

## 306-667 Acc.Information and Security Valuation

<b>Credit Points:</b>	12.500
<b>Level:</b>	Graduate/Postgraduate
<b>Dates &amp; Locations:</b>	2008, This subject commences in the following study period/s: Semester 2, - Taught on campus.
<b>Time Commitment:</b>	Contact Hours: One 3-hour seminar per week (Semester 2). Total Time Commitment: Not available
<b>Prerequisites:</b>	Acceptance into the Master of Accounting or 306-683 Corporate Reporting (or equivalent) and 333-641 Financial Management (or equivalent).
<b>Corequisites:</b>	None
<b>Recommended Background Knowledge:</b>	None
<b>Non Allowed Subjects:</b>	None
<b>Core Participation Requirements:</b>	<p>&lt;p&gt;For the purposes of considering request for Reasonable Adjustments under the Disability Standards for Education (Cwth 2005), and Student Support and Engagement Policy, academic requirements for this subject are articulated in the Subject Overview, Learning Outcomes, Assessment and Generic Skills sections of this entry.&lt;/p&gt; <p>&lt;p&gt;It is University policy to take all reasonable steps to minimise the impact of disability upon academic study, and reasonable adjustments will be made to enhance a student's participation in the University's programs. Students who feel their disability may impact on meeting the requirements of this subject are encouraged to discuss this matter with a Faculty Student Adviser and Student Equity and Disability Support: &lt;a href="http://services.unimelb.edu.au/disability"&gt;http://services.unimelb.edu.au/disability&lt;/a&gt;&lt;/p&gt;</p> </p>
<b>Coordinator:</b>	Prof N Spear; Dr M Pinnuck
<b>Subject Overview:</b>	This subject examines the usage of financial statements for the fundamental valuation of an entity. Methods to determine stock value using fundamental analysis will be examined in detail and applied in projects involving listed local and multinational companies. This subject will focus on the residual income valuation model as a means of determining the intrinsic value of an entity using only accounting data. This subject will explore the relation between the residual income valuation model, discounted cash flow valuation methods and Economic Value Added (EVA). The subject will also consider forecasting firms' futures, determining firms' price/earnings and market to book ratios, and the analysis of risk.
<b>Assessment:</b>	One 2-hour end of semester examination (50%), in class tests (15%), seminar participation (5%) and assignments totalling not more than 3000 words (30%). Successful completion of this subject requires a pass (50%) in the final exam.
<b>Prescribed Texts:</b>	To be advised
<b>Breadth Options:</b>	This subject is not available as a breadth subject.
<b>Fees Information:</b>	Subject EFTSL, Level, Discipline & Census Date, <a href="http://enrolment.unimelb.edu.au/fees">http://enrolment.unimelb.edu.au/fees</a>
<b>Generic Skills:</b>	<p>On successful completion of this subject, students should be able to:</p> <ul style="list-style-type: none"> <li># Describe how "intrinsic values" are calculated;</li> <li># Identify the relevant firm attributes that determine value;</li> <li># Explain the role of financial statements in determining intrinsic values;</li> <li># Analyse whether some aspects of the financial statements are more important than others and explain the role of "bottom line" earnings (net income) and book value;</li> <li># Analyse financial statements in order to extract the relevant information;</li> <li># Describe how traditional ratio analysis aids valuation;</li> </ul>

	<ul style="list-style-type: none"> <li># Evaluate the relevance of cash-flow information and of the accruals in accounting;</li> <li># Explain how accounting methods are applied to financial statements;</li> <li># Explain what determines a firms P/E ratio and a firms market-to-book (P/B) ratio;</li> <li># Describe how the P/E and P/B ratios are articulated;</li> <li># Explain how analysis differs across countries and how P/E ratios can consequently be compared across countries;</li> <li># Describe how risk is evaluated, particularly in relation to equity and debt;</li> <li># Identify what EVA is and explain how it is used in performance evaluation.</li> </ul> <p>On successful completion of this subject, students should have improved the following generic skills:</p> <ul style="list-style-type: none"> <li># Develop an argument logically and coherently;</li> <li># Synthesis of information;</li> <li># Application of current technologies to practice;</li> <li># Accessing data and other information from various sources;</li> <li># Using computer programs, particularly in relation to the processing of data;</li> <li># Problem solving;</li> <li># Statistical reasoning;</li> <li># Critical thinking;</li> <li># Oral and written communication.</li> </ul>
<b>Notes:</b>	Students who have completed 306-330 Business and Financial Analysis should take an elective in place of 306-667 Accounting Information and Security Valuation.
<b>Related Course(s):</b>	Graduate Certificate in Business Forensics Master of Accounting Master of Accounting Postgraduate Certificate in Business Forensics