

MACQUARIE
UNIVERSITY



FACULTY OF
BUSINESS AND ECONOMICS

ACST 852
Finance and Financial Reporting

Semester 2, 2010

Department of Actuarial Studies

**MACQUARIE UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
UNIT OUTLINE**

Year and Semester:	Semester 2, 2010
Unit convenor:	Sachi Purcal
Prerequisites:	Nil
Credit points:	4

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 one of the teaching staff in the unit.

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

Sachi Purcal is the unit convenor and will be taking all of the classes.

Minh Phan 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.

CONSULTATION TIMES

You are encouraged to seek help at a time that is convenient to you from a staff member teaching on this unit during their regular consultation hours. In special circumstances, an appointment may be made outside regular consultation hours. Staff will not conduct any consultations by email. You may, however, phone staff during their consultation hours.

In order to gain access to staff located at levels 1, 2 and 3 of building E4A during their consultation hours please ring the staff member from the phones available in the lobby (phone numbers of relevant staff members will be provided on Blackboard and are available next to the phones).

Students experiencing significant difficulties with any topic in the unit must seek assistance immediately.

Consultation hours for the Unit Co-ordinator will be shown on the ACST852 Blackboard website.

CLASSES

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

Wednesday 6 p.m.– 9 p.m. W6B 336

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

Text

The ActEd CT2 notes (2010 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 4 August, 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>

Study Guide

The Study Guide for each class will be available from the web site about a week 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 early in the week 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 Student IT Service Desk (C5C 244).

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 website 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:

1. Critical, analytical and integrative thinking;
2. Problem solving and research capability

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	02 August	Theory of finance, Business structures, short & medium term finance	1,2	
2	09 August	Tax, Long term finance, Use of derivatives	3,4,5	
3	16 August	Issue of shares, Accounting concepts and regulation	6,7	
4	23 August	Depreciation, Income statement	8,9,10	Test 1 (weeks 1-3)
5	30 August	Balance sheet	8,9,10	
6	06 September	Cashflow statement, Statement of changes in equity	8	
7	13 September	Group accounts, Insurance company accounts	11	Test 2 (weeks 4-6)
STUDY BREAK	20 September 27 September			
8	04 October	Ratios: Security of loan capital	12	
9	11 October	Ratios: Shareholder analysis	13	
10	18 October	Limitations of accounts, Risk	14,15	Test 3 (weeks 7-9)
11	25 October	Weighted average cost of capital, Capital structure & dividend policy	15,16	
12	01 November	Evaluation of capital projects	17,18	
13	08 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.

Class 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 25 August at 6 p.m. It will cover Chapters 1 to 7 inclusive.
- Test 2 will be held Wednesday 15 September at 6 p.m. It will cover Chapters 8 to 10 inclusive.
- Test 3 will be held Wednesday 20 October at 6 p.m. It will cover Chapters 11 to 13 inclusive.
- Test 4 will be held Wednesday 10 November at 6 p.m. It will cover Chapters 14 to 18 inclusive.

Exam

The three hour 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 2010 is from 17 November to 3 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.

<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. The University's policy on special consideration process is available at http://www.mq.edu.au/policy/docs/special_consideration/policy.html

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period. (Individual Faculties may wish to signal when the Faculties' Supplementary Exams are normally scheduled.)

The Macquarie university examination policy details the principles and conduct of examinations at the University. The policy is available at: <http://www.mq.edu.au/policy/docs/examination/policy.htm>

ACADEMIC HONESTY

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at http://www.mq.edu.au/policy/docs/academic_honesty/policy.html

GRADES

Please refer to relevant Bachelor Degree rule in the Handbook of Undergraduate Studies.

GRADING APPEALS AND FINAL EXAMINATION SCRIPT VIEWING

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

http://www.businessandconomics.mq.edu.au/for/new_and_current_students/undergraduate/admin_central/grade_appeals.

SPECIAL CONSIDERATION

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy and procedure are available at:

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

http://www.mq.edu.au/policy/docs/special_consideration/procedure.html

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>.

BESS. Business and Economics Student Services (BESS) is located in room E4B106 and offers photocopying facilities, reading areas and reference material. Class tests will be returned to BESS. Information about facilities and services is at http://businessand economics.mq.edu.au/for/new_and_current_students/undergraduate/bess.

Consultation room. Consultation sessions with tutors will be held in the FBE Consultation Room E4B 104 at the times outlined previously under Consultation Times.

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, login at: <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 which will help you determine when there is new information on the site which you should read.

IT CONDITIONS OF USE

Access to all student computing facilities within the Faculty of Business and Economics is restricted to authorised coursework for approved units. Student ID cards must be displayed in the locations provided at all times.

Students are expected to act responsibly when utilising University IT facilities. The following regulations apply to the use of computing facilities and online services:

- Accessing inappropriate web sites or downloading inappropriate material is not permitted. Material that is not related to coursework for approved unit is deemed inappropriate.
- Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may result in criminal proceedings.

Non-compliance with these conditions may result in disciplinary action without further notice.

Students must use their Macquarie University email addresses to communicate with staff as it is University policy that the University issued email account is used for official University communication.

EXEMPTIONS

The unit ACST852 corresponds to the professional subject CT2. The exemption will be recommended if and only if an SNG of at least 65 is achieved.

INSTITUTE OF ACTUARIES OF AUSTRALIA

The Institute of Actuaries of Australia (IAAust) has recently launched a new free offer for students to become IAAust University Subscribers. Full time undergraduates studying at an Institute accredited university who are members of a university student actuarial society are eligible. To sign up, go to

<http://www.actuaries.asn.au/Membership/MembershipoftheInstitute/Subscriber.aspx>.

The University Subscriber offer is not a membership of the IAAust but a subscription to receive information on career opportunities, invitations to selected IAAust events and online publications. You might also consider joining the IAAust—there are advantages in doing so while a full-time student. For membership information, go to

<http://www.actuaries.asn.au/Membership/MembershipoftheInstitute.aspx>

RULES REGARDING TESTS AND EXAMINATIONS

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. For true/false questions, answers that are not clearly legible as either T or F will be assumed to be wrong and marked accordingly.

CLASS ETIQUETTE

Mobile phones should be switched off during all lectures and tutorials. If there is a reason for you to keep your phone on you should request to be allowed to do so before the start of the class. Lectures commence at 5 minutes past the hour and you

are expected to be punctual. You are expected to keep talking to a minimum during classes so as not to disrupt your fellow students (and the lecturer!).

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.