AFCP613
Financial Statement Analysis and Modelling
S1 Day 2016
Dept of Applied Finance and Actuarial Studies

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**General Information**

Unit convenor and teaching staff
Unit Convenor / Lecturer
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Contact via Email

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Credit points
4

Prerequisites
Admission to GradCertFin or MBkgFin

Corequisites

Co-badged status

Unit description
This unit equips students with financial analysis skills to support advanced 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 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 understand the language of financial statements, and be able to use 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 [http://students.mq.edu.au/student_admin/enrolmentguide/academicdates/](http://students.mq.edu.au/student_admin/enrolmentguide/academicdates/)

**Learning Outcomes**

1. Explain the main components of and the linkages between the three major financial statements.
2. Critically assess a company’s historical financial performance using financial ratios and other analysis tools.

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

4. Construct spreadsheet based integrated financial models.

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

**General Assessment Information**

A Standardised Numerical Grade (SNG) gives you an indication of how you have performed within the band for your descriptive grade. The SNG is not a mark, and you may not be able to work it out based on your raw examination and other assessment marks. Nor are you able to determine you are “one mark away” from a different grade.

It is the responsibility of students to view their marks for each within session assessment on iLearn within 20 working days of posting. If there are any discrepancies, students must contact the unit convenor immediately. Failure to do so will mean that queries received after the release of final results regarding assessment marks (not including the final exam mark) will not be addressed.

**Assessment Tasks**

<table>
<thead>
<tr>
<th>Name</th>
<th>Weighting</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Exercises</td>
<td>20%</td>
<td>In iLearn</td>
</tr>
<tr>
<td>Quizzes</td>
<td>20%</td>
<td>In iLearn</td>
</tr>
<tr>
<td>Assignment</td>
<td>30%</td>
<td>In iLean</td>
</tr>
<tr>
<td>Final Examination</td>
<td>30%</td>
<td>Exam week</td>
</tr>
</tbody>
</table>

**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:

- No extensions will be granted. Students who have not submitted the task prior to the deadline will be awarded a mark of 0 for the task, except for cases in which an application for disruption of studies is made and approved.

This Assessment Task relates to the following 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.

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.

Submission Method: Online via iLearn.

Quiz Conditions: Open book.

Extension Requests:

- No extensions will be granted. Students who have not submitted the task prior to the deadline will be awarded a mark of 0 for the task, except for cases in which an application for disruption of studies is made and approved.

This Assessment Task relates to the following 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.

Assignment
Due: In iLearn
Weighting: 30%

Summary of Assessment Task
Individual / Group: Individual
Due Dates: See iLearn for the due date.
Submission Method: Via iLearn.

Extension Requests:
No extensions will be granted. There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission – 20% penalty). This penalty does not apply for cases in which an application for disruption of studies is made and approved. No submission will be accepted after solutions have been posted.

This Assessment Task relates to the following 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.

Final Examination
Due: Exam week
Weighting: 30%

Summary of Assessment Task
Individual / Group: Individual
Due Date: The final exam will be held in the University Final Exam Period.
Submission Method: The final exam will be an open book online exam, held on campus and invigilated.

Duration: 3 hours

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.

This Assessment Task relates to the following 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.

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:


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:

\[
$681.20(1+Z_5/2)^{10} = 1,000
\]
**Unit Schedule**

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

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Topic 1: Introduction to financial statement analysis</td>
</tr>
<tr>
<td>2</td>
<td>Topic 2: Introduction to modelling</td>
</tr>
</tbody>
</table>
Learning and Teaching Activities

Strategy
Programs 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 a face-to-face 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; (d) attending and interacting at face-to-face sessions and (e) Completing all assessment tasks and exams.

Policies and Procedures
Macquarie University policies and procedures are accessible from [Policy Central](http://unitguides.mq.edu.au/unit_offers/68023/unit_guide/print). Students should be aware of the following policies in particular with regard to Learning and Teaching:

| 3 | Topic 3: Preparing financial statements |
| 4 | Topic 4: A closer look at the balance sheet |
| 5 | Topic 5: Preparing a financial model Part 1 |
| 6 | Topic 6: Preparing a financial model Part 2 |
| 7 | Topic 7: Revisit the Plan and the Plug |
| 8 | Topic 8: Analysis of financial statements Part 1 |
| 9 | Topic 9: Analysis of financial statements Part 2 |
| 10 | Topic 10: Preparing a financial model Part 3 |
| 11 | Topic 11 Modelling a Bank |
| 12 | Topic 12: Advanced Excel functions and tools |
| 13 | Revision/Exam preparation |
Academic Honesty Policy http://mq.edu.au/policy/docs/academic_honesty/policy.html


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).

**Supplementary Examination**

Further information regarding supplementary exams, including dates, is available here [http://www.businessandeconomics.mq.edu.au/current_students/undergraduate/how_do_i/disruption_to_studies](http://www.businessandeconomics.mq.edu.au/current_students/undergraduate/how_do_i/disruption_to_studies)

**Student Support**

Macquarie University provides a range of support services for students. For details, visit [http://students.mq.edu.au/support/](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**
Learning Skills
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

IT Help
For help with University computer systems and technology, visit http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the Acceptable Use of IT Resources Policy. The policy applies to all who connect to the MQ network including students.

Graduate Capabilities
Problem Solving and Research Capability
Our graduates should be capable of researching; of analysing, and interpreting and assessing data and information in various forms; of drawing connections across fields of knowledge; and they should be able to relate their knowledge to complex situations at work or in the world, in order to diagnose and solve problems. We want them to have the confidence to take the initiative in doing so, within an awareness of their own limitations.

This graduate capability is supported by:

Learning outcomes
- 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.

Assessment task
- Assignment
Discipline Specific Knowledge and Skills

Our graduates will take with them the intellectual development, depth and breadth of knowledge, scholarly understanding, and specific subject content in their chosen fields to make them competent and confident in their subject or profession. They will be able to demonstrate, where relevant, professional technical competence and meet professional standards. They will be able to articulate the structure of knowledge of their discipline, be able to adapt discipline-specific knowledge to novel situations, and be able to contribute from their discipline to inter-disciplinary solutions to problems.

This graduate capability is supported by:

**Learning outcomes**

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

- Short Exercises
- Quizzes
- Assignment
- Final Examination

Critical, Analytical and Integrative Thinking

We want our graduates to be capable of reasoning, questioning and analysing, and to integrate and synthesise learning and knowledge from a range of sources and environments; to be able to critique constraints, assumptions and limitations; to be able to think independently and systemically in relation to scholarly activity, in the workplace, and in the world. We want them to have a level of scientific and information technology literacy.

This graduate capability is supported by:

**Learning outcomes**

- 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.
Assessment tasks

• Short Exercises
• Quizzes
• 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.