



# AFCP813

## Financial Statement Analysis and Modelling

AFC Term 2 Online 2018

*Archive (Pre-2019) - Dept of Applied Finance and Actuarial Studies*

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#### **Disclaimer**

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## General Information

Unit convenor and teaching staff

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Credit points

4

Prerequisites

Admission to MAppFin or MAppFin(Adv)

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	Hurdle	Due
<a href="#">Quizzes</a>	20%	No	In iLearn
<a href="#">Short Exercises</a>	20%	No	In iLearn
<a href="#">Assignment</a>	30%	No	In iLearn
<a href="#">Final Examination</a>	30%	No	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. The first online quiz relates to material in Topics 1-4 and the second online quiz relates to material in Topics 5-9.

**Grading Method:** Automated in iLearn. Please also refer to the section "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. No extensions will be granted. Students who have not submitted the task prior to the due date will be awarded a mark of zero for the task, except for cases in which an application for Special Consideration is made and approved. If you have serious and unavoidable circumstances that prevent you from submitting an assessment task by the due date, you must apply for Special Consideration no later than five (5) working days after the assessment due date. Refer to MAFC Program Rules & Procedures at [www.mafc.mq.edu.au](http://www.mafc.mq.edu.au) for information on the University's Special Consideration Policy.

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:** Four short exercises will be assessed during the term. The short exercises relate respectively to material in Topics 1, 2, 3 and 6.

**Grading Method:** Graded by Lecturer against marking rubric to be provided with the task description in iLearn. Please also refer to the section "Standards Required to Complete the Unit Satisfactorily."

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

**Extension Requests:** You are expected to submit the assessment prior to the deadline. No extensions will be granted. Students who have not submitted the task prior to the due date will be awarded a mark of zero for the task, except for cases in which an application for Special Consideration is made and approved. If you have serious and unavoidable circumstances that prevent you from submitting an assessment task by the due date, you must apply for Special Consideration no later than five (5) working days after the assessment due date. Refer to MAFC Program Rules & Procedures at [www.mafc.mq.edu.au](http://www.mafc.mq.edu.au) for information on the University's Special Consideration Policy.

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

**Grading Method:** Graded by Lecturer against marking rubric to be provided with the task description in iLearn. Please also refer to the section "Standards Required to Complete the Unit Satisfactorily."

**Submission Method:** Via iLearn.

**Extension Requests:** You are expected to submit the assessment prior to the deadline. No extensions will be granted. Students who have not submitted the task prior to the due date will be awarded a mark of zero for the task, except for cases in which an application for Special Consideration is made and approved. If you have serious and unavoidable circumstances that prevent you from submitting an assessment task by the due date, you must apply for Special Consideration no later than five (5) working days after the assessment due date. Refer to MAFC Program Rules & Procedures at [www.mafc.mq.edu.au](http://www.mafc.mq.edu.au) for information on the University's Special Consideration Policy.

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:** Graded by Lecturer applying the “Standards Required to Complete the Unit Satisfactorily.”

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

**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:** You are expected to make yourself available for assessment during the relevant exam window. No extensions will be granted. Students who have not sat the final examination prior to the due date will be awarded a mark of zero for the task, except for cases in which an application for Special Consideration is made and approved. Refer to MAFC Program Rules & Procedures at [www.mafc.mq.edu.au](http://www.mafc.mq.edu.au) for information on the University's Special Consideration Policy.

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 B. Kramer and C. Johnson 2009 McGraw-Hill Education.

This textbook is available to buy from the publisher, McGraw-Hill Education, as either a print book or an e-book. Please note that the publisher's prices may be quoted in US dollars and the book may ship from overseas. If you intend to use the print book, please allow sufficient time for

delivery. The print book is also available from The Coop, Dymocks and other sellers. The following links can be used to purchase the textbook:

- <https://www.coop.com.au/financial-statements-demystified/9780071543873>
- <http://www.mhprofessional.com/product.php?isbn=0071543880>
- <https://www.dymocks.com.au/book/financial-statements-by-bonita-kramer-9780071543873>

### Additional Readings:

- Additional readings are included in iLearn
- Students should assume these readings are examinable unless otherwise advised.

### Assumed Knowledge: Mathematical content

- This unit requires students to perform arithmetic (add, subtract, multiply, divide), to work with exponents (raise to the power of), and to perform algebraic manipulation of simple equations. For example, given the arithmetical answer to a calculation, it is expected that you can solve for one of the inputs.
  - *If  $534 = 221 + X - 440$ , what is  $X$ ?*
- Additionally, this unit requires students to solve mathematical problems using spreadsheet software by coding formulas into cells in the spreadsheet.
- Students should be familiar with financial mathematics such as simple interest and the time value of money.
  - *If \$200 is borrowed for 12 months at an interest rate of 6% pa to be paid monthly in arrears, how much interest is paid each month?*
  - *What is the effective annual interest rate?*

## **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**.
- Here 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 familiarise 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 of spreadsheet.

## Unit Schedule

The following schedule is a guide to the timing of each topic.

Week	Topic	Latest date to start working on this topic
0	Orientation and Topic 1: Introduction to financial statement analysis	26 March
1	Topic 1: Introduction to financial statement analysis	2 April
2	Topic 2: Introduction to financial modelling	9 April
3	Topic 3: Preparing financial statements	16 April
4	Topic 4: A closer look at the balance sheet	23 April
5	Topic 5: Analysis of financial statements	30 April
6	Topic 6: Preparing a financial model Part 1	7 May
7	Topic 7: Preparing a financial model Part 2	14 May
8	Topic 8: Further steps in financial modelling	21 May
9	Topic 9: Analysis of financial statements (capstone)	28 May
10	Exam preparation	4 June

## 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 \(https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#) (**Note:** *The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.*)

Undergraduate students seeking more policy resources can visit the [Student Policy Gateway \(https://students.mq.edu.au/support/study/student-policy-gateway\)](https://students.mq.edu.au/support/study/student-policy-gateway). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central \(https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/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/study/getting-started/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.maf>

[c.mq.edu.au](http://c.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 enquiries, 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://www.mq.edu.au/about\\_us/offices\\_and\\_units/information\\_technology/help/](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

### 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

## Changes from Previous Offering

The Delivery and Resources section was updated in August 2017.

## 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 numerical Mark which is a summation of the individual assessment components
- 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
  - Grades for all individual assessment items will be released to students, but Marks may not necessarily be released.

**Specific Unit Grading:**

- All final Marks and Grades in the Applied Finance Centre are determined by a grading committee and are not the sole responsibility of the unit convenor(s).
- 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.
- In order to achieve the highest Marks and Grades, students must meet the required expectation at the highest level.
- 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.

Grade	Expectation
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>.