



MISSION: To develop a unique business school identity which is distinctive in the marketplace and provides a clear value proposition for students. This will be achieved by embedding the themes of entrepreneurship and innovation, digitalisation and data within our programs and embracing sustainability, work integrated learning and a commitment to social justice.

OVERVIEW

Course Description This course introduces key valuation theories for fundamental analysis. The primary emphasis is on equity valuation, with a focus on developing and applying methods for valuing firms using financial statement analysis. Topics include the residual earnings model and the abnormal earnings growth model.

Sustainable Development Goals



Contact Hours

Workshop:

Face to face on campus for two (2) hours per week for 12 weeks starting week 1.

Self-Directed Learning:

Six (6) hours of online content per term provided for self-directed learning.

Unit Weighting

10 units

Assumed Knowledge

GSBS6140 Investment Analysis and GSBS6200 Financial Management and Accounting.

Workload

Students are required to spend on average 120-140 hours of effort (contact and non-contact) including assessments per 10 unit course.

Please refer to the course **CANVAS** site for details of teaching staff for **ALL** course offerings. The primary contact for courses is the **Course Coordinator**, whose details are listed on the course **CANVAS** site.

Student Consultation

A minimum of one (1) hour of consultation per week. Please see course **CANVAS** site for details of time and location.

Course Learning Outcomes

On successful completion of this course, students will be able to:

1. Demonstrate critical thinking, analytical and problem-solving skills in the context of financial statement analysis;
2. Identify information contained within financial statements to conduct fundamental analysis;
3. Demonstrate an understanding of various different valuation models; and
4. Describe and apply the techniques of financial statement analysis and security valuation.

COURSE OUTLINE

ASSESSMENTS

This course has 4 assessments. Each assessment is described in more detail in the sections below:

	Assessment Name	Due Date	Involvement	Weighting	Learning Outcomes
1	Homework and case study discussion	Throughout Trimester See the CANVAS site for detail	Individual	5%	1
2	Mid-Term Test	Week 6	Individual	25%	1, 2
3	Research Assignment	Sunday - Week 11 by 11:59 pm	Group	20%	1, 3, 4
4	Final Examination	Exam Period	Individual	50%	1, 2, 3, 4

Please note: students are advised that ALL assessments must be submitted in English. Assessments not submitted in English will receive a mark of zero.

Results of individual assessment items and final results, including those provided via the Learning Management System (LMS) are 'unofficial results' until they are confirmed as finalised by the School Assessment Body and the Head of School or delegate. Finalised results are released directly to students on the Fully Graded Date of the relevant Semester/Trimester.

Time referenced is time in Newcastle NSW

Late Submissions	The mark for an assessment item submitted after the designated time on the due date, without an approved extension of time, will be reduced by 10% of the possible maximum mark for that assessment item for each day or part day that the assessment item is late. Note: this applies equally to week and weekend days.
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Assessment 1 – Homework and case study discussion

Assessment Type	Case Study / Problem Based Learning
Purpose	The purpose of this assessment is to engage students in the course content.
Description	A hand-written report with an attached cover sheet showing the completion of the assigned questions from the prescribed textbook. Full details will be available via the course CANVAS site.
Weighting	5%
Length	Varies each week
Due Date	Throughout Trimester. See the course CANVAS site for full details
Submission Method	Online via course CANVAS site. Further instructions are available on the course CANVAS site.
Assessment Criteria	The following criteria will be used: <ul style="list-style-type: none"> – Accuracy of information/argument. – Relevance to the question. – Clarity of expression. – Contribution to class discussion.
Return Method	Online via course CANVAS site
Feedback Provided	Online via course CANVAS site

Assessment 2 – Mid-Term Test

Assessment Type	In Term Test
Purpose	The purpose of this assessment is for students to apply critical thinking and problem solving skills to identify information contained within financial statements.
Description	The application of equity valuation theory and models covered in Weeks 1 to 5 via multiple-choice and short-answer questions. Further details will be available via the course CANVAS site.
Weighting	25%
Length	90 minutes
Due Date	Week 6 during the class
Submission Method	In Class
Assessment Criteria	The following criteria will be used: <ul style="list-style-type: none"> – Demonstrate the accurate application of equity valuation theory and models. – Demonstrate a knowledge and understanding of equity valuation concepts and principles. – Display analytical and problem solving skills in the context of financial information.

Return Method	Not returned
Feedback Provided	In Class or online via course CANVAS site

Assessment 3 - Research Assignment

Assessment Type	Project
Purpose	The purpose of this assessment is for students to demonstrate critical thinking, problem solving skills, and understanding of valuation models in the context of financial statement analysis. In addition, students are to describe and apply the techniques of financial statement analysis and security valuation.
Description	As a group, students are required to deliver a project that involves financial analysis and uses valuation tools developed in the course. The project should be undertaken in groups of maximum four (4) people. Students need to conduct a pro forma analysis for a given company.
Weighting	20%
Length	4000 words maximum
Due Date	Sunday - Week 11 by 11:59 pm
Submission Method	Online via Turnitin
Assessment Criteria	The following criteria will be used: <ul style="list-style-type: none"> - Accuracy of calculation. - Justification of analysis and forecasting. - Demonstrated links to corresponding readings. - Clarity of expression. - Critical thinking and problem solving skills
Return Method	Online via course CANVAS site
Feedback Provided	Online via course CANVAS site - written feedback will be provided

Assessment 4- Final Examination

Assessment Type	Formal Examination
Purpose	The purpose of this assessment is to test students' capacity to consolidate and apply advanced equity valuation knowledge and skills to contextual practice problems
Description	Completing short-answer and contextual questions for all topics covered in the course. Further details will be available via the course CANVAS site. This course has a RESTRICTED OPEN BOOK examination. A memory aid is permitted. The memory aid is a single double sided A4 sheet of handwritten or typed notes for use during the examination. Note: memory aids must be left on the examination table and cannot be removed from the examination venue.
Weighting	50%
Length	120 minutes
Due Date	Formal Examination Period
Submission Method	Formal Exam
Assessment Criteria	The following criteria will be used to assess your performance in the final exam: <ul style="list-style-type: none"> - Demonstrated understanding of theory and relevant concepts - Demonstrated ability to solve problems - Accuracy of information/argument - Clarity of expression - Relevance of the answer to the question
Return Method	Not Returned
Feedback Provided	No Feedback. Examination scripts will not be returned to students. Final examination scripts will be made available for review by students, upon request, in a controlled and monitored setting. Students are required to make requests, directly to the relevant course coordinator. Completed examination scripts are kept by the Newcastle Business School for a period of six (6) months only, from the relevant fully graded date. Requests made after the six (6) month period cannot be considered.

SYLLABUS

Course Content

Topics in the course include but are not limited to the following:

1. Accrual Accounting and Discounted Cash Flow Approaches to Valuation
2. The Analysis of Profitability and Growth
3. Forecasting Earnings and Cash Flow
4. Pro-Forma Analysis
5. Diagnosis of Accounting Quality

Course Materials

Required Text:

Penman, Stephen H. (2012) *Financial Statement Analysis and Security Valuation*, 5th ed.
New York: McGraw Hill.

ISBN: 978-0-07-802531-0

Please refer to the course CANVAS site for details of additional recommended texts.

SCHEDULE

Week	Topic	Class Preparation	Workshop Activities
1	Introduction to Fundamental Analysis	Read: Chapter 1	
2	Introduction to Financial Statements	Read: Chapter 2	
3	Dividend Analysis and Cash Flow Analysis	Read: Chapters 3 & 4	
4	Residual Earnings Model	Read: Chapter 5	
5	Taking Valuation Active	Read: Chapters 7	
6	In Class Test		Assessment 2 due: Mid-Term Test – in class Week 6
7	Analysis of the Statement of Shareholders Equity, the Balance Sheet and the Income Statement	Read: Chapters 9 & 10	
8	Analysis of Profitability	Read: Chapter 12	
9	Analysis of Growth and Valuation	Read: Chapters 13 & 14	
10	Simple Forecasting and Full Pro Forma Analysis	Read: Chapters 15 & 16	
11	Earnings Quality	Read: Chapters 17 & 18	Assessment 3 due: Sunday of week 11 by 11:59 pm
12	Revision		

If a lecture/class is scheduled on a public holiday, a make-up lecture may be announced by the course coordinator on the course CANVAS site.

CONTACTS

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ADDITIONAL INFORMATION

Grading Scheme

This course is graded as follows:

Range of Marks	Grade	Description
85-100	High Distinction (HD)	Outstanding standard indicating comprehensive knowledge and understanding of the relevant materials; demonstration of an outstanding level of academic achievement; mastery of skills*; and achievement of all assessment objectives.
75-84	Distinction (D)	Excellent standard indicating a very high level of knowledge and understanding of the relevant materials; demonstration of a very high level of academic ability; sound development of skills*; and achievement of all assessment objectives.
65-74	Credit (C)	Good standard indicating a high level of knowledge and understanding of the relevant materials; demonstration of a high level of academic achievement; reasonable development of skills*; and achievement of all learning outcomes.
50-64	Pass (P)	Satisfactory standard indicating an adequate knowledge and understanding of the relevant materials; demonstration of an adequate level of academic achievement; satisfactory development of skills*; and achievement of all learning outcomes.
0-49	Fail (FF)	Failure to satisfactorily achieve learning outcomes. If all compulsory course components are not completed the mark will be zero. A fail grade may also be awarded following disciplinary action.

*Skills are those identified for the purposes of assessment task(s).

Communication Methods	Communication methods used in this course include: <ul style="list-style-type: none"> - CANVAS Course Site: Students will receive communications via the posting of content or announcements on the CANVAS course site. - Email: Students will receive communications via their student email account. - Face to Face: Communication will be provided via face to face meetings or supervision.
Course Evaluation	Each year feedback is sought from students and other stakeholders about the courses offered in the University for the purposes of identifying areas of excellence and potential improvement.
Oral Interviews (Vivas)	As part of the evaluation process of any assessment item in this course an oral examination (viva) may be conducted. The purpose of the oral examination is to verify the authorship of the material submitted in response to the assessment task. The oral examination will be conducted in accordance with the principles set out in the Oral Examination (viva) Procedure . In cases where the oral examination reveals the assessment item may not be the student's own work the case will be dealt with under the Student Conduct Rule .
Academic Misconduct	All students are required to meet the academic integrity standards of the University. These standards reinforce the importance of integrity and honesty in an academic environment. Academic Integrity policies apply to all students of the University in all modes of study and in all locations. For the Student Academic Integrity Policy, refer to https://policies.newcastle.edu.au/document/view-current.php?id=35 .
Adverse Circumstances	The University acknowledges the right of students to seek consideration for the impact of allowable adverse circumstances that may affect their performance in assessment item(s). Applications for special consideration due to adverse circumstances will be made using the online Adverse Circumstances system where: <ol style="list-style-type: none"> 1. the assessment item is a major assessment item; or 2. the assessment item is a minor assessment item and the Course Co-ordinator has specified in the Course Outline that students may apply the online Adverse Circumstances system; 3. you are requesting a change of placement; or 4. the course has a compulsory attendance requirement. Before applying you must refer to the Adverse Circumstances Affecting Assessment Items Procedure available at: https://policies.newcastle.edu.au/document/view-current.php?id=236
Important Policy Information	The Help button in the Canvas Navigation menu contains helpful information for using the Learning Management System. Students should familiarise themselves with the policies and procedures at https://www.newcastle.edu.au/current-students/no-room-for/policies-and-procedures that support a safe and respectful environment at the University.

This course outline was approved by the Head of School. No alteration of this course outline is permitted without Head of School approval. If a change is approved, students will be notified and an amended course outline will be provided in the same manner as the original.

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