



**MACQUARIE UNIVERSITY
DIVISION OF ECONOMIC AND FINANCIAL STUDIES
UNIT OUTLINE**

**ACST852 Finance and Financial Reporting
SECOND SEMESTER 2008**

Unit convenor: Andrew Geue
Prerequisites: None

Students in this unit should read this unit outline carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult the unit convenor.

ABOUT THIS UNIT

The aim of the Finance and Financial Reporting course is to provide a basic understanding of corporate finance including a knowledge of the instruments used by companies to raise finance and manage financial risk and to provide the ability to interpret the accounts and financial statements of companies and financial institutions.

The Study Guide at the start of the CT2 notes describes the scope of the course and provides a detailed syllabus.

TEACHING STAFF

Andrew Geue is the unit convenor and will be taking all of the lectures and tutorials.

Garreth Sweeney is the teaching administrator for this unit. Administrative questions *that are not covered in this unit outline* should be directed to him via the Private Mail facility of the website. If the questions are of interest to everyone in the unit, the question and the reply will be posted to the Discussion Board, so you should specifically request if you want your message to remain private.

Questions about unit content should be sent to the Discussion Board of the website or raised during lecture breaks.

CLASSES

Classes (which start in week one of the semester) are held:

Wednesday 6 pm – 9 pm C5C 236

CLASS ETIQUETTE

Mobile phones should be switched off during all lectures and tutorials, not just set to silent mode. If there is an important reason for you to keep your phone on you should request to be allowed to do so before the start of the class.

The lecture session commences at 5 minutes past the hour and you are expected to be punctual.

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

Text

The ActEd CT2 notes (2008 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 1st lecture on 6 August, or the course website.

Copies of the reading for the first week will be provided in class. This will allow you to make an early start ahead of being able to purchase your own copy through ASSOC.

Study Guide

The Study Guide for each class will be available from the web site about 10 days before each class. This sets out what you should try to achieve in your reading of the ActEd chapters before the class.

Before each class you are expected to have read the ActEd notes and to have attempted the self assessment questions (SAQs) in the notes.

Materials for each class

The handout of questions that will form the basis of the class will be available from the web site about five days before each class. It is not required or essential, but you may find it helps your learning if you look at a few of these questions after you have read the ActEd notes.

Solutions to questions

After each class you should review the questions we studied in the class, and try the questions that were not used in the class.

Solutions to the questions used in a class will be available from the web site on the Monday following the class.

UNIT WEB PAGE

To access the website, go to <http://learn.mq.edu.au> and login using your usual login and password. You will then have access to the websites for all the units in which you are enrolled. If you have any trouble logging in (e.g. you have forgotten your password), please contact the Library Information Customer Service Desk.

Before logging in to the ACST852 site, you should follow the link labelled “Technical Information” and read all the information there, including the Information Technology Security Policy and Rules and the Information Technology Usage Rules. This technical information also mentions a number of “plugins” that may be required. Of those listed, in this unit you will only need Acrobat Reader.

Remember to close your browser when you have finished using the site. If you don't, another person can use the still running browser to access the website with your account.

If your home computer does not have internet access, you can access this web site from computers in the library.

The web site will be used as an integral part of this unit. Some materials will be released as the course progresses, so do not expect to find everything on the web site from day 1.

It is your responsibility to check the website regularly to make sure that you are up-to-date with announcements and with messages sent to your Private Mail address.

LEARNING OUTCOMES

The learning outcomes of this unit are summarised at the start of each section of work. You should revise these after each week to ensure your understanding of the learning objectives.

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop students' generic skills in a range of areas. One of the aims of this unit is that students develop their skills in the following: *Critical analysis skills; Problem-solving skills; Creative thinking skills.*

TEACHING AND LEARNING STRATEGY

The unit material is covered in the three hours of classes each week.

You are expected to read the assigned course material before the class meeting and to attempt the Self Assessment Questions (SAQs) included in the reading.

The class meetings will include:

Short lectures on key topics from the course material. These lectures will not repeat the course material directly but will try to get you thinking about the material and to show how topics are related.

Time to attempt exercises and questions both individually and in small groups. The exercises are designed to get you thinking about what you have read and heard. Questions will help you develop your skills for the examination. The skills needed to answer questions in finance and accounting are very different from those needed to answer questions in more technical courses, *eg* financial mathematics, life contingencies. Of course, the questions will also help you to learn more about the topics from the course.

In addition to the classes, you should use the Discussion Board to ask questions or discuss concepts covered in the unit.

Week Number	Week Beginning	Topics Covered	ActEd Chapter(s)	Test
1	04 August	Theory of finance, Business structures, short & medium term finance	1,2	
2	11 August	Tax, Long term finance, Use of derivatives	3,4,5	
3	18 August	Issue of shares, Accounting concepts and regulation	6,7	
4	25 August	Depreciation, Income statement	8,9,10	Test 1 (weeks 1-3)
5	01 September	Balance sheet	8,9,10	
6	08 September	Cashflow statement, Statement of changes in equity	8	
7	15 September	Group accounts, Insurance company accounts	11	Test 2 (weeks 4-6)
STUDY BREAK	22 September 29 September			
8	06 October	Ratios: Security of loan capital	12	
9	13 October	Ratios: Shareholder analysis	13	
10	20 October	Limitations of accounts, Risk	14,15	Test 3 (weeks 7-9)
11	27 October	Weighted average cost of capital, Capital structure & dividend policy	15,16	
12	03 November	Evaluation of capital projects	17,18	
13	10 November		Spare & revision	Test 4 (weeks 10-12)

This is only a preliminary outline, and may be adapted as the semester proceeds. Any alterations will be advised in lectures and via the website.

RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

This unit is assessed using four class tests and a final examination.

The tests are designed to encourage you to revise the material regularly and build up your store of knowledge as the course progresses. For many topics a good working knowledge of earlier topics will help your learning.

The exam will cover the whole course. It will assess your knowledge, but also your ability to synthesise that knowledge to tackle problems in finance and accounting.

Tests

Each test is worth 5% of the final assessment for the unit. A mock test will be available on the website about a week before each of the class tests. Each test will last 45 minutes and contain short questions to assess your knowledge of the material. More detailed questions requiring you to synthesise your knowledge will not be in the tests, but are reserved for the examination.

- Test 1 will be held Wednesday 27 August at 6 pm. It will cover Chapters 1 to 7 inclusive.
- Test 2 will be held Wednesday 17 September at 6 pm. It will cover Chapters 8 to 10 inclusive.
- Test 3 will be held Wednesday 22 October at 6 pm. It will cover Chapters 11 to 13 inclusive.

- Test 4 will be held Wednesday 12 November at 6 pm. It will cover Chapters 14 to 18 inclusive.

You are permitted to bring to the class tests ONE A4 sheet of paper containing reference material printed on both sides. The sheet may be handwritten, typed or photo-reduced.

You should contact the unit coordinator immediately (eg. prior to the test) if unexpected ill-health or other disruption affects your preparation for or performance in a class test. Applications for special consideration due to documented illness or unavoidable disruption must then be made on the “Advice of Absence or other Circumstances” form, available at <http://www.reg.mq.edu.au/academic-index.htm>, and submitted to the Student Enquiry Service on Level 1 of the Lincoln Building. In the case of illness, this form must be accompanied by the Professional Authority Form.

Exam

The final examination is worth 80% of the final assessment for the unit.

You are permitted to bring to the final examination ONE A4 sheet of paper containing reference material printed on both sides. The sheet may be handwritten, typed or photo-reduced.

The University Examination period in Second Half Year 2008 is from 19 November to 5 December. You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations from <http://www.timetables.mq.edu.au/exam>.

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. Information about unavoidable disruption and special consideration is available from the 2008 Handbook. Forms to apply for special consideration are available at <http://www.reg.mq.edu.au/academic-index.htm>. Applications based on medical grounds (whether for the class tests or final examination) **must** be accompanied by the Professional Authority Form. Applications omitting this form (such as those which only supply a doctor’s certificate) will be ignored.

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the end of the official examination period. You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, that is, the final day of the official examination period.

Test and Examination Rules

Normal examination rules apply to the conduct of tests and the final examination. These rules are set out under the heading “Conduct of Examinations” in the Student Information – Assessment section of the current Macquarie University Handbook of Undergraduate Studies. Students are responsible for familiarising themselves with these rules prior to the class tests and the final examination.

You should ensure that your handwriting in the class tests and in the final examination is legible. Sections of work that are not legible will not be marked.

Academic Senate has resolved that no mobile phones should be brought into examination rooms. Mobile phones must be switched off and sealed in closed bags during class tests.

Calculators will be allowed in the class tests and the final examination but a clear indication of the steps involved in every calculation must be shown. Any machines that have a text-retrieval capacity, whether or not they have a full alphabet on the keyboard, are not allowed. Calculators may be checked at the commencement of class tests and final exam, and the make/model may be recorded.

Dictionaries will not be permitted in the class tests or the final examination.

PLAGIARISM

The University defines plagiarism in its rules: “Plagiarism involves using the work of another person and presenting it as one’s own.” Plagiarism is a serious breach of the University’s rules and carries significant penalties. You must read the University’s practices and procedures on plagiarism. These can be found in the *Handbook of Undergraduate Studies* or on the web at: <http://www.student.mq.edu.au/plagiarism/>. The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

UNIVERSITY POLICY ON GRADING

Macquarie University uses the grades HD, D, Cr, P, PC and F for grading the achievements of students in units of study. The meaning of each symbol is explained in section 10 of the Bachelor Degree Rules in the current Macquarie University Handbook of Undergraduate Studies.

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG).

The numerical marks resulting from assessment of your work in this unit will be used as an initial indicator of the quality of your learning and understanding. The use of these numerical marks is, however, only a starting point in determining the appropriate grade. In particular, note that the SNG ranges mentioned in the Handbook of Undergraduate Studies are not the raw marks. To obtain a grade you must satisfy the qualitative definition of that grade. Once your grade has been determined, you are allocated an SNG indicating your approximate position amongst students assigned that grade.

ELECTRONIC COMMUNICATION AND YOUR STUDENT FILE

Every business keeps a record of its correspondence with its customers. The University is no exception and it maintains a file for every student. Staff are required to ensure that copies of all correspondence with you are added to your file. Historically, “correspondence” meant letters, but nowadays it also includes electronic communication such as email. Staff have some discretion here and might not file copies of trivial emails, but it is difficult to define precise boundaries here, so it is safer to assume that any email you send to a staff member will be added to your file.

Some people regard email as more ephemeral than a letter and thus tend to take less care with issues such as clarity of expression, grammar and spelling. Before sending an email to a staff member, a good question to ask yourself is: “If a member of staff is reviewing my student file prior to writing a reference for me, and they see a copy of this email, would that staff member gain a favourable impression of my level of communication skills?”

In this context, email includes communications you send to staff with the mail tool in the unit's web site. It does not normally include postings you make to the discussion area. However, in those very rare cases where a student makes an inappropriate posting to the discussion area, a copy of the posting would be added to that student's file.

STUDENT SUPPORT SERVICES

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

ERIC. The EFS Resource and Information Centre (ERIC) is located in room E4B106 and offers photocopying facilities, reading areas and reference material.

ACSTINFO. This ACSTINFO site is used to distribute information to all students majoring in actuarial studies. The information supplied may include administrative information and job advertisements. You will retain access to this site during the vacation following the end of this semester. It is to your advantage to ensure you read information on this web site regularly. You should not assume that information posted there will also be repeated in lectures. To access the site, go to: <http://learn.mq.edu.au/> and the site should appear among your list of units. When you first login, please read the section labelled “How to use this site”. This contains useful information that will help you determine when there is new information on the site that you should read.

INSTITUTE OF ACTUARIES OF AUSTRALIA

There are advantages to joining the Institute of Actuaries of Australia as a student. Please refer to <http://www.actuaries.asn.au/AboutTheInstitute/Membership> for information.