



# AFCX6019

## Financial Statement Analysis and Modelling

Term 2, Online-flexible 2024

*Department of Applied Finance*

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#### **Disclaimer**

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## General Information

Unit convenor and teaching staff

Lydia Liu

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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

### Late Assessment Submission Penalty (written assessments)

Unless a Special Consideration request has been submitted and approved, a 5% penalty (of the total possible mark) will be applied each day a written assessment is not submitted, up until the 7th day (including weekends). After the 7th day, a grade of '0' will be awarded even if the assessment is submitted. Submission time for all written assessments is set at 11.55pm. A 1-hour grace period is provided to students who experience a technical concern.

For any late submissions of time-sensitive tasks, such as scheduled tests/exams, performance assessments/presentations, and/or scheduled practical assessments/labs, students need to submit an application for [Special Consideration](#).

## Assessment Tasks

Name	Weighting	Hurdle	Due
<a href="#">Short Exercises</a>	20%	No	Week 2, 3, 4 and 7
<a href="#">Online Quizzes</a>	20%	No	Week 5 and 10
<a href="#">Assignment</a>	30%	No	Week 9
<a href="#">Final Exam</a>	30%	No	Week commencing 10 June

### Short Exercises

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

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

Due: **Week 2, 3, 4 and 7**

Weighting: **20%**

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

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: **Week 5 and 10**

Weighting: **20%**

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.

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.

## Assignment

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

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

Due: **Week 9**

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.

## Final Exam

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

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

Due: **Week commencing 10 June**

Weighting: **30%**

Online, open book 2 hour exam on all topics.

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 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 Booktopia, Dymocks and other sellers. The following links can be used to purchase the textbook:

<https://www.booktopia.com.au>

<https://www.dymocks.com.au/book/financial-statements-demystified-a-self-teaching-guide-by-bo-nita-kramer-and-christie-johnson-9780071543880>

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

**Assumed Knowledge** 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?

**Unit Web Page** The web page for this unit can be found at: <https://ilearn.mq.edu.au/login/>

**Technology Used and Required** 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.

**Delivery Format and Other Details** The timetable for classes can be found on the University website at: <http://www.timetables.mq.edu.au/>

## 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	1 April
1	Topic 1: Introduction to financial statement analysis	8 April
2	Topic 2: Introduction to financial modelling	15 April
3	Topic 3: Preparing financial statements	22 April

4	Topic 4: A closer look at the balance sheet	29 April
5	Topic 5: Analysis of financial statements	6 May
6	Topic 6: Preparing a financial model Part 1	13 May
7	Topic 7: Preparing a financial model Part 2	20 May
8	Topic 8: Further steps in financial modelling	27 May
9	Topic 9: Analysis of financial statements (capstone)	3 June
10	Exam preparation	10 June

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au). 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](#)
- [Assessment Procedure](#)
- [Complaints Resolution Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#)

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

To find other policies relating to Teaching and Learning, visit [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au) and use the [search tool](#).

## Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/admin/other-resources/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](https://ask.mq.edu.au) or if you are a Global MBA

student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@mq.edu.au)

## Academic Integrity

At Macquarie, we believe [academic integrity](#) – honesty, respect, trust, responsibility, fairness and courage – is at the core of learning, teaching and research. We recognise that meeting the expectations required to complete your assessments can be challenging. So, we offer you a range of resources and services to help you reach your potential, including free [online writing and maths support](#), [academic skills development](#) and [wellbeing consultations](#).

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

## The Writing Centre

[The Writing Centre](#) provides resources to develop your English language proficiency, academic writing, and communication skills.

- [Workshops](#)
- [Chat with a WriteWISE peer writing leader](#)
- [Access StudyWISE](#)
- [Upload an assignment to Studiosity](#)
- [Complete the 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

Macquarie University offers a range of [Student Support Services](#) including:

- [IT Support](#)
- [Accessibility and disability support](#) with study
- Mental health [support](#)
- [Safety support](#) to respond to bullying, harassment, sexual harassment and sexual assault
- [Social support including information about finances, tenancy and legal issues](#)
- [Student Advocacy](#) provides independent advice on MQ policies, procedures, and processes



## Student Enquiries

Got a question? Ask us via [AskMQ](#), or contact [Service Connect](#).

## 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.

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Unit information based on version 2024.04 of the [Handbook](#)