



ACST252

Finance and Financial Reporting

S1 Day 2016

Dept of Applied Finance and Actuarial Studies

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Disclaimer

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General Information

Unit convenor and teaching staff

Convenor

Brian W.B. Chu

brian.chu@mq.edu.au

Contact via via iLearn

N/A

By appointment

Lecturer

Associate Professor Sue Wright

sue.wright@mq.edu.au

Contact via via iLearn

E4A 729

TBA

Angela Chow

angela.chow@mq.edu.au

Credit points

3

Prerequisites

Admission to BActStud and 24cp

Corequisites

Co-badged status

Unit description

This unit equips students to understand corporate financial reporting and corporate finance decision-making. It provides a basic understanding of financial reporting and how to interpret financial statements, and integrates this with corporate financial decisions such as raising finance, determining capital structure including liquidity, paying dividends, and assessing capital investments, in the context of the Australian financial sector. Students will also understand and apply basic theoretical concepts in finance. Students gaining a grade of credit or higher in this unit may apply for exemption from subject CT2 of the professional exams of the Institute of Actuaries of Australia.

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:

Understand, in general terms, how the global economy and financial markets operate

Interpret the accounts of a company or a group of companies and discuss the limitations of such an interpretation

Explain how companies use various financial instruments to create shareholder value and manage risk and demonstrate how they are priced using cash flow valuation

Demonstrate understanding of the meaning of a company's cost of capital and the methods used to calculate it

Discuss the factors to be considered by a company when deciding on its capital structure and dividend policy

Apply the concepts learnt into a contemporary real-life setting

General Assessment Information

Extensions

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

Standardised Numerical Grade (SNG)

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.

Gradebook

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

Name	Weighting	Due
Assessed Coursework	10%	Throughout
Presentation Assignment	15%	Throughout

Name	Weighting	Due
<u>Class Test</u>	15%	Week 6
<u>Final Examination</u>	60%	Examination Period

Assessed Coursework

Due: **Throughout**

Weighting: **10%**

Tutorial exercises form a critical part in the study process, as they serve to reinforce concepts that are covered in class. Students have often failed a unit as they do not follow a disciplined approach over the session. To this end, students will be required to attend tutorial classes with their attempts. The teaching staff will check during class time that these are satisfactorily attempted.

Tutors will collect exercises on five (5) occasions at the end of class, without prior notice. Marks are awarded for the completeness and evidence that corrections are made as appropriate during class-time.

The homework component will be worth 7.5%, with each submission counting for 1.5%. The remaining 2.5% will be based on your tutorial participation, which may include your engagement and input in class. For example, this may involve providing constructive comments to your peers' presentations and how you interact with your peers by participating in open discussions on relevant issues during the informal part of the tutorial.

On successful completion you will be able to:

- Understand, in general terms, how the global economy and financial markets operate
- Interpret the accounts of a company or a group of companies and discuss the limitations of such an interpretation
- Explain how companies use various financial instruments to create shareholder value and manage risk and demonstrate how they are priced using cash flow valuation
- Demonstrate understanding of the meaning of a company's cost of capital and the methods used to calculate it
- Discuss the factors to be considered by a company when deciding on its capital structure and dividend policy

Presentation Assignment

Due: **Throughout**

Weighting: **15%**

This unit encourages students to collaborate in developing an understanding of current affairs relating to the financial markets, applying the concepts into real world problems, and discussing

their findings with their peers. Starting from Week 3, students will be presenting in groups of 3-5 on a weekly exercise. Students are highly encouraged to demonstrate their software skills in preparing their presentation, and to share any useful tips with their peers. The presentation will be graded based on both the presentation style (60%) and the content (40%). You may refer to the marking rubric available on iLearn.

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- Explain how companies use various financial instruments to create shareholder value and manage risk and demonstrate how they are priced using cash flow valuation
- Demonstrate understanding of the meaning of a company's cost of capital and the methods used to calculate it
- Discuss the factors to be considered by a company when deciding on its capital structure and dividend policy
- Apply the concepts learnt into a contemporary real-life setting

Class Test

Due: **Week 6**

Weighting: **15%**

A class test focusing on the material taught in Weeks 1 to 4 will be held in the Week 6 lecture. The test will be of 1 hour duration with 5 minutes reading time. Students are allowed to bring a permissible type calculator (refer to "Delivery and Resources" section for more details). You are permitted ONE A4 page of paper containing reference material printed on both sides. The material may be handwritten or typed. The page may not be returned to you after the examination.

On successful completion you will be able to:

- Understand, in general terms, how the global economy and financial markets operate
- Interpret the accounts of a company or a group of companies and discuss the limitations of such an interpretation
- Explain how companies use various financial instruments to create shareholder value and manage risk and demonstrate how they are priced using cash flow valuation

Final Examination

Due: **Examination Period**

Weighting: **60%**

To be eligible to pass this unit, a pass is required in the combined examinations component of the assessment. The final examination is a 3 hour assessment (with 10 minutes' reading time) and will cover material from the entire semester, though with more weighting towards material that is not examined in the class test. The paper will comprise a combination of calculation, critical thinking and theoretical questions.

Students are allowed to bring a permissible type calculator (refer to "Delivery and Resources" section for more details). You are permitted ONE A4 page of paper containing reference material printed on both sides. The material may be handwritten or typed. The page may not be returned to you after the examination.

On successful completion you will be able to:

- Understand, in general terms, how the global economy and financial markets operate
- Interpret the accounts of a company or a group of companies and discuss the limitations of such an interpretation
- Explain how companies use various financial instruments to create shareholder value and manage risk and demonstrate how they are priced using cash flow valuation
- Demonstrate understanding of the meaning of a company's cost of capital and the methods used to calculate it
- Discuss the factors to be considered by a company when deciding on its capital structure and dividend policy

Delivery and Resources

Classroom Delivery

This course will be delivered in a blended learning environment. The traditional approach of turning up to the lecture and expecting to take notes from the lecturer does not apply to this course. The presentation slides of the course material are released in advance for you to read and study prior to attending the class. Class time is devoted to learning activities to link the concepts from the textbook with market practice. **You are advised to bring your portable devices (preferably a notebook rather than a smartphone, or a device with a keyboard) to all classes to ensure you can participate in the activities.**

During the scheduled lecture time, you will be provided a short overview of the key concepts that are covered for the week. The remaining time will be devoted to in-class activities. This may involve online research, group discussions and performing analyses of the financial markets, as well as answering quiz questions to consolidate your knowledge. You are expected to take notes after class and reflect on what you have learnt.

Similarly, for the scheduled tutorials, you will use this time to check your homework exercises and to take the opportunity to clarify any misunderstandings you may have. From Week 3 onwards, a proportion of the class time will be set aside for student presentations. Those who are not presenting are encouraged to ask questions and to provide comments to allow a

dialogue to occur.

In summary, your success in this course will be dependent on the amount of input you contribute to your own learning and that of your peers. Attending classes expecting to passively absorb information conveyed to you will result in less enjoyment and you run the risk of performing below your expectations.

Required and Recommended Texts and/or Materials

Text

Value Pack Principles of Managerial Finance + MyFinanceLab with eText, 6th edition. Gitman, Juchau and Flanagan, Pearson Australia, 2011.

ISBN: 9314994244069

Technology Used and Required

Calculators

You may use a calculator in the class test and in the final examination provided it is portable, silent and battery operated, but you must show clearly the steps involved in every calculation. You may NOT use any calculators that have a text-retrieval capacity, whether or not they have a full alphabet on the keyboard. Calculators may be checked at the commencement of the class test and final exam, and the make/model may be recorded.

Word processing

You are strongly advised to submit most of your work in typed format, preferably in a PDF document. For tasks requiring substantial mathematical working, you may either choose to use MS Equation Editor or to submit a handwritten version of your attempt.

Spreadsheet program

Much of the work that institutions and businesses do in practice involve the use of spreadsheets and other software packages. The increasing role of data in decision-making further emphasises the need for you to become familiar and confident with using such software to perform tasks you will encounter in future. In-class activities will be designed to allow you to develop your MS Excel skills in solving problems. These skills may be tested to a limited extent in the class test and examination. While you will be working with MS Excel and other software packages to solve more sophisticated problems involving data in class, you are required to demonstrate how calculations are performed using pen and paper in the class test and examination.

Unit Schedule

1	Overview: Context of the economy and financial markets, the corporation and its objectives
2	What is accounting and understanding financial statements
3	Financial statement analysis - Ratios

4	Financial statement analysis - Applications in insurance
5	Risk and return in context of valuation
6	Class test
Mid-Semester Break	
7	Capital structure and cost of capital
8	Valuation of debt and equity instruments
9	Capital budgeting - Methods
10	Capital budgeting - Issues and applications
11	Dividend/working capital decisions
12	The Zero Interest Rate Policy Era - A contextual application of corporate finance, risk management and business ethics
13	Revision

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

New Assessment Policy in effect from Session 2 2016 http://mq.edu.au/policy/docs/assessment/policy_2016.html. For more information visit http://students.mq.edu.au/events/2016/07/19/new_assessment_policy_in_place_from_session_2/

Assessment Policy prior to Session 2 2016 <http://mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy prior to Session 2 2016 <http://mq.edu.au/policy/docs/grading/policy.html>

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

Complaint Management Procedure for Students and Members of the Public http://www.mq.edu.au/policy/docs/complaint_management/procedure.html

Disruption to Studies Policy 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/

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](#).

Supplementary Exams

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

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) 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 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.

Student Enquiries

For all student enquiries, visit Student Connect at ask.mq.edu.au

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

Capable of Professional and Personal Judgement and Initiative

We want our graduates to have emotional intelligence and sound interpersonal skills and to demonstrate discernment and common sense in their professional and personal judgement.

They will exercise initiative as needed. They will be capable of risk assessment, and be able to handle ambiguity and complexity, enabling them to be adaptable in diverse and changing environments.

This graduate capability is supported by:

Learning outcome

- Apply the concepts learnt into a contemporary real-life setting

Assessment task

- Presentation 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

- Understand, in general terms, how the global economy and financial markets operate
- Interpret the accounts of a company or a group of companies and discuss the limitations of such an interpretation
- Explain how companies use various financial instruments to create shareholder value and manage risk and demonstrate how they are priced using cash flow valuation
- Demonstrate understanding of the meaning of a company's cost of capital and the methods used to calculate it
- Discuss the factors to be considered by a company when deciding on its capital structure and dividend policy

Assessment tasks

- Assessed Coursework
- Class Test
- 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

- Understand, in general terms, how the global economy and financial markets operate
- Interpret the accounts of a company or a group of companies and discuss the limitations of such an interpretation
- Discuss the factors to be considered by a company when deciding on its capital structure and dividend policy
- Apply the concepts learnt into a contemporary real-life setting

Assessment tasks

- Assessed Coursework
- Presentation Assignment
- Class Test
- Final Examination

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

- Understand, in general terms, how the global economy and financial markets operate
- Interpret the accounts of a company or a group of companies and discuss the limitations of such an interpretation
- Explain how companies use various financial instruments to create shareholder value and manage risk and demonstrate how they are priced using cash flow valuation
- Demonstrate understanding of the meaning of a company's cost of capital and the methods used to calculate it
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- Apply the concepts learnt into a contemporary real-life setting

Assessment tasks

- Assessed Coursework
- Presentation Assignment
- Class Test
- Final Examination

Changes from Previous Offering

From the previous offering of this course, the following changes have been implemented:

- Change of teaching staff
- Minor changes to unit schedule to cover how markets work in practice
- Change of major assignment to group presentations
- Introduction of in-class assessment component involving homework completion and tutorial participation
- Changes to classroom delivery and learning activities

Changes since First Published

Date	Description
20/02/2016	Updated teaching staff list