



# AFCP813

## Financial Statement Analysis and Modelling

AFC Term 4 Online 2015

*Dept of Applied Finance and Actuarial Studies*

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#### **Disclaimer**

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## General Information

Unit convenor and teaching staff

Unit Convenor / Lecturer

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Unit Convenor / Lecturer

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Credit points

4

Prerequisites

Admission to MAppFin

Corequisites

Co-badged status

AFCP813

Unit description

This unit equips students with financial analysis skills to support further study in corporate finance and investment analysis. Emphasis is placed on being able to interpret financial statements in the context of a company's operational performance and strategy, to critically assess historical financial performance and to prepare a spreadsheet based financial model capable of forecasting integrated financial statements for a company. After this unit, students should be proficient in the language of financial statements, and be highly competent in the use of an Annual Report to develop an understanding of a company's historical performance and prospects. Specific topics include the Income Statement, Balance Sheet, Cash Flow Statement and financial statement analysis using Dupont methodology. Financial modelling applications will also be developed, so students will be able to prepare forecasts for the three financial statements, as well as being able to integrate the three statements.

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

## Learning Outcomes

On successful completion of this unit, you will be able to:

Explain the main components of and the linkages between the three major financial statements.

Critically assess a company's historical financial performance using financial ratios and other analysis tools.

Apply financial analysis skills to develop financial projections for a project or business.

Construct spreadsheet based integrated financial models.

Demonstrate proficiency in using spreadsheet based financial modelling to solve a range of finance based problems.

Analyse and discuss the results produced by a financial model in various scenarios.

## Assessment Tasks

Name	Weighting	Due
<u>Quizzes</u>	20%	In iLearn
<u>Short Exercises</u>	20%	In iLearn
<u>Assignment</u>	30%	In iLearn
<u>Final Examination</u>	30%	Exam week

### Quizzes

Due: **In iLearn**

Weighting: **20%**

#### Summary of Assessment Task

**Individual / Group:** Individual

**Due Dates:** See assessment summary in iLearn for due dates

**Timing:** Two online quizzes will be conducted during the term.

**Grading Method:** Refer to 'Standards Required to Complete the Unit Satisfactorily'

**Submission Method:** Online via iLearn.

**Quiz Conditions:** Open book.

#### Extension Requests:

- You are expected to make yourself available for assessment during the relevant quiz

window.

- If you have extenuating circumstances (such as illness or misadventure) that prevent you from participating, please make arrangements with your Lecturer prior to the due date.
- Unless prior arrangements have been made, a zero mark will apply.

On successful completion you will be able to:

- Explain the main components of and the linkages between the three major financial statements.
- Critically assess a company's historical financial performance using financial ratios and other analysis tools.
- Apply financial analysis skills to develop financial projections for a project or business.

## Short Exercises

Due: **In iLearn**

Weighting: **20%**

### **Summary of Assessment Task**

**Individual / Group:** Individual

**Due Dates:** See assessment summary in iLearn for due dates.

**Timing:** Short exercises will be conducted during the term. Refer to the assessment summary in iLearn.

**Grading Method:** See assessment summary in iLearn.

**Submission Method:** Online via the Unit's iLearn site.

### **Extension Requests:**

- You are expected to make yourself available for assessment.
- If you have extenuating circumstances (such as illness or misadventure) that prevent you from participating, please make arrangements with your Lecturer prior to the due date.
- Unless prior arrangements have been made, a zero mark will apply.

On successful completion you will be able to:

- Explain the main components of and the linkages between the three major financial statements.
- Critically assess a company's historical financial performance using financial ratios and other analysis tools.
- Apply financial analysis skills to develop financial projections for a project or business.
- Construct spreadsheet based integrated financial models.

- Demonstrate proficiency in using spreadsheet based financial modelling to solve a range of finance based problems.

## Assignment

Due: **In iLearn**

Weighting: **30%**

### Summary of Assessment Task

**Individual / Group:** Individual

**Due Dates:** The assignment is in two parts. See assessment summary in iLearn for the due dates.

**Grading Method:** Refer to 'Standards Required to Complete the Unit Satisfactorily'

**Submission Method:** Via iLearn.

### Extension Requests:

- If you have extenuating circumstances that prevent you from submitting your assignment by the due date, please make arrangements with your Lecturer prior to the due date.
- Unless prior arrangements have been made, any late submission of assignments will automatically be penalised. In the absence of special circumstances, a zero mark will apply.

On successful completion you will be able to:

- Explain the main components of and the linkages between the three major financial statements.
- Critically assess a company's historical financial performance using financial ratios and other analysis tools.
- Apply financial analysis skills to develop financial projections for a project or business.
- Construct spreadsheet based integrated financial models.
- Demonstrate proficiency in using spreadsheet based financial modelling to solve a range of finance based problems.
- Analyse and discuss the results produced by a financial model in various scenarios.

## Final Examination

Due: **Exam week**

Weighting: **30%**

### Summary of Assessment Task

**Individual / Group:** Individual

**Due Date:** See the assessment summary in iLearn for the due date.

**Grading Method:** Refer to 'Standards Required to Complete the Unit Satisfactorily'

**Submission Method:** The final exam will be an open book online exam

**Duration:** 3 hours

**Examination Conditions:**

- The final exam is an open book online exam.
- Refer to MAFC Program Rules & Procedures at [www.mafc.mq.edu.au](http://www.mafc.mq.edu.au).

**Extension Requests:**

- Deferral of an examination is not permitted, unless special consideration has been approved by the Director of Studies under the University's Disruption to Studies Policy.
- Refer to MAFC Program Rules & Procedures at [www.mafc.mq.edu.au](http://www.mafc.mq.edu.au) for information on the University's Disruption to Studies Policy for non-attendance at an examination.

On successful completion you will be able to:

- Explain the main components of and the linkages between the three major financial statements.
- Critically assess a company's historical financial performance using financial ratios and other analysis tools.
- Apply financial analysis skills to develop financial projections for a project or business.

## **Delivery and Resources**

### **REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS**

**Required Text:**

*Financial Statements Demystified* by Kramer and Johnson 209 McGraw-Hill.

This textbook is available as either a print book or eBook. Details of the two versions are shown below:

- Print book: *Financial Statements Demystified*, ISBN 9780071543873, available at <http://www.mhprofessional.com/product.php?isbn=0071543880>
- eBook: *Financial Statements Demystified*, ISBN: 9781308469089, available at <https://create.mheducation.com/shop/#/catalog/details/?isbn=9781308469089>

**Additional Readings:**

- Additional readings are included in iLearn

- Students should assume these readings are examinable unless otherwise advised.

**Assumed Knowledge:** Mathematical content

- Finance has a high level of numerate content. Consequently this unit is, in parts, mathematical and arithmetical. As an indication of the level of algebra required, students should find the following problem easy to solve:

Solve for  $Z_5$ : \$1,000 =

$$\$681.20(1+Z_5/2)^{10}$$

**Assumed Access:** Access to a computer with word processing and spreadsheet capability is assumed, as is general student computer literacy. A recent version of Excel is the preferred choice spreadsheet.

## **TECHNOLOGY USED AND REQUIRED**

This is an online unit which will make use of the University's iLearn system.

**Unit's iLearn Site:**

- Found by logging on to iLearn [ilearn.mq.edu.au](http://ilearn.mq.edu.au), then clicking on **Financial Statement Analysis and Modelling**.
- This is where you will find forums, downloadable resources and links to important pages.
- The forum allows you to communicate with other students and lecturer(s) and may provide supplementary material.
- You are requested to post your questions on the forums at least 24 hours prior to the assignment submission date or the examination date. Questions posted after that time may not be answered. **Please try to not leave your questions to the last few days.**

**Important Notice:**

- It is important that you familiarize yourself with the Unit's iLearn site.
- All students should check iLearn regularly and look for updates and distribution of materials related to the unit or assessments and participate in forum discussions.

**Assumed access to technology:** Access to a computer with word processing and spreadsheet capability is assumed, as is general student computer literacy. A recent version of Excel is the preferred choice spreadsheet.

## Unit Schedule

The following schedule is a guide to the timing of each topic. Details of the required readings are provided in iLearn.

Week	Topic	Date when you should have started working on this topic
1	Topic 1: Introduction to financial statement analysis	14 September 2015
2	Topic 2: Introduction to modelling	21 September 2015
3	Topic 3: Preparing financial statements	28 September 2015
4	Topic 4: A closer look at the balance sheet	5 October 2015
5	Topic 5: Preparing a financial model Part 1	12 October 2015
6	Topic 6: Preparing a financial model Part 2	19 October 2015
7	Topic 7: Analysis of financial statements Part 1	26 October 2015
8	Topic 8: Analysis of financial statements Part 2	2 November 2015
9	Topic 9: Preparing a financial model Part 3	9 November 2015
10	Topic 10: Advanced Excel functions and tools	16 November 2015
11	Exam preparation	23 November 2015

## Learning and Teaching Activities

### Strategy

Programs in the Applied Finance Centre adopt a deep teaching and learning strategy in which students acquire and retain knowledge and also are able to make sense of the issues and concepts and apply them in the “real world”. The program relies heavily on student engagement and participation by: (a) Continuous learning throughout the term. This is encouraged through a combination of students undertaking prescribed reading throughout the units and / or completion of practice problems, online activities, case studies, assignments, class discussions, etc and interaction via forums; and (b) Assessments, which enable the student to demonstrate his / her understanding of the learning objectives achieved through the continuous learning.



## Student Participation

This is an online unit. Students participate in this unit by: (a) Actively engaging with the required readings of this unit; (b) Working systematically through exercises and completing on-line activities; (c) Interacting in forums; and (d) Completing all assessment tasks and exams.

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](#). Students should be aware of the following policies in particular with regard to Learning and Teaching:

Academic Honesty Policy [http://mq.edu.au/policy/docs/academic\\_honesty/policy.html](http://mq.edu.au/policy/docs/academic_honesty/policy.html)

Assessment Policy <http://mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy <http://mq.edu.au/policy/docs/grading/policy.html>

Grade Appeal Policy <http://mq.edu.au/policy/docs/gradeappeal/policy.html>

Grievance Management Policy [http://mq.edu.au/policy/docs/grievance\\_management/policy.html](http://mq.edu.au/policy/docs/grievance_management/policy.html)

Disruption to Studies Policy [http://www.mq.edu.au/policy/docs/disruption\\_studies/policy.html](http://www.mq.edu.au/policy/docs/disruption_studies/policy.html) *The Disruption to Studies Policy is effective from March 3 2014 and replaces the Special Consideration Policy.*

In addition, a number of other policies can be found in the [Learning and Teaching Category](#) of Policy Central.

## Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: [https://students.mq.edu.au/support/student\\_conduct/](https://students.mq.edu.au/support/student_conduct/)

## Results

Results shown in *iLearn*, or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit [ask.mq.edu.au](http://ask.mq.edu.au).

Students should also consult the MAFC Program Rules & Procedures found at <http://www.mafc.mq.edu.au>

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

## Learning Skills

Learning Skills ([mq.edu.au/learningskills](http://mq.edu.au/learningskills)) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)

- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

## Student enquiry service (MAFC-specific)

For all student enquires, please contact [studentsupport@mafc.mq.edu.au](mailto:studentsupport@mafc.mq.edu.au)

## Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

## Learning Skills

Learning Skills ([http://www.students.mq.edu.au/support/learning\\_skills/](http://www.students.mq.edu.au/support/learning_skills/)) provides academic writing resources and study strategies to improve your marks and take control of your study.

- Workshops
- StudyWise
- Academic Integrity Module for Students
- Ask a Learning Adviser

## Student Enquiries

For all student enquiries, visit Student Connect at [ask.mq.edu.au](http://ask.mq.edu.au)

## IT Help

For help with University computer systems and technology, visit <http://informatics.mq.edu.au/help/>.

When using the University's IT, you must adhere to the [Acceptable Use Policy](#). The policy applies to all who connect to the MQ network including students.

## Graduate Capabilities

### PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:

### Learning outcomes

- Explain the main components of and the linkages between the three major financial statements.
- Critically assess a company's historical financial performance using financial ratios and

other analysis tools.

- Apply financial analysis skills to develop financial projections for a project or business.
- Construct spreadsheet based integrated financial models.
- Demonstrate proficiency in using spreadsheet based financial modelling to solve a range of finance based problems.
- Analyse and discuss the results produced by a financial model in various scenarios.

## **Assessment tasks**

- Quizzes
- Short Exercises
- Assignment
- Final Examination

## **PG - Critical, Analytical and Integrative Thinking**

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

### **Learning outcomes**

- Critically assess a company's historical financial performance using financial ratios and other analysis tools.
- Analyse and discuss the results produced by a financial model in various scenarios.

## **Assessment tasks**

- Quizzes
- Short Exercises
- Assignment
- Final Examination

## **PG - Research and Problem Solving Capability**

Our postgraduates will be capable of systematic enquiry; able to use research skills to create new knowledge that can be applied to real world issues, or contribute to a field of study or practice to enhance society. They will be capable of creative questioning, problem finding and problem solving.

This graduate capability is supported by:

## Learning outcomes

- Apply financial analysis skills to develop financial projections for a project or business.
- Construct spreadsheet based integrated financial models.
- Demonstrate proficiency in using spreadsheet based financial modelling to solve a range of finance based problems.

## Assessment tasks

- Quizzes
- Short Exercises
- Assignment
- Final Examination

## Important Notice

This unit guide contains important information about the Unit. If anything is unclear, please consult one of the unit lecturers.

## Standards Required to Complete the Unit Satisfactorily

### University Policy on Grading:

- Macquarie University's Academic Senate has established a Grading Policy available at <http://www.mq.edu.au/policy/docs/grading/policy.html>. Your final result will include:
  - A grade ranging from Fail to High Distinction; and
  - A Standardised Numerical Grade (SNG). A SNG is not a summation of the individual assessment components, but is allocated on the basis of the performance in all assessment items.
- It is important to note:
  - The Policy does not require that a minimum or maximum number of students are to be failed in any unit;
  - Grades will not be allocated to fit a predetermined distribution; and
  - The process of allocating SNGs does not change the rank order of marks among students who pass the unit.

### Specific Unit Grading:

- All final grades in the Applied Finance Centre are determined by a grading committee and are not the sole responsibility of the unit convenor.
- The core criteria used to assess student work in this unit are:

- Knowledge and understanding: Understanding key ideas, knowledge and use of concepts.
  - Application: Ability to apply theoretical ideas and frameworks in practice and in a critically reflective way.
  - Reasoning and analysis: Ability to analyse, use critical reasoning and principles to formulate a position, balancing theory and personal reflection.
  - Professional literacy and research: Understanding of professional factors (language and landscape) and ability to undertake appropriate research.
  - Communication and presentation: Ability to communicate and present effectively (written and oral, as relevant).
  - Use of mathematical and statistical ideas: Ability to use mathematical and statistical ideas, methods and formulae appropriately.
- Performance in relation to each of these criteria are assessed against the University’s grading descriptors:

Grade	Expectation
High Distinction	Provides consistent evidence of deep and critical understanding in relation to the learning outcomes. There is substantial originality and insight in identifying, generating and communicating competing arguments, perspectives or problem solving approaches; critical evaluation of problems, their solutions and their implications; creativity in application as appropriate to the discipline.
Distinction	Provides evidence of integration and evaluation of critical ideas, principles and theories, distinctive insight and ability in applying relevant skills and concepts in relation to learning outcomes. There is demonstration of frequent originality in defining and analysing issues or problems and providing solutions; and the use of means of communication appropriate to the discipline and the audience.
Credit	Provides evidence of learning that goes beyond replication of content knowledge or skills relevant to the learning outcomes. There is demonstration of substantial understanding of fundamental concepts in the field of study and the ability to apply these concepts in a variety of contexts; convincing argumentation with appropriate coherent justification; communication of ideas fluently and clearly in terms of the conventions of the discipline.
Pass	Provides sufficient evidence of the achievement of learning outcomes. There is demonstration of understanding and application of fundamental concepts of the field of study; routine argumentation with acceptable justification; communication of information and ideas adequately in terms of the conventions of the discipline. The learning attainment is considered satisfactory or adequate or competent or capable in relation to the specified outcomes.
Fail	Does not provide evidence of attainment of learning outcomes. There is missing or partial or superficial or faulty understanding and application of the fundamental concepts in the field of study; missing, undeveloped, inappropriate or confusing argumentation; incomplete, confusing or lacking communication of ideas in ways that give little attention to the conventions of the discipline.

**Review of Grade and final examination Script viewing:**

- A student who has been awarded a final grade for a unit and who does not believe it is an accurate reflection of their performance, and has grounds for such a claim and can demonstrate those grounds, may apply to have their grade reviewed.
- For information on requesting a review of grade and/or viewing your final exam script,

please refer to the University's Grade Appeal Policy at <http://www.mq.edu.au/policy/docs/gradeappeal/policy.html> and MAFC Program Rules & Procedures at <http://www.mafc.mq.edu.au>.