THE UNIVERSITY OF
NEW SOUTH WALES

Australian School of Business
School of Actuarial Studies

ACTL5108
FINANCE & FINANCIAL REPORTING FOR ACTUARIES

COURSE OUTLINE
SEMESTER 1, 2009

Dear Students

Welcome to ACTL5108, Finance and Financial Reporting for Actuaries. This course is one of four core courses in the Master of Actuarial Studies, along with subjects in Financial Mathematics, Probability and Statistics, and Economics. These four courses provide important skills required for the work of an actuary in practice.

In this course we will discuss the actuarial applications of corporate accounts, project evaluation, and capital financing techniques. I hope you find the course challenging and interesting.

This course outline has details of the course requirements, course aims and learning outcomes, content, teaching methods, assessment tasks, texts and readings, and expectations. Please read it carefully and thoroughly, as it will be assumed that you are familiar with the contents.

If you have any questions about the course at any time then please contact me.

I look forward to guiding your learning through the duration of the course.

Bernard Wong

TABLE OF CONTENTS

1. Course Staff

The Course Coordinator of this course is Dr Bernard Wong:

Staff	E-mail	Room	Telephone
Dr Bernard Wong	bernard.wong@unsw.edu.au	Quad 2076	9385 2827

He is responsible for course administration, teaching and final assessment of the course.

Other teaching Staff for this course are:

Staff	E-mail	Room	Telephone
Dr Benjamin Avanzi	b.avanzi@unsw.edu.au	Quad 2071	9385 9844

He will be responsible for the lectures on Analysis of Corporate Accounts and Capital Budgeting: Investment Criteria lectures of this course.

1.1 Communication with Staff

If students have questions about the material covered in lectures and other problems in assignments then consult the Course Coordinator. Bernard will normally be available for consultation on Mondays and Thursdays during teaching session from 5 p.m. to 6 p.m. in Quad 2076.

For administrative matters related to the course including enrolment, assessment, special consideration, and the course web site, students should consult the Course Coordinator or the School Administrator Bindya Subba.

Bindya Subba
Actuarial Studies Office (Room 2058, 2nd Floor Quadrangle Building)
Telephone: 9385 1886
Fax: 9385 1883
E-mail: b.subba@unsw.edu.au

2. Course Details

2.1 Teaching Times and Locations

This course will consist of 3 hours of lectures per week.

Lecture times and locations are as follows:

Thursday 6:00 p.m. – 9:00 p.m. ASB 232

Timetables and locations are correct at time of printing. A full timetable of lectures and topics is provided later in this Course study guide. Any alterations to the lecture times or locations will be advised in lectures and via the Course WebCT Vista site.

Students should consult the WebCT Vista site on a regular basis, since assignment questions and other Course materials will be placed there. The web address is: http://vista.elearning.unsw.edu.au

2.2 Units of Credit
Each course is 6 UOC.

2.3 Summary of Course, Aims & Relationship to other Courses
This course is one of four core courses in the Master of Actuarial Studies. This course is particularly related to the courses ACTL5102 Financial Mathematics and ACTL5109 Financial Economics for Insurance and Superannuation and provide many of the institutional and accounting issues underlying the mathematical theories discussed in those courses. This course is aimed at providing students with an appreciation of the issues involved in financing businesses and the financial reporting of the results for the business, and also to apply project evaluation techniques to practical business problems.

Students are assumed to have a good mathematics background and exposure to basic financial mathematics concepts including interest rates and present value techniques such as that attained by a simultaneous study of ACTL 5102. Students need to be able to use a word processing package (such as WORD) and a spreadsheet (such as EXCEL). They should also be familiar with making professional presentations with the aid of a presentation package (such as POWERPOINT).

2.4 Student Learning Outcomes (includes objectives of the Institute of Actuaries Subject CT2 Finance and Financial Reporting)
At the end of the course the student will have be able to:

1 [LO1] Appreciate the issues involved in financing businesses. This includes the ability to:

- i. Demonstrate a knowledge and understanding of the principal terms in use in investment and asset management.
- ii. Demonstrate an awareness of the key principles of finance.
- iii. Describe the structure of a joint stock company and the different methods by which it may be financed.
- iv. Describe the basic principles of personal and corporate taxation.
- v. Demonstrate a knowledge and understanding of the characteristics of the principal forms of financial instrument issued or used by companies and the ways in which they may be issued.
- vi. Discuss the factors to be considered by a company when deciding on its capital structure and dividend policy.
- vii. 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.

2 [LO2] Appreciate the issues involved in the financial reporting of a business. This includes the ability to:

- viii. Describe the basic construction of accounts of different types and the role and principal features of the accounts of a company.
- ix. Interpret the accounts of a company or a group of companies and discuss the limitations of such interpretation.

3 [LO3] Evaluate capital investment. Specifically,

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

4 [LO4] Use effective presentation, discussion, and report writing skills.

5 [LO5] Work effectively in a team context.

Graduate Attributes
The Australian School of Business has as its core graduate attributes the development throughout a program of an awareness of and ability to:

- Think critically [GA1]
- Communicate [GA2]
- Work in teams [GA3]
- Have an appreciation of relevant social and global issues [GA4]
- In-depth engagement with relevant disciplinary knowledge [GA5]
- Professional skills [GA6]

This course contributes to your development of the following Australian School of Business Graduate Attributes, which are the qualities, skills and understanding we want you to have by the completion of your degree. Learning Outcomes 1–3 aim to enhance your capacity for critical thinking and problem solving (GA1,5), in the relevant social, ethical and global context (GA4), and with the engagement of professionalism (GA6). Learning Outcome 4 develops your written and verbal communication skills (GA2) and Learning Outcome 5 develops your teamwork (GA3) and communication (GA2) skills.

3. Learning and Teaching activities

3.1 Approaches to Learning and Teaching in the Course

The course textbooks, lectures and assessment tasks are designed to provide a framework for your learning. Every student has a different approach to learning. How much time you spend on reading in preparation for lectures, completing assessment tasks, reviewing course objectives, deepening your understanding and preparing for final examinations will depend on your learning approach. Lectures will generally cover the main concepts and issues and will not necessarily cover all the details of the course readings or texts. It is expected that you have read the reading material for the lecture in advance. Students who are successful in this course take an active approach to learning.

3.2 Learning Activities and Teaching Strategies

The course involves three key components – the lecture, discussion, and your private study. Each lecture will provide a short overview of topic at hand and will then focus on explaining the difficult concepts and issues. The role of the lecture is to help you understand the context of the topic as well as work through the difficult points. We will be using active learning strategies where discussion and examples form a significant component of your learning experience in lectures.

Your private study is the most important component of this course. Weekly readings, tutorial exercises, solving problems from the text and your own topic summaries form the basis of an excellent private study regime. Keeping up to date is very important and each week builds on the prior weeks so it is important that you get your study regime organised quickly.

4. ASSESSMENT

4.1 Formal Requirements

In order to pass the course students must complete and submit all components of assessment at or before the due times. Late assessment submissions will not be marked. It is important that students be punctual and reliable when submitting assessments. This is an important workplace requirement and students need to ensure they meet deadlines.

4.2 Assessment Details

The summary table below provides an overview of the assessment tasks and relative weighting:

Assessment Task	**Weighting**	**Learning Outcomes Assessed**	**Date**
Class Test 1	7.5%	LO1, LO2, LO3	9 April
Class Test 2	7.5%	LO1, LO2, LO3	14 May
Individual Presentation	5%	LO1, LO2, LO3, LO4	Weeks 4-12
Group Assignment	10%	LO1, LO2, LO3, LO4, LO5	22 May
Final Examination	70%	LO1, LO2, LO3, LO4	TBA
TOTAL	**100%**		

4.2.1 Class Tests 1 and 2

Technical skills are important in practice and this course provides foundation technical skills that will be useful throughout your working life.

In order to assess your understanding of the technical skills covered in the course aims there will be two 45-minute class tests during the session. The tests will be administered in class at 6:00pm. Each test will be worth 7.5% of the total assessment for the course. The tests will be closed book.

Normal examination rules apply to the conduct of class tests. Calculators will be allowed in the class tests and the final examination but a clear indication of all of the steps involved in your calculations must be shown. The University will not supply calculators to students for use in examinations where the provision of calculators has not been requested by the course examiner. It is the student's responsibility to be familiar with the rules governing the conduct of examinations.

The class tests require written responses, with students earning marks for correct explanations of the main concepts and issues examined in each question. Marks for calculation questions will be granted on mathematical working as well as part marks for incorrect responses with correct method and reasoning. They test not only your knowledge of the material, but also the depth of your understanding of it.

The dates for these tests are

Class Test 1	Thursday 9 April	6:00 p.m.
Class Test 2	Thursday 14 May	6:00 p.m.

The tests will be held in ASB232.

4.2.2 Individual Presentation

Communication and Presentation skills are a vital toolset for an actuary. To develop your communication skills this course involves an individual presentation component where you will research and explain a business concept related to the material in the course to your peers. Your individual presentation is due as scheduled on WebCT in week 1, but students may agree between themselves to swap presentations provided both students involved notify the Course Coordinator at least 1 week before the first presentation is due. The topic of each presentation will be posted on WebCT 2 weeks prior to each presentation.

The presentation is worth 5% assessment, and grading will take into account:

- Has the topic been adequately covered? (ie have you addressed the topic?)
- Thought given to how best to answer the topic (ie how can I best communicate with other students?).
- Flow of the answer (ie do the ideas flow properly?)
- Originality of ideas (ie has the student thought through the issues or just regurgitated the class discussion/ notes/ text book?)
- Clarity of presentation and good use of visual and other aids.

Presentations must include Powerpoint slides and a copy made available to the Course Coordinator to put onto WebCT on the Tuesday (6pm) prior to the presentation. Presentations must not exceed 10 minutes duration, and 1 mark (out of 10) will be deducted for each minute the presentation goes over 10 minutes.

4.2.3 Group Assignment

Assignments are intended to develop your ability to concisely and coherently present your ideas. The practical application of the course concepts to business problems is an important skill employers require and this course aims to provide at least some introductory exposure to this. Writing skills for technical material are also important. To development your teamwork skills assignments will be of a group form, where teams of two students combine their skills to tackle a practical problem applying the techniques learned in this course. This will provide students with an opportunity to also develop communication and teamwork skills.

The assignment will be assessed on both technical accuracy, practical application and how well it is written and the quality of the assignment presentation.

The assignment availability and due dates are:

Available Date	Due Date
Friday, 1 May, 5pm.	Thursday, 21 May, 5pm.

Assignments will be posted on the course WebCT vista site on the above available date. Assignments are due at 5:00pm on the due date. Assignments are to be submitted in the assignment box outside Quad 2059, near the Actuarial Studies School office.

The School of Actuarial Studies has a policy of grading late assignments with a zero mark. Punctual submission of work is required in order to satisfy the requirements of the course. The assignment may be marked at the discretion of the course coordinator if there is a valid reason for late submission and used in cases where your final overall results are marginal.

4.2.4 Final exam

The final examination will be a three-hour written paper. The examination will aim to assess the achievement of the learning outcomes of the course including the course aims. The examination will assess critical analysis and problem solving skills as well as written communication skills.

4.3 Assignment Submission Procedure

Assignments must be placed in the box provided outside Quad 2059, Level 2 Quadrangle Building, near the Actuarial Studies Office. A cover sheet must accompany these assignments. A copy of the cover sheet is available from the course WebCT site. Additional copies of the cover sheet can be obtained outside Quad 2059.

*** Please note that it is School policy that late assignments will* **not** *be marked.***

Remember to keep a copy of all work submitted for assessment and to keep returned marked assignments.

4.4 Late Submission

The School of Actuarial Studies has a policy of grading late assignments with a zero mark. We believe this policy fosters development of ASB Graduate Attribute 6. Punctual submission of work is required in order to satisfy the requirements of the course. The assignment may be marked at the discretion of the course co-ordinator if there is a valid reason for late submission and used in cases where your final overall results are marginal.

5. Academic Honesty and Plagiarism

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For UNSW policies, penalties and information to help you avoid plagiarism see: http://www.lc.unsw.edu.au/plagiarism/index.html as well as the guidelines in the online ELISE tutorial for all new UNSW students: http://info.library.unsw.edu.au/skills/tutorials/InfoSkills/index.htm.

To see if you understand plagiarism, do this short quiz:
http://www.lc.unsw.edu.au/plagiarism/plagquiz.html

For information on how to acknowledge your sources and reference correctly, see: http://www.lc.unsw.edu.au/onlib/ref.html

For the ASB Harvard Referencing Guide, see:
http://wwwdocs.fce.unsw.edu.au/fce/EDU/harvard_ref_guide.pdf

School of Actuarial Studies Policy on Plagiarism
The School of Actuarial Studies views any form of plagiarism as unacceptable. The School follows University Procedures in the event of any student plagiarism. In cases of plagiarism for in session assessment the minimum penalty all students involved can expect is to receive a mark of zero for the particular assessment item. The Head of School will be informed, and the School will also keep a record of student Plagiarism cases. Students should familiarise themselves with the University Policy and Procedures and ensure they have consulted The Learning Centre web site so that they are aware of and understand the concepts and practices of academic honesty and plagiarism.

6. COURSE RESOURCES

Textbook
There are many books of relevance to the course topics. The following book will be the main text reference for a substantial part of the course:

> Ross, S., Trayler, R., Bird, R., Westerfield, R., Jordan, B., 2008. Essentials of Corporate Finance. First Australian and New Zealand Edition. McGraw-Hill, Sydney.

Course WebCT Vista
This course will use WebCT Vista for communication with students. The WebCT Vista site for this course will contain the course outline, lecture notes, assessment information, and any notices relevant to this course. It is important that you visit the site regularly to see any notices posted there by the course coordinator. The site can be accessed from the WebCT Vista log-in page at: http://vista.elearning.unsw.edu.au/.

7. COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students about the courses offered in the School and continual improvements are made based on this feedback. In this course, we will seek your feedback through the Catei forms and you are welcome to pass comments to the Course Coordinator at any time. As a result of student feedback in the 2008 offering of this course, in 2009 we have altered the required text to be one that is much more aligned with the learning outcomes of this course.

8. STUDENT RESPONSIBILITIES AND CONDUCT

Students are expected to be familiar with and adhere to university policies in relation to class attendance and general conduct and behaviour, including maintaining a safe, respectful environment; and to understand their obligations in relation to workload, assessment and keeping informed.

Information and policies on these topics can be found in the 'A-Z Student Guide': https://my.unsw.edu.au/student/atoz/ABC.html. See, especially, information on 'Attendance and Absence', 'Academic Misconduct', 'Assessment Information', 'Examinations', 'Special Consideration', 'Student Responsibilities', 'Workload' and policies such as 'Occupational Health and Safety'.

Special Consideration and Supplementary Examinations

You must submit all assignments and attend all examinations scheduled for your course. You should seek assistance early if you suffer illness or misadventure that

affects your course progress. For advice on UNSW policies and procedures for granting special consideration and supplementary exams, see: 'UNSW Policy and Process for Special Consideration':
https://my.unsw.edu.au/student/atoz/SpecialConsideration.html

Students may be required to sit for an oral or written supplementary examination. Any supplementary examination date will be advised to students after the final examination. In general, a supplementary examination will only be offered to a student who has been prevented from taking the Final Examination, who has been placed at a serious disadvantage during the examination, and whose circumstances have improved considerably in the period since the relevant examination was held. Failure to attend a supplementary examination, if you have been granted one, will result in forfeiture of any additional assessment granted to you. Satisfactory performance in any course assessment is required in order to be granted a supplementary examination.

STUDENTS SHOULD NOTE THAT SPECIAL CONSIDERATION WILL NOT BE GRANTED UNLESS PERFORMANCE AND ATTENDANCE AT LECTURES IS SATISFACTORY. THIS WILL USUALLY MEAN THAT YOU WILL HAVE TO PASS ALL ASSESEMENT TASKS IN ORDER FOR ANY SPECIAL CONSIDERATION TO BE GIVEN.

9. Additional Student Resources and Support

The University and the ASB provide a wide range of support services for students, including:

- **ASB Education Development Unit (EDU)** (www.business.unsw.edu.au/edu)
  Academic writing, study skills and maths support specifically for ASB students. Services include workshops, online and printed resources, and individual consultations. EDU Office: Room GO7, Ground Floor, ASB Building (opposite Student Centre); Ph: 9385 5584; Email: edu@unsw.edu.au
- **UNSW Learning Centre** (www.lc.unsw.edu.au)
  Academic skills support services, including workshops and resources, for all UNSW students. See website for details.
- **Library training and search support services:** http://info.library.unsw.edu.au
- **UNSW IT Service Desk:** Technical support for problems logging in to websites, downloading documents etc. Library, Level 2; Ph: 9385 1333. Website: www.its.unsw.edu.au/support/support_home.html.
- **UNSW Counselling Service** (http://www.counselling.unsw.edu.au)
  Free, confidential service for problems of a personal or academic nature; and workshops on study issues such as 'Coping With Stress' and 'Procrastination'. Office: Level 2, Quadrangle East Wing; Ph: 9385 5418.
- **Student Equity & Disabilities Unit** (http://www.studentequity.unsw.edu.au)
  Advice regarding equity and diversity issues, and support for students who have a disability or disadvantage that interferes with their learning. Office: Ground Floor, John Goodsell Building; Ph: 9385 4734.

10. Course Schedule

This timetable is tentative and may change. Revisions will be advised as they occur through the course web site.

Week	Day	Topic	Text	Assessments	CT Topic
1	12-Mar	Introduction to Financial and Actuarial Management	C1		(i), (ii), (iii)
2	19-Mar	Corporate Accounts	C2		(i), (iv), (viii)
3	26-Mar	Construction of Corporate Accounts	Notes		(i), (viii)
4	2-Apr	Analysis of Corporate Accounts	C3		(i), (ix)
5	9-Apr	Capital Budgeting and Investment Criteria	C8	Class Test 1	(i), (vii), (x)
Mid Semester Break					
6	23-Apr	Capital Budgeting: Projection and Risk Analysis	C9		(i), (vii), (x)
7	30-Apr	Cost of Capital	C12		(i), (vii)
8	7-May	Capital Structure Decision	C13		(i), (iv), (vi), (ix)
9	14-May	Dividend Policy	C14	Class Test 2	(i), (iv), (vi)
10	21-May	Raising Capital	C15, 16.2	Assignment	(i), (iii), (v)
11	28-May	Advanced Project Evaluation Techniques	Notes		(i), (vii), (x)
12	4-Jun	Review			