



*School of Accounting and Corporate
Governance*

Faculty of Business

**BFA 582
Financial Reporting and Analysis**

Unit Outline

Semester 1 2008

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CRICOS Provider Code: 00586B

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Unit description

Welcome to Financial Reporting and Analysis. It is hoped that you find this unit both challenging and rewarding. This unit aims to develop your ability to interpret and use financial information both as an investor and as a manager. The unit is concerned with developing an understanding of accounting concepts, issues and problems rather than educating you to undertake the role of a professional accountant.

There is no expectation that you will be able to design and maintain accounting systems after completing the unit - this is the task of the professional accountant. However, as a manager it is important to be able to communicate intelligently with accountants and investment advisers so as to feel confident in using financial information in organisational management. No prior knowledge of accounting is assumed in this unit.

Learning outcomes

On completion of this unit, you should be able to:

1. Understand the legal and organisational setting in which financial information is prepared and used.
2. Understand the principles and concepts underpinning the preparation of financial statements.
3. Analyse and interpret information contained in financial reports.
4. Use financial information and financial models to make decisions about the efficient and effective allocation of economic resources within an organisation.
5. Explore the role of management accounting in decision-making.
6. Explore issues of social responsibility in accounting.

Generic graduate attributes

The University has defined a set of generic graduate attributes (GGAs) that can be expected of all graduates (see <http://www.utas.edu.au/tl/policies/index.htm>). By undertaking this unit you should make progress in attaining the following attributes:

Knowledge:

Students will be prepared for life-long learning in pursuit of personal and professional development. This includes the ability to:

- identify, evaluate and implement personal learning strategies; and
- learn both independently and cooperatively.

Communication skills:

Students are able to communicate effectively across a range of contexts. This skill includes being able to:

- effectively communicate using a range of mediums including oral, written and numerical communication;

- present well reasoned arguments in a logical and coherent manner, consistent with, and appropriate for the particular context; and
- listen to and evaluate the views of others.

Problem-solving skills:

Students will be effective problem solvers, capable of applying logical, critical and creative thinking to a range of problems. This skill includes being able to:

- demonstrate an understanding of the conceptual basis of financial accounting and corporate reporting;
- prepare and analyse general purpose financial reports for companies in accordance with legal and professional requirements;
- apply accounting concepts to controversial accounting issues and emerging issues; and
- find, acquire, evaluate, manage and use relevant information in a range of contexts.

Global perspective:

Students are able to demonstrate a global perspective and intercultural competence. This involves being able to:

- demonstrate an awareness of the local and global context of financial accounting and corporate reporting.

Social responsibility:

Students will act ethically, with integrity and social responsibility. This involves:

- acknowledging the social and ethical implications of corporate accounting and reporting, and the importance of ethics to the accounting profession.

Prior knowledge &/or skills

No prior knowledge or skills are required for this unit.

Learning Outcomes/Generic Graduate Attributes Matrix

Assessment task 1	Assignment 1					
Assessment task 2	Assignment 2					
Assessment task 3	Web based Discussion					
Assessment task 4	Assignment 3					
Capstone Assignment	Assignment					
Learning Outcomes:						
	Learning outcome 1	√		√	√	√
	Learning outcome 2	√		√	√	
	Learning outcome 3	√		√		
	Learning outcome 4	√		√	√	√
	Learning outcome 5	√	√	√	√	√
	Learning outcome 6	√		√	√	√
UTas Generic Graduate Attribute						
	Knowledge	√	√	√	√	√
	Communication skills	√	√	√	√	√
	Problem-solving skills	√	√	√	√	√
	Global perspective	√		√	√	
	Social responsibility	√	√	√	√	

Matrix adapted from Unit Outline, Faculty of Business, University of the Sunshine Coast 2003

Learning resources required

Prescribed Texts

Bazley, M., Hancock, P., Berry, A. & Jarvis, R. 2007. *Contemporary Accounting* (6th ed.). Southbank: Thomson.

In addition, you should attempt to obtain a recent copy of an Australian company's annual report to shareholders (the full version, not the "concise" report).

School Publications

Students must obtain the following electronic publications which are available from the School of Management website:

<http://www.utas.edu.au/management/student.htm>

- *Writing Assignments: A Guide*
- *Harvard Referencing Style*

Recommended Reading

The publications listed below are highly recommended for further reading on the topics covered in the unit. There are many basic accounting and finance texts to be found in the library.

Books

Atrill, P., McLaney, E. & Harvey, D. latest ed. *Accounting: An introduction*. Sydney: Pearson Education Australia Pty Ltd.

Cooper, B., Leung, P., Mathews, C. & Carlson, P. 1997. *Accounting and finance for managers*. Brisbane: John Wiley & Sons.

Merchant, K. and W. Van der Stede. 2003. *Management Control Systems*. Prentice Hall.

Woodford, W., V. Wilson, S. Freeman and J. Freeman. 2004. *Accounting: A Practical Approach*. Butterworths.

Journals and Periodicals

Apart from books, you will find it valuable to get into the practice of reading relevant articles from journals and periodicals (including newspapers and magazines). Note that not all periodicals and journals are available from University of Tasmania libraries. Some may need to be obtained via inter-library loans.

Other References

There are many basic accounting texts. Often the best thing is to peruse the library shelves to find references that you find easy to read to support the text used in this unit.

MyLO

MyLO is an internet service that has been adopted by the University and will be used in this unit. MyLO may be accessed on computers in computing laboratories at the University or on your computer at home or at work. Information about accessing and using this service, about required computer specifications and frequently asked questions, and about how to get help if you experience difficulties, is available at the following University website: <http://www.utas.edu.au/coursesonline>

You are strongly advised to visit this site and become familiar with the features of Vista, especially if you have not used it before. You will probably be using it in other units that you are studying as well. Here are some important points about accessing our web site:

To access MyLO from your own computer you will need the appropriate software, and hardware to run that software. See **Learning Online** at <http://uconnect.utas.edu.au> for computer software you will need.

Note: Older computers may not have the hardware to run some of the required software applications. Contact your local IT support person or the Service Desk on 6226 1818 if you experience difficulties.

For further information on using MyLo self help sheets can be accessed at: <http://www.utas.edu.au/coursesonline/MyLO-Support.htm>

Details of teaching arrangements

Online activities

This unit is presented in flexible mode. Students are provided with a CD of resources including powerpoint presentations and specified activities. There are NO face-to-face classes in this unit. The unit is planned to enable you to work at your own pace. Although no formal face-to-face meetings are scheduled, you should maintain regular contact with the unit coordinator through MyLO, e-mail, and telephone, and with other students through MyLO. Students who are geographically close are encouraged to form local work groups, and, on request, the unit coordinator will be happy to attend workshops with any such groups.

Learning strategies

This unit is planned to enable you work at your own pace. It is important, however, to work consistently through the materials and complete all the tasks. If there is any area of the work that you do not understand, please contact the Unit Coordinator immediately, and make sure that you do not progress to the next stage without a thorough understanding of the previous one. Each part of the unit develops themes from, and assumes an understanding of, the previous parts, so it is important that areas are not skipped.

Encouraging you to study and learn independently is an important goal of university study. It is a feature of a *reflective approach* to learning in which you reflect on what it is you are learning and how you plan your learning strategy. It is not the aim of flexible delivery that students feel they must work through problems alone. Throughout the unit, topics are provided for discussion with other students via the discussion facility of MyLO, and the exchange of information and ideas is a very important part of your learning development. You will gain most benefit by staying in close contact with other students and with your Unit Coordinator.

Do not be reluctant to ask questions or contribute ideas, even if only partly formed, as these can often form a basis for very constructive interaction. Remember that the MyLO discussions will be as interesting and useful as **you** make them.

Occupational health and safety (OH&S)

The University is committed to providing a safe and secure teaching and learning environment. In addition to specific requirements of this unit you should refer to the University's policy at: http://www.admin.utas.edu.au/hr/ohs/pol_proc/ohs.pdf

Unit schedule

As a flexible unit the modules are self paced. However, students **MUST** be aware that certain materials must be covered prior to completing assignment tasks. Assignment tasks **DO HAVE** due dates, and extensions must be sought should a due date not be achievable.

Module		Topic	Readings / Resources	Further information
1		The financial accounting environment	Refer to CD	Refer to CD and MyLo
2		The financial reporting framework	Refer to CD	Refer to CD and MyLo
3		Financial accounting analysis	Refer to CD	Refer to CD and MyLo
4		Understanding costs in an entity	Refer to CD	Refer to CD and MyLo
5		Using costs for decision making	Refer to CD	Refer to CD and MyLo
6		Performance management	Refer to CD	Refer to CD and MyLo

Learning expectations

Expectations

The University is committed to high standards of professional conduct in all activities, and holds its commitment and responsibilities to its students as being of paramount importance. Likewise, it holds expectations about the responsibilities students have as they pursue their studies within the special environment the University offers.

The University's Code of Conduct for Teaching and Learning states:

Students are expected to participate actively and positively in the teaching/learning environment. They must attend classes when and as required, strive to maintain steady progress within the subject or unit framework, comply with workload expectations, and submit required work on time.

Assessment

Assessment schedule

Assessment task	Date due	Percent weighting
Assignment 1:	3pm Thursday Mar 20	10%
Assignment 2:	3pm Thursday Apr 24	20%
Web-based Discussion (Using MyLO)	Continuous	10%
Assignment 4:	3pm Friday May 30	20%
Capstone Assignment	3pm Friday June 13	40%
Total Assessment		100%

Assessment details

Assessment task 1

Assignment 1

Task description

The submission of formal response to 4 ethical case studies identified in the activities attached to the various modules. Select the case studies and respond to the question(s) attached to the case study.

Task length

400 words EACH

Links to unit's learning outcomes

1,4,5,6

Assessment criteria / guidelines

Assessment of these case studies will rely on your responses to the questions posed in each case study. Your answers must be in paragraph form and be too the point. Where possible evidence of the application of accounting principles is expected.

Date due

3pm Thursday March 20

Assessment task 2

Assignment 2

Task description

‘Ideally sustainability itself must become the primary aim of all businesses. In addition, we are beginning to realise that we cannot forecast the outcome of continued, unchecked profit maximisation because we are not yet able to quantify the effects on the planet. Here is where the role of accounting as the “objective” reporting tool is so crucial.’ p.5. The Accounting for Sustainability Group. 2006

Discuss this comment in the context of the role of both financial and management accounting in reporting sustainability. Do you believe that this view is reflective of what is really required?

Task length

2500 words

Links to unit’s learning outcomes

1,2,4,5,6

Assessment criteria / guidelines

See the ‘Marking Guide’ below. This assignment requires you to seek out information to address your response.

Date due

3pm Thursday April 24

Marking Guide

Assessment Task 2

Essay Assessment – checklist

- demonstrate an understanding of the quotation
- evidence of literature (and other support)
- excess quotation will be penalised
- be positive about original thought and ideas

	Possible Marks	Actual Marks	
Abstract - concise - short (200 words or less) - identifies where the essay will go	5		
Introduction - short beginning statement - identifies direction to be taken - identifies theory(ies) Conclusion - sums up the essay	5		
Arguments and discussion - Identify areas for discussion - Sustainability - Roles of financial and management accounting - ‘objective’ - Improvement? - Currently valuable?	30		
Reference - say 10-20 seems reasonable - apply Harvard system	5		
Spelling/Grammar - expression/structure - paragraphs	5		
	50	50	20%
Comments: - general comment about performance			

Assessment task 3**Web Based Discussion*****Task description***

Web Based Discussion using MyLO.

Task length

Respond appropriately to the questions you are required to ask to on the web.

Links to unit's learning outcomes

1 to 6

Assessment criteria / guidelines

Requires evidence of original responses, and responses to other students input. This should occur at regular intervals. Students who wait until the close of the semester will be penalised.

Date due

Continuous – refer to CD

Assessment task 4

Assignment 3

Task description

Discuss how a local council might determine the rates to be charged to local residents in the light of your understanding derived from management accounting. Should councils adopted a balanced score card approach to their activities?

Task length

2500 words

Links to unit's learning outcome

5

Assessment criteria / guidelines

Details to be provided

Date due

3pm Friday May 30

Capstone Assignment

Description / conditions

Financial analysis of an external financial report, and the identification of additional information suited to a stakeholder analysis.

Links to unit's learning outcomes

1-6

Assessment Criteria

See assessemnt guide below

Date

The Capstone Assignment will be given to you in the week beginning June 2th. The completed project will be due no later than **4.00pm Friday June 13th**.

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Capstone Assignment –Assessment Guide

Name _____

ID _____

Presentation	2	
Comments on Accounting Policies	4	
Impact of Accounting Policy Choice	2	
Overview	2	
Financial Analysis and Prospects	14	
Other Issues – including reference to additional information that would be useful	8	
Formal Recommendations	8	
Total		/ 40
Other Comments:		

Topic: Financial Analysis of an Australia listed company

A major investor has requested you to perform a financial analysis of a listed company of your choice. The analysis is to be based on the company's Annual Reports for 2006 and 2007. Due to a range of other attractive investment opportunities available, the shareholder is anxious to receive an opinion on the financial prospects of the company and its subsidiaries. **You are required to obtain the latest annual reports (past two years) for a company of your choice in order to undertake this assignment.**

Your *formal* report to the potential investor should include a section commenting on the accounting policies adopted and what impact any alternatives to these policies would have on financial ratio levels and on your assessment of the financial prospects of the group.

In order to answer this assignment you will need to have a thorough understanding of the modules within this unit. You will find most listed Australian/New Zealand companies have web sites that are useful to research the company's background, current financial status and future prospects.

Below is a suggested contents page that you may find helpful in structuring your report.

Contents

Part I Overview

- Introduction and Terms of Reference
- Basis of Analysis
- Sources of Information

Part II Financial Analysis

- History and Nature of Business
- Evaluation of Accounting Policies
- Summary of Key Financial Data
- Trends in Profit and Cash Flows
- Ratio Analysis
- Profitability
- Management Efficiency
- Liquidity
- Capital Structure
- Industry Comparison (if applicable)
- Prospects (Trends and Predictions)

Part III Other Considerations

- Non-Financial Influences/Considerations (Political, Economic, Managerial)

Part IV Conclusions

- Conclusions/Recommendations
- Limitations to Analysis
- Disclaimers

Appendices

- A summary of the key figures in the financial statements on which ratios were based (up to 2 pages)
- Explanation of Terms/Ratios

When you submit your report you should include a copy of the annual report of the company with the assignment. If possible this should be *an electronic version* of at least the financial statements and notes (preferably the whole report).

How your final result is determined

Your final assessment is a combination of the four continuous assessments, and the capstone assignment. In order to pass this unit you must satisfactorily complete each assignment, and pass the capstone assignment.

Submission of assignments

Assignments must be submitted by the due date, or as indicated by your lecturer. There are penalties for late submission (see below).

Requests for extensions

Consistent with the Faculty's policy on late submission, extensions of time will only be granted on medical or compassionate grounds. They will not be granted because of work or other commitments. Requests for extension must be made to the unit coordinator in writing on the School's Application for Late Submission Form available at <http://www.utas.edu.au/accg/studentres.htm> or on MyLO before the due date of the assignment. Medical certificates or other evidence, which supports the application, must be attached and must contain information which justifies the extension sought.

Penalties

Over-length Work

If you submit over-length work you will be asked to resubmit the work within 48 hours. There will be an automatic 10% penalty of available marks and 10% for each day that you are late in resubmitting.

Late Submission of Continuous Coursework

Coursework that is not handed in by the agreed completion date will incur a penalty of 10% of the available marks for each day, or part day, the assignment is late.

Review of results and appeals

You may request a formal remark of your original submission (in accordance with Rule of Academic Assessment 2, Clause 22.1). Under the Rule of Academic Assessment 2, clause 23, you may also request a review of your final result in a unit. For further information see: <http://acserv.admin.utas.edu.au/rules/Rule2.doc>

Academic referencing

In your written work you will need to support your ideas by referring to scholarly literature, and other sources of information such as the accounting regulatory bodies. It is important that you understand how to correctly refer to the work of others and maintain academic integrity. Failure to appropriately acknowledge the ideas of others constitutes academic dishonesty (plagiarism), a matter considered by the University of Tasmania as a serious offence.

The appropriate referencing style for this unit is the Harvard referencing method. In addition to the *Faculty Guide for Students*, you are encouraged to read Fleet, W, Summers & Smith, B. (2006), *Communication Skills Handbook for Accounting*, which provides detailed information about using the Harvard referencing system. Further information on presentation of assignments, including referencing styles is available at:

<http://www.utas.edu.au/library/assist/gpoa/gpoa.html>

You can also access information about the referencing style used in this unit in the *Faculty of Business Guide for Students* available via MyLO or from the School's website - <http://www.utas.edu.au/accg/studentres.htm>.

Please read the following statement on plagiarism. Should you require clarification please see your unit coordinator or lecturer.

Plagiarism

Plagiarism is a form of cheating. It is taking and using someone else's thoughts, writings or inventions and representing them as your own; for example, using an author's words without putting them in quotation marks and citing the source, using an author's ideas without proper acknowledgment and citation, copying another

student's work.

If you have any doubts about how to refer to the work of others in your assignments, please consult your lecturer or tutor for relevant referencing guidelines, and the academic integrity resources on the web at

<http://www.utas.edu.au/tl/supporting/academicintegrity/index.html>.

The intentional copying of someone else's work as one's own is a serious offence punishable by penalties that may range from a fine or deduction/cancellation of marks and, in the most serious of cases, to exclusion from a unit, a course or the University.

Details of penalties that can be imposed are available in the Ordinance of Student Discipline – Part 3 Academic Misconduct, see

<http://www.utas.edu.au/universitycouncil/legislation/>

The University and any persons authorised by the University may submit your assessable works to a plagiarism checking service, to obtain a report on possible instances of plagiarism. Assessable works may also be included in a reference database. It is a condition of this arrangement that the original author's permission is required before a work within the database can be viewed.

For further information on this statement and general referencing guidelines, see <http://www.utas.edu.au/plagiarism/> or follow the link under 'Policy, Procedures and Feedback' on the *Current Students* homepage.

Further information and assistance

If you are experiencing difficulties with your studies or assignments, have personal or life planning issues, disability or illness which may affect your course of study, you are advised to raise these with your lecturer in the first instance.

There is a range of University-wide support services available to you including Teaching & Learning, Student Services, International Services. Please refer to the *Current Students* homepage at: <http://www.utas.edu.au/students/>

Should you require assistance in accessing the Library visit its website for more information at <http://www.utas.edu.au/library/>

If you have a problem...

- of an academic nature, please ask questions on the discussion board in MyLO. For individual assistance, you are encouraged to email your Unit Coordinator.
- if you have problems using MyLO, contact the service desk
Website: <http://www.utas.edu.au/servicedesk/student/index.html>
Telephone: 6226 1818 Email: servicedesk@utas.edu.au
- if you have any concerns in relation to this unit, then in the first instance you should discuss the matter with your lecturer. However, if you do not feel comfortable approaching your lecturer, or if you have a discussion with your lecturer and are not satisfied with the outcome, then you are encouraged to

contact the Ombudspeople listed below, who also teach in the School of Accounting & Corporate Governance.

Mrs Simone Bingham
Room: 421, Faculty of Business
Building, Hobart
Ph: (+61 3) 6226 2314
email:Simone.Bingham@utas.edu.au

Belinda Williams
Room A257, Launceston
Ph: (+61 3) 6324 3661
email:Belinda.Williams@utas.edu.au

Discussions with the ombudsperson will be kept in the strictest confidence. If you wish to pursue the matter further, they will provide advice as to how this can be done. The University also has formal policies, which can be accessed at:
http://www.admin.utas.edu.au/ac_serv/complaints_info.html

Students with Disabilities –University & Faculty Equity Plans

Goal 1 of the University of Tasmania Equity Plan provides for: “An inclusive teaching and learning environment that values diversity, supports the pursuit of academic excellence and produces high quality education and employment results for all students and staff”. The Faculty of Business Equity Plan facilitates the University Plan at an operational level and has developed an ‘Action Plan’. The Action Plan for Goal 1 lays down procedures to ensure that all students, including those with disabilities, have equal access to lecture and course materials. The School of Accounting & Corporate Governance complies with these procedures.