1. UNIT DESCRIPTION

This is an advanced unit which draws upon prior studies in financial accounting and finance and introduces aspects of corporate law and strategic management. The unit commences with an examination of the financial reporting framework in Australia, including relevant provisions of the Australian Corporations Act and a number of Australian accounting standards that shape financial reporting by corporations. We then move to a consideration of the elements of corporate governance and various recommendations for a 'good' governance system. We examine the link between accounting numbers and stock returns.

The major portion of the semester entails the consideration of a framework for valuing firms and their securities. This framework includes: (1) an analysis of the industry and economic environment in which the firm operates; (2) analysis of the accounting methods used by the firm, and how those methods affect the 'image' presented by the firm; (3) making adjustments to the published financial statements to assist in forecasting future profits and cash flows to the company and its stakeholders; (4) analysis of the firm's recent financial performance and current financial position; (4) forecasting the firm's future financial performance; and (5) estimating the intrinsic value of the firm and its securities.

2. TEXTBOOK

The prescribed textbook for this unit is:


This text is available from the Coop Bookshop on campus.
3. LEARNING OUTCOMES

This unit seeks to provide students with an understanding of the theory and practice of business analysis and valuation, enabling them to thoroughly analyse a firm and to prepare an estimate of its intrinsic value.

Students should develop an appreciation of the flow of financial accounting and other information to the equity market and the way this information is used for valuation. They should also develop an understanding of factors intended to ensure the quality of financial and other disclosures by corporations.

They should develop generic skills in a range of areas, including:

- Analytical skills in information management, analysis and interpretation in a multi-disciplinary environment.
- Communication and negotiation skills through group work and presentation of the findings from the analysis and valuation of a listed Australian company.

4. ASSUMED KNOWLEDGE

It is presumed that students have completed sufficient studies in financial accounting to:

1. Have mastered the recording of transactions, including adjusting and closing entries;
2. Understand the different approaches in accounting for inventory, receivables and long-lived assets;
3. Be familiar with basic accounting for company transactions, including share and debt issues, dividend payments, and the creation of reserves;
4. Know the various components of shareholders' equity and the major classes of debt instruments;
5. Understand the distinction between finance and operating leases and the accounting implications of this dichotomy.

In addition, students must have a reasonable grasp of basic concepts in finance including: the concepts of future and present value; discounting; the risk-return relationship; beta; weighted average cost of capital; net present value (NPV); capital structure and leverage.
Experience has shown that students who do not have the required background knowledge in financial accounting and finance struggle to obtain a pass in this unit.

5. UNIT ASSESSMENT

To obtain a pass in this unit a student must both:

1. Accumulate marks $\geq 50$ in the unit; AND
2. Achieve $\geq 40\%$ in the final examination.

Allocation of marks to particular assessment tasks is as follows:

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Syndicate Project</td>
<td>25</td>
</tr>
<tr>
<td>Final examination</td>
<td>75</td>
</tr>
<tr>
<td><strong>TOTAL MARKS AVAILABLE</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Assessment in this unit is subject to the University’s rules and information to students set out in the 2007 Calendar. Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG). On occasion your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should achieve similar results. The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.
6. **FINAL EXAMINATION**

The final examination will be held in class on 5 November 2007. The examination will also be Closed Book. If you know that you will unavailable on that date, you should withdraw from ACCG832 without delay as alternative examination arrangements will not be made. All seminar material and readings will be examinable, regardless of whether or not a particular reading has been discussed in the seminars.

In the final examination students may use a self-powered calculator, provided it does not have an alphabetical keyboard or text storage capability. However, the use of translation dictionaries will **NOT** be permitted.

7. **SYNDICATE PROJECT**

Each student will be assigned to a syndicate. Syndicate membership will be finalised by 20 August 2007. Each syndicate will appoint a Syndicate Leader.

During the semester, each syndicate will be required to undertake a detailed analysis and valuation of a major listed company. At least initially, company selection will be a matter for the syndicate, subject to the company:

1. Not being a bank, insurance company or other financial institution;
2. Having been listed on a major stock exchange for at least 5 full years; and
3. Producing an annual report and financial statements in English, and having at least 5 full year's data (in English) available via the web.

Only one syndicate will be permitted to select any particular company. Therefore, a "FIRST-IN" rule will apply. Syndicate Leaders are to provide the Course Coordinator with details of their company selection via email by 5pm on Friday 24 August 2007. Any syndicate failing to meet this deadline will have a company assigned by me.

Each syndicate will be required to make two presentations in class during the semester. All syndicates will make an initial presentation of 10 minutes in the class on 10 September 2007. Final presentations will be made in class on 29 October 2007.
The presentations are a major component of the unit. All students will be required to complete evaluation sheets for each of the other syndicate presentations.

At the commencement of the seminar on 29 October 2007 each syndicate must submit a hardcopy report, not exceeding thirty (30) pages (font size 12, single spaced, MSWORD) and a CD containing an electronic copy of the syndicate’s report, presentations and copies of spreadsheets used in the report (POWERPOINT/MSWORD/Excel only). Syndicate members should retain copies of the submitted report & CD as submitted copies will NOT be returned.

The presentations will be an opportunity for the syndicate to inform the class of its findings with respect to a range of matters relating to its company. Further details of the assignment will be provided separately. Marks for the Syndicate Project will be split between the presentations (10 marks) and the report (15 marks) and within each, the marks will be awarded for content (60%) and professionalism/clarity (40%).

Allocation of work within a syndicate is a matter for decision by the syndicate. Regardless of how work is allocated, all members of a syndicate will receive the same mark for the project. However, this is predicated on the assumption that all syndicate members will successfully complete tasks assigned to them by the dates agreed by the syndicate. Where a syndicate member, without justifiable excuse, fails to meet deadlines reasonably imposed by the syndicate, and the remaining syndicate members lodge a complaint with the Course Coordinator, that student’s mark may be reduced by a percentage deemed appropriate by the Course Coordinator.

Syndicate Leaders will be advised via email by 19 November 2007 of their syndicate’s final mark for the project. It is the responsibility of Syndicate Leaders to convey the syndicate’s mark to other members of the syndicate.

8. GENERAL MATTERS

Please note:

- Recording of seminar sessions is NOT permitted.
- Mobile phones must be switched off at the start of each session.
Where a student disrupts a seminar (e.g. by persistently conducting private conversations with other students, by having a mobile phone that rings, or by talking on a mobile phone during the seminar), that student will be required to leave the class.

9. TOPICS AND READINGS FROM TEXT:

In addition to readings from the prescribed textbook, there will be a number of additional readings assigned throughout the semester. Assigned readings constitute an essential part of the unit’s content, and students will be assumed to have read and absorbed this material, regardless of whether or not it is specifically addressed during the seminars. Questions in the final exam may be based on material covered in the readings but not specifically raised in the seminars.

10. CONTACT DETAILS FOR COURSE COORDINATOR

Brian Millanta
Building E4A Room 328,
Telephone: 98508547
Email: bmillant@efs.mq.edu.au
Consultation hours: Monday 12 noon to 1pm; 5pm to 6pm.
Other times: by appointment.

In addition, contact may be made via email and students are encouraged to email their questions to the Course Coordinator. Emails should clearly state “ACCG832” and nothing else in the subject line. This is important as all unidentified emails are deleted without being opened.