



ACST852

Finance and Financial Reporting

S2 Evening 2013

Applied Finance and Actuarial Studies

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General Information

Unit convenor and teaching staff

Unit Convenor

Sachi Purcal

sachi.purcal@mq.edu.au

Contact via sachi.purcal@mq.edu.au

E4A 615

Mondays 1500–1600 and Thursdays 1500–1600 (in E4A 615) during the thirteen teaching weeks.

Credit points

4

Prerequisites

4cp in ACCG or ACST or BUS or ECON or MKTG units at 600 level

Corequisites

Co-badged status

Unit description

This unit provides a basic understanding of corporate finance, including a knowledge of the instruments used by companies to raise finance and manage financial risk, and an ability to interpret accounts and financial statements of companies and financial institutions. 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:

Describe the structure of a joint stock company and the different methods by which it may be financed.

Demonstrate a knowledge and understanding of the characteristics of the principal forms of financial instruments issued or used by companies and the ways in which they may be issued.

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

and dividend policy.

Define what is meant by a company's cost of capital and discuss how its cost of capital interacts with the nature of the investment projects it undertakes.

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

Show how financial techniques can be used in the assessment of capital investment projects.

Assessment Tasks

Name	Weighting	Due
<u>Class Test</u>	10%	Week 8
<u>Assignment</u>	20%	TBA
<u>Final Examination</u>	70%	Examination period

Class Test

Due: **Week 8**

Weighting: **10%**

Submission

A class test covering the material taught in the first seven weeks of the course will be held in the first hour of the lecture in Week 08. The test will be of 50 minutes duration, and will commence punctually at 1805.

Extensions

No extensions will be granted. Students who do not sit the class test will be awarded a mark of zero for the task, except for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- Describe the structure of a joint stock company and the different methods by which it may be financed.
- Demonstrate a knowledge and understanding of the characteristics of the principal forms of financial instruments issued or used by companies and the ways in which they may be issued.
- Interpret the accounts of a company or a group of companies and discuss the limitations of such an interpretation.

Assignment

Due: **TBA**

Weighting: **20%**

Submission

You will be assigned to a group to work on your Group Assignment. This task must be submitted electronically via iLearn.

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.

On successful completion you will be able to:

- Describe the structure of a joint stock company and the different methods by which it may be financed.
- Demonstrate a knowledge and understanding of the characteristics of the principal forms of financial instruments issued or used by companies and the ways in which they may be issued.
- Interpret the accounts of a company or a group of companies and discuss the limitations of such an interpretation.

Final Examination

Due: **Examination period**

Weighting: **70%**

Examination conditions

To pass this unit, a satisfactory performance is required in the final examination.

A three hour final examination for this unit will be held during the University Examination period.

You may bring *one* A4-size sheet of paper containing anything you like to the final exam. You may write on both sides of the sheet.

You may use a calculator at the final exam provided it is portable, silent and battery operated. You must, however, 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 final exam and the make/model may be recorded.

What is required to complete the unit satisfactorily

You must perform at a satisfactory level in the final examination.

On successful completion you will be able to:

- Describe the structure of a joint stock company and the different methods by which it may be financed.
- Demonstrate a knowledge and understanding of the characteristics of the principal forms of financial instruments issued or used by companies and the ways in which they may be issued.
- Discuss the factors to be considered by a company when deciding on its capital structure and dividend policy.
- Define what is meant by a company's cost of capital and discuss how its cost of capital interacts with the nature of the investment projects it undertakes.
- Interpret the accounts of a company or a group of companies and discuss the limitations of such an interpretation.
- Show how financial techniques can be used in the assessment of capital investment projects.

Delivery and Resources

Classes

Classes start in week one of the semester.

The timetable for classes can be found on the University web site at: <http://www.timetables.mq.edu.au/>

Required and Recommended Texts and/or Materials

Text

The ActEd CT2 notes (2013 edition) are the text for this unit. The notes can be purchased through ASSOC. They are not available from the Co-op bookshop. The notes are *not* available in the library.

More details on how the CT2 notes can be picked up will be available at the first lecture on 31 July, or the course website. Alternatively, you may purchase your own copy from ActEd (at a higher price) *immediately*. To contact ActEd, see their website: <http://www.acted.com.au>

Lecture notes are available each week from the unit website.

Unit Web Page

Unit material is available on the learning management system (iLearn).

The web page for this unit can be found at: <http://ilearn.mq.edu.au>

Technology Used and Required

You will be required to use iLearn, word processing software (like Word), spreadsheet software (like Excel) and be able to create and read pdf files.

Teaching and Learning Strategy

Before each class you are expected to have read the ActEd notes and to have attempted the self-assessment questions in the notes. The Study Guide at the start of the CT2 notes describes the scope of the course and provides a detailed syllabus.

Changes since the last offering

1. Lectures notes have been updated to take into account changes in the CT2 for 2013.

Unit Schedule

1	Theory of finance, business structure, short & medium term finance.
2	Tax. Long term finance. Use of derivatives.
3	Issue of shares. Accounting concepts and regulation.
4	Depreciation. Income statement.
5	Balance sheet.
6	Cash flow statements. Statement of changes in equity.
7	Group accounts. Insurance company accounts.
	Semester break
8	Ratios: security of loan capital.
9	Ratios: shareholder analysis.
10	Limitations of accounts. Risk.
11	Weighted average cost of capital. Capital structure and dividend policy.
12	Evaluation of capital projects.
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://www.mq.edu.au/policy/docs/academic_honesty/policy.html

Assessment Policy <http://www.mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy <http://www.mq.edu.au/policy/docs/grading/policy.html>

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

Grievance Management Policy http://mq.edu.au/policy/docs/grievance_management/policy.html

Special Consideration Policy http://www.mq.edu.au/policy/docs/special_consideration/policy.html

In addition, a number of other policies can be found in the [Learning and Teaching Category](#) of Policy Central.

The semester 2 supplementary exam period is 10–13 December 2013. Students are reminded that to be eligible for a supplementary exam in this unit they must fulfill the university requirements.

Student Support

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at: <http://students.mq.edu.au/support/>

UniWISE provides:

- Online learning resources and academic skills workshops http://www.students.mq.edu.au/support/learning_skills/
- Personal assistance with your learning & study related questions.
- The Learning Help Desk is located in the Library foyer (level 2).
- Online and on-campus orientation events run by Mentors@Macquarie.

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

Details of these services can be accessed at <http://www.student.mq.edu.au/ses/>.

IT Help

If you wish to receive IT help, we would be glad to assist you at <http://informatics.mq.edu.au/help/>.

When using the university's IT, you must adhere to the [Acceptable Use Policy](#). The policy applies to all who connect to the MQ network including students and it outlines what can be done.

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

- Describe the structure of a joint stock company and the different methods by which it may be financed.
- Demonstrate a knowledge and understanding of the characteristics of the principal forms of financial instruments issued or used by companies and the ways in which they may be issued.
- Discuss the factors to be considered by a company when deciding on its capital structure and dividend policy.
- Define what is meant by a company's cost of capital and discuss how its cost of capital interacts with the nature of the investment projects it undertakes.
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- Show how financial techniques can be used in the assessment of capital investment projects.

Assessment tasks

- Class Test
- 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

- Describe the structure of a joint stock company and the different methods by which it may be financed.
- Demonstrate a knowledge and understanding of the characteristics of the principal forms of financial instruments issued or used by companies and the ways in which they may be issued.
- Discuss the factors to be considered by a company when deciding on its capital structure and dividend policy.

- Define what is meant by a company's cost of capital and discuss how its cost of capital interacts with the nature of the investment projects it undertakes.
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- Show how financial techniques can be used in the assessment of capital investment projects.

Assessment tasks

- Class Test
- 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

- Describe the structure of a joint stock company and the different methods by which it may be financed.
- Demonstrate a knowledge and understanding of the characteristics of the principal forms of financial instruments issued or used by companies and the ways in which they may be issued.
- Interpret the accounts of a company or a group of companies and discuss the limitations of such an interpretation.

Assessment task

- Assignment

Research and Practice

- This unit uses research by Macquarie University researchers and external sources (references will be given in the unit notes).
- This unit uses research from external sources (references will be given in the unit notes).
- This unit gives you practice in applying research findings in your assignment.
- This unit gives you opportunities to conduct your own research.