



# AFCP813

## Financial Statement Analysis and Modelling

AFC Term 4 Online 2019

*Department of Applied Finance*

### Contents

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|   |    |
|---|----|
| <a href="#"><u>General Information</u></a>              | 2  |
| <a href="#"><u>Learning Outcomes</u></a>                | 3  |
| <a href="#"><u>Assessment Tasks</u></a>                 | 3  |
| <a href="#"><u>Delivery and Resources</u></a>           | 7  |
| <a href="#"><u>Unit Schedule</u></a>                    | 8  |
| <a href="#"><u>Learning and Teaching Activities</u></a> | 9  |
| <a href="#"><u>Policies and Procedures</u></a>          | 9  |
| <a href="#"><u>Graduate Capabilities</u></a>            | 11 |
| <a href="#"><u>Important Notice</u></a>                 | 12 |

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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:

Prepare and explain the interrelationships 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 and demonstrate proficiency in using spreadsheet based integrated financial models 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       |
|--------------------------|-----------|--------|-----------|
| <u>Quizzes</u>           | 20%       | No     | In iLearn |
| <u>Short Exercises</u>   | 20%       | No     | In iLearn |
| <u>Assignment</u>        | 30%       | No     | In iLearn |
| <u>Final Examination</u> | 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.

**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.
- Students who do not submit this task by the due date and time receive a result of zero. This penalty does not apply when an application for Special Consideration has been

made and approved.

- Students who do not attempt the quiz receive a mark of zero. This penalty does not apply in cases where an application for Special Consideration has been made and approved.
- Note: Applications for Special Consideration must be made within 5 (five) business days of the due date and time.
- Refer to MAFC Program Rules at <https://mafcstudents.mq.edu.au/> for information on the University's [Special Consideration Policy](#).

On successful completion you will be able to:

- Prepare and explain the interrelationships 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.

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

### 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 incurs a 20% penalty). This penalty does not apply for cases in which an application for Special Consideration is made and approved.
- Late submissions will be accepted up to 96 hours after the due date and time.
- Note: Applications for Special Consideration must be made within 5 (five) business days of the due date and time.
- Refer to MAFC Program Rules at <https://mafcstudents.mq.edu.au/> for information on the University's [Special Consideration Policy](#).

On successful completion you will be able to:

- Prepare and explain the interrelationships 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 and demonstrate proficiency in using spreadsheet based integrated financial models 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.

**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 incurs a 20% penalty). This penalty does not apply for cases in which an application for Special Consideration is made and approved.
- Late submissions will be accepted up to 96 hours after the due date and time.
- Note: Applications for Special Consideration must be made within 5 (five) business days of the due date and time.
- Refer to MAFC Program Rules at <https://mafstudents.mq.edu.au/> for information on the University's [Special Consideration Policy](#).

On successful completion you will be able to:

- Prepare and explain the interrelationships 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 and demonstrate proficiency in using spreadsheet based integrated financial models 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.

**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 at <https://mafcstudents.mq.edu.au/>.

### Extension Requests:

- You are expected to present yourself for examination at the time and place designated in the relevant MAFC Timetable at <https://www.mq.edu.au/about/about-the-university/faculties-and-departments/business/study-with-us/macquarie-applied-finance-centre/timetables>.
- Deferral of an examination is not permitted unless an application for Special Consideration is made and approved.
- Students who do not attend receive a mark of zero. This penalty does not apply in cases where an application for Special Consideration has been made and approved.
- Note: Applications for Special Consideration must be made within 5 (five) business days of the due date and time.
- Refer to MAFC Program Rules at <https://mafcstudents.mq.edu.au/> for information on the University's [Special Consideration Policy](#) or non-attendance at an examination.

On successful completion you will be able to:

- Prepare and explain the interrelationships 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 Co-op, 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>

73

#### 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 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:**

- 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 | 9 September                                |
| 1    | Topic 1: Introduction to financial statement analysis                 | 16 September                               |
| 2    | Topic 2: Introduction to financial modelling                          | 23 September                               |
| 3    | Topic 3: Preparing financial statements                               | 30 September                               |
| 4    | Topic 4: A closer look at the balance sheet                           | 7 October                                  |
| 5    | Topic 5: Analysis of financial statements                             | 14 October                                 |
| 6    | Topic 6: Preparing a financial model Part 1                           | 21 October                                 |
| 7    | Topic 7: Preparing a financial model Part 2                           | 28 October                                 |
| 8    | Topic 8: Further steps in financial modelling                         | 4 November                                 |
| 9    | Topic 9: Analysis of financial statements (capstone)                  | 11 November                                |



## 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 published on platform other than [eStudent](#), (eg. iLearn, Coursera etc.) 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) or if you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@mq.edu.au)

Students should also consult the MAFC Program Rules at <https://mafcstudents.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.

## Student Enquiries

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

If you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@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

- Prepare and explain the interrelationships 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 and demonstrate proficiency in using spreadsheet based integrated financial models 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 and demonstrate proficiency in using spreadsheet based integrated financial models to solve a range of finance based problems.

### Assessment tasks

- Quizzes
- Short Exercises
- Assignment
- Final Examination

## Important Notice

This Unit Guide may be subject to change. Students will be advised, via an "Announcement" on iLearn, if the Unit Guide is changed.

The latest version is available at <https://unitguides.mq.edu.au/>.

Students should read the Unit Guide carefully at the start of term. It contains important information about the unit. If anything is unclear, please consult one of the unit lecturers.