



# AFCX6019

## Financial Statement Analysis and Modelling

AFC term 4, Fully online/virtual 2020

*Department of Applied Finance*

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#### **Disclaimer**

Macquarie University has taken all reasonable measures to ensure the information in this publication is accurate and up-to-date. However, the information may change or become out-dated as a result of change in University policies, procedures or rules. The University reserves the right to make changes to any information in this publication without notice. Users of this publication are advised to check the website version of this publication [or the relevant faculty or department] before acting on any information in this publication.

#### **Notice**

As part of [Phase 3 of our return to campus plan](#), most units will now run tutorials, seminars and other small group learning activities on campus for the second half-year, while keeping an online version available for those students unable to return or those who choose to continue their studies online.

To check the availability of face-to-face and online activities for your unit, please go to [timetable viewer](#). To check detailed information on unit assessments visit your unit's iLearn space or consult your unit convenor.

## General Information

Unit convenor and teaching staff

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Credit points

10

Prerequisites

Admission to GradCertFin (OUA)

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 <https://www.mq.edu.au/study/calendar-of-dates>

## Learning Outcomes

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

**ULO1:** Prepare and explain the interrelationships between the three major financial

statements.

**ULO2:** Critically assess a company's historical financial performance using financial ratios and other analysis tools.

**ULO3:** Apply financial analysis skills to develop financial projections for a project or business.

**ULO4:** Construct and demonstrate proficiency in using spreadsheet based integrated financial models to solve a range of finance based problems.

## **General Assessment Information**

### **Information - Extensions / Penalties**

#### **Online Quizzes x 2 - Worth 10% each (Total 20%)**

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.

Further information on submitting an Application for Special Consideration can be found at <http://students.mq.edu.au/study/my-study-program/special-consideration>.

#### **Short Exercises x 4 - Worth 5% each (Total 20%)**

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.

Further information on submitting an Application for Special Consideration can be found at <http://students.mq.edu.au/study/my-study-program/special-consideration>.

#### **Assignment (30%)**

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.

Further information on submitting an Application for Special Consideration can be found at <http://students.mq.edu.au/study/my-study-program/special-consideration>.

## Final Exam (30%)

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.

Further information on submitting an Application for Special Consideration can be found at <http://students.mq.edu.au/study/my-study-program/special-consideration>.

## Assessment Tasks

Name	Weighting	Hurdle	Due
<a href="#">Assignment</a>	30%	No	In iLearn
<a href="#">Online Quizzes</a>	20%	No	In iLearn
<a href="#">Short Exercises</a>	20%	No	In iLearn
<a href="#">Final Exam</a>	30%	No	In iLearn

### Assignment

Assessment Type <sup>1</sup>: Case study/analysis

Indicative Time on Task <sup>2</sup>: 20 hours

Due: **In iLearn**

Weighting: **30%**

Analysis of an individual case study topic and presentation of conclusions : 2,500 words

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.

### Online Quizzes

Assessment Type <sup>1</sup>: Quiz/Test

Indicative Time on Task <sup>2</sup>: 10 hours

Due: **In iLearn**

Weighting: **20%**

Two online quizzes will be conducted during the session.

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

Assessment Type <sup>1</sup>: Case study/analysis

Indicative Time on Task <sup>2</sup>: 20 hours

Due: **In iLearn**

Weighting: **20%**

Four short exercises, each assessing a different topic.

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.

## Final Exam

Assessment Type <sup>1</sup>: Examination

Indicative Time on Task <sup>2</sup>: 20 hours

Due: **In iLearn**

Weighting: **30%**

3-hour online exam on all topics covered during the session.

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.

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<sup>1</sup> If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- the [Writing Centre](#) for academic skills support.

<sup>2</sup> Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation

## 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>

#### **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 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	7 September
1	Topic 1: Introduction to financial statement analysis	14 September
2	Topic 2: Introduction to financial modelling	21 September
3	Topic 3: Preparing financial statements	28 September

4	Topic 4: A closer look at the balance sheet	5 October
5	Topic 5: Analysis of financial statements	12 October
6	Topic 6: Preparing a financial model Part 1	19 October
7	Topic 7: Preparing a financial model Part 2	26 October
8	Topic 8: Further steps in financial modelling	2 November
9	Topic 9: Analysis of financial statements (capstone)	9 November
10	Exam preparation	16 November

## 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.*)

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](#) or if you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@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 help you improve your marks and take control of your study.

- [Getting help with your assignment](#)
- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module](#)

The Library provides online and face to face support to help you find and use relevant information resources.

- [Subject and Research Guides](#)
- [Ask a Librarian](#)

## 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](#)

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.