTCOMES

The learning outcomes of this unit are:

1. To understand the flow of financial accounting and other information from the organisation’s management and other sources to the equity market,

2. To evaluate the accounting policies and practices used by an organisation, and to reconstruct the financial reports as appropriate,

3. To understand the theories underlying various aspects of financial statement analysis, in particular various methods of valuation

4. To understand and apply the five practical steps of financial statement analysis, which will result in
   a. Being able to analyse any organisation’s current financial position
   b. Being able to forecast any organisation’s future financial position
   c. Being able to estimate any organisation’s fundamental value, using publicly available information
   d. Being able to prepare a comprehensive oral and written valuation report on any organisation

GRADUATE CAPABILITIES

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop the capabilities the University's graduates will need to develop to address the challenges, and to be effective, engaged participants in their world.

This unit contributes to this by developing the following graduate capabilities:

1 Discipline Specific Knowledge and Skills*
2 Critical, Analytical and Integrative Thinking
3 Problem Solving and Research Capability
5 Effective Communication

LEARNING AND TEACHING ACTIVITIES

- The material in this unit is presented and discussed in the weekly seminars. Students are expected to read the prescribed readings prior to attending the class, and to be prepared to answer questions and give extended answers as part of class and small groups discussions.

- A current Australian company will be used as the continuing lecture example to which the theories and techniques presented in many of the seminars are applied.
• The first part of each session will involve consideration of the material from the readings set for that week’s class. The lecture slides for each week’s lecture will be posted on iLecture, before the lecture. You will find it useful to download the slides prior to the lecture, and to bring them to class. It is also helpful to bring your textbook.

• The second part of each session will involve students working in their syndicates to discuss answers to weekly discussion questions related to their major assignment, or to prepare answers to case studies, or undertake other learning activities. Weekly questions are related to the previous week’s seminar.

• The major assignment for this unit requires students to also apply the theories and techniques to a current Australian company, in syndicates of three or four. Students will form syndicates within the first two of weeks of semester, and will work on the major assignment throughout the semester in those syndicates, facilitating their learning in a practical way.

  o Students need to be available at mutually convenient times to be effective syndicate members.
  o The assignment requires the use of initiative and problem-solving skills to find information and work out solutions to problems that might be encountered. There is no one unique and correct solution to this task for a given company, as there is with tutorial questions. Many approaches are valid and a variety of answers may be equally correct.
  o Students may approach the unit convenor for assistance with approaches to take with this project, but not for answers to questions.

The list of topics and readings is located at the end of this document.

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RESEARCH AND PRACTICE

• This unit uses research by Macquarie University researchers and from external sources (references included in weekly lecture notes)

• This unit gives you practice in applying research findings in your assignments.
### Relationship Between Assessment and Learning Outcomes

<table>
<thead>
<tr>
<th>Title/Name</th>
<th>Assessment Task 1</th>
<th>Assessment Task 2</th>
<th>Assessment Task 3</th>
<th>Assessment Task 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Presentation for Part 1</strong></td>
<td><strong>Assignment for Part 2</strong></td>
<td><strong>Case Studies</strong></td>
<td><strong>Final Examination</strong></td>
</tr>
<tr>
<td>Description</td>
<td>See separate note</td>
<td>See separate note</td>
<td>See separate note</td>
<td>3 hours plus 10 minutes reading time</td>
</tr>
<tr>
<td>Due date</td>
<td>1st May</td>
<td>5th June</td>
<td>24th April, 22nd May</td>
<td>End of semester examination period</td>
</tr>
<tr>
<td>% Weighting</td>
<td>20% (10% for presentation, 10% for written report)</td>
<td>10%</td>
<td>20%</td>
<td>50%</td>
</tr>
<tr>
<td>Grading</td>
<td>See separate note</td>
<td>See separate note</td>
<td>See separate note</td>
<td>Assessed and graded according to task</td>
</tr>
<tr>
<td>Submission method</td>
<td>In class</td>
<td>In class</td>
<td>In class</td>
<td>During examination period</td>
</tr>
<tr>
<td>Feedback</td>
<td>Verbal comments, written comments and mark, by 15th May</td>
<td>Written comments, by 12th June</td>
<td>Written comments by 8th May and 5th June.</td>
<td>Grade results and possible viewing of examination scripts</td>
</tr>
<tr>
<td>Estimated student workload (hours)</td>
<td>12 hours</td>
<td>12 hours</td>
<td>8 hours plus class time</td>
<td>Cumulative over semester plus revision</td>
</tr>
<tr>
<td></td>
<td>1, 2, 4a</td>
<td>3, 4b, 4c, 4d</td>
<td>4b, 4c</td>
<td>1, 2, 3, 4a, 4b, 4c, 4d</td>
</tr>
<tr>
<td>Graduate capabilities assessed (max 4)</td>
<td>Discipline Specific Knowledge and Skills</td>
<td>Discipline Specific Knowledge and Skills</td>
<td>Discipline Specific Knowledge and Skills</td>
<td>Discipline Specific Knowledge and Skills</td>
</tr>
<tr>
<td>Problem Solving and Research Capability</td>
<td>Critical, Analytical and Integrative Thinking</td>
<td>Critical, Analytical and Integrative Thinking</td>
<td>Critical, Analytical and Integrative Thinking</td>
<td></td>
</tr>
<tr>
<td>Effective Communication</td>
<td>Problem Solving and Research Capability</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Extension requests and late submissions:
  - Contact the unit convenor before the due date.
  - Provide appropriate documentation as supporting evidence.
  - Appropriate academic penalties will be applied if it considered that the late submission might lead to academic advantage.
Examinations

A final examination is included as an assessment task for this unit to provide assurance that:

i) the product belongs to the student and
ii) the student has attained the knowledge and skills tested in the exam.

A 3 hour final examination for this unit will be held during the University Examination period. The University Examination period in First Half Year 2012 is from 12th June to 26th June.

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations. [http://exams.mq.edu.au/](http://exams.mq.edu.au/)

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. The University’s policy on special consideration process is available at [http://www.mq.edu.au/policy/docs/special_consideration/policy.html](http://www.mq.edu.au/policy/docs/special_consideration/policy.html)

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period. (Individual Faculties may wish to signal when the Faculties' Supplementary Exams are normally scheduled.)

The Macquarie university examination policy details the principles and conduct of examinations at the University. The policy is available at [http://www.mq.edu.au/policy/docs/examination/policy.htm](http://www.mq.edu.au/policy/docs/examination/policy.htm)

**Academic Honesty**

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at [http://www.mq.edu.au/policy/docs/academic_honesty/policy.html](http://www.mq.edu.au/policy/docs/academic_honesty/policy.html)
**GRADES**

Macquarie University uses the following grades in coursework units of study:

- HD - High Distinction
- D - Distinction
- CR - Credit
- P - Pass
- F - Fail

Grade descriptors and other information concerning grading are contained in the Macquarie University Grading Policy which is available at: [http://www.mq.edu.au/policy/docs/grading/policy.html](http://www.mq.edu.au/policy/docs/grading/policy.html)

**GRADING APPEALS AND FINAL EXAMINATION SCRIPT VIEWING**

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.


**SPECIAL CONSIDERATION**

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at: [http://www.mq.edu.au/policy/docs/special_consideration/policy.html](http://www.mq.edu.au/policy/docs/special_consideration/policy.html)

**STUDENT SUPPORT SERVICES**

Macquarie University provides a range of Academic Support Services. Details of these and other services for students can be accessed at [http://www.student.mq.edu.au](http://www.student.mq.edu.au).
IT Conditions of Use

Access to all student computing facilities within the Faculty of Business and Economics is restricted to authorised coursework for approved units. Student ID cards must be displayed in the locations provided at all times. Students are expected to act responsibly when using University IT facilities. The following regulations apply to the use of computing facilities and online services:

- Accessing inappropriate web sites or downloading inappropriate material is not permitted. Material that is not related to coursework for approved units is deemed inappropriate.
- Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may result in criminal proceedings.

Non-compliance with these conditions may result in disciplinary action without further notice.

Students must use their Macquarie University email addresses to communicate with staff as it is University policy that the University issued email account is used for official University communication.

AFIN832 Business and Financial Analysis

Class Schedule

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topic</th>
<th>Reading in Textbook</th>
<th>Assessment Task</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>28/2</td>
<td>Introduction; Capital Markets</td>
<td>Chapter 1</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>6/3</td>
<td>Corporate Governance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>13/3</td>
<td>Strategy</td>
<td>Chapter 2</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>20/3</td>
<td>Accounting</td>
<td>Chapters 3, 4</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>27/3</td>
<td>Financial</td>
<td>Chapter 5</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>3/4</td>
<td>Cash</td>
<td>Chapter 5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Break</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>24/4</td>
<td>Forecasting</td>
<td>Chapter 6</td>
<td>Case Study 1 due</td>
</tr>
<tr>
<td>8</td>
<td>1/5</td>
<td>Presentations</td>
<td></td>
<td>Presentation of Part 1 due</td>
</tr>
<tr>
<td>9</td>
<td>8/5</td>
<td>Valuation</td>
<td>Chapter 7</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>15/5</td>
<td>Valuation</td>
<td>Chapter 8</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>22/5</td>
<td>Valuation</td>
<td>Chapter 8</td>
<td>Case Study 2 due</td>
</tr>
<tr>
<td>12</td>
<td>29/5</td>
<td>Valuation Ratios</td>
<td>Chapter 7</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>5/6</td>
<td>Revision</td>
<td></td>
<td>Part 2 due</td>
</tr>
</tbody>
</table>