ACST852
Finance and Financial Reporting

Semester 2, 2009

Department of Actuarial Studies
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 classes.

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 (2009 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 5 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 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 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.

<table>
<thead>
<tr>
<th>Week Number</th>
<th>Week Beginning</th>
<th>Topics Covered</th>
<th>ActEd Chapter(s)</th>
<th>Test</th>
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<tr>
<td>1</td>
<td>03 August</td>
<td>Theory of finance, Business structures, short &amp; medium term finance</td>
<td>1,2</td>
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<td>2</td>
<td>10 August</td>
<td>Tax, Long term finance, Use of derivatives</td>
<td>3,4,5</td>
<td></td>
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<tr>
<td>3</td>
<td>17 August</td>
<td>Issue of shares, Accounting concepts and regulation</td>
<td>6,7</td>
<td></td>
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<tr>
<td>4</td>
<td>24 August</td>
<td>Depreciation, Income statement</td>
<td>8,9,10</td>
<td>Test 1</td>
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<td>5</td>
<td>31 August</td>
<td>Balance sheet</td>
<td>8,9,10</td>
<td>(weeks 1-3)</td>
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<tr>
<td>6</td>
<td>07 September</td>
<td>Cashflow statement, Statement of changes in equity</td>
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<td>7</td>
<td>14 September</td>
<td>Group accounts, Insurance company accounts</td>
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<td>Test 2</td>
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<td><strong>STUDY</strong></td>
<td><strong>BREAK</strong></td>
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<td>21 September</td>
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<td>9</td>
<td>28 September</td>
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<td>10</td>
<td>05 October</td>
<td>Ratios: Security of loan capital</td>
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<tr>
<td>11</td>
<td>12 October</td>
<td>Ratios: Shareholder analysis</td>
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<td>12</td>
<td>19 October</td>
<td>Limitations of accounts, Risk</td>
<td>14,15</td>
<td>Test 3</td>
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<td>13</td>
<td>26 October</td>
<td>Weighted average cost of capital, Capital structure &amp; dividend policy</td>
<td>15,16</td>
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<tr>
<td>14</td>
<td>02 November</td>
<td>Evaluation of capital projects</td>
<td>17,18</td>
<td>Test 4</td>
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<tr>
<td>15</td>
<td>09 November</td>
<td>Spare &amp; revision</td>
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<td>(weeks 10-12)</td>
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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 26 August at 6 pm. It will cover Chapters 1 to 7 inclusive.
- Test 2 will be held Wednesday 16 September at 6 pm. It will cover Chapters 8 to 10 inclusive.
- Test 3 will be held Wednesday 21 October at 6 pm. It will cover Chapters 11 to 13 inclusive.
- Test 4 will be held Wednesday 11 November at 6 pm. It will cover Chapters 14 to 18 inclusive.

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 2009 is from 18 November to 4 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.

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.

Rules Regarding Tests and Examinations

Normal examination rules apply to the conduct of class 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 test and 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. Short answer questions that are not clearly marked with a ring around the chosen answer will be assumed to be wrong and marked accordingly.

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

Academic Senate has resolved that mobile phones should not be used in classrooms or be brought into examination rooms. Communication devices, including but not restricted to mobile phones, text message receivers, pagers and wireless-equipped calculators, may not be brought into the class tests or exam. If a student is found to have brought such a device into the examination room, the argument that the device was turned off will NOT be regarded as an acceptable excuse.

**SPECIAL CONSIDERATION FOR CLASS TESTS AND EXAMS**

Rescheduling of class tests is not permitted. If illness or unavoidable disruption affects your ability to sit the test, you should contact the unit convenor immediately. Allowances will be made where a formal application for Special Consideration is approved.

The only exception to sitting an examination at the designated time is where an application for Special Consideration due to documented illness or unavoidable disruption is approved. By submitting a request for special consideration you are agreeing to be available to sit a Supplementary Examination if required. If a Supplementary Examination is granted as a result of the Special Consideration process then

- The examination will be scheduled after the conclusion of the official examination period.
- You do not have the right to request an alternative time, unless the scheduled time clashes with another Macquarie University supplementary exam that you are required to attend.
- Your performance in the Supplementary Examination replaces your performance in the original examination (if any). You do NOT have the right to subsequently request that your result be based on the original examination rather than the Supplementary Examination.
- If you fail to attend the Supplementary Examination you will be awarded the grade of “Fail – Absent”.

The form for applications for Special Consideration is available at [http://www.reg.mq.edu.au/Forms/APScons.pdf](http://www.reg.mq.edu.au/Forms/APScons.pdf). Applications for Special Consideration based on medical grounds 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.

**EXAM VIEWING AND GRADE APPEALS**

Second semester results are scheduled to be released at midnight at the start of Friday 18 December. Following the release of the results, some students ask to see their exam paper. The exam viewing day will be Tuesday 22 December. You will need to view the FBE web site at [http://businessandeconomics.mq.edu.au/](http://businessandeconomics.mq.edu.au/) immediately after the results are released to determine how to request to view your paper. There will be a very limited time to make this request.
**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.
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

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.

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. The Business and Economics Student Centre (BESS) is located in room E4B106 and offers photocopying facilities, reading areas and reference material. Information about facilities and services is at: http://businessandeconomics.mq.edu.au/for/new_and_current_students/undergraduate/bess.

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.