OBJECTIVES

The purpose of this course is to provide students with the ability to adequately perform financial statement analysis. With this in mind, the following issues will be investigated and evaluated:

- How business activities are represented in financial statements;
- How the statement of shareholders’ equity is analyzed;
- How to analyze the balance sheet and income statement to reveal profitability;
- How to analyze the cash flow statement to identify cash generation;
- How to analyze profitability to discover what drives it; and
- How to analyze earnings growth to discover what drives it.

TEXTBOOKS


REQUIRED WEB SITE

GRADING

Weekly Discussions  40 points
Financial Statement Analysis Report  60 Points

Grade Breakdown:

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<th>Grade</th>
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WEEKLY DISCUSSIONS  40 points

After students complete a weekly discussion, I read, comment on, and wrap up the discussion in eCollege Doc Sharing. This process usually takes about 10 days. You will be graded on your participation in discussions. At the end of the semester, I give you a participation grade based on your discussions throughout the semester. Your grade will depend on consistently completing all aspects of your assignments.

Limit your discussion to no more than 500 words. This limit applies only to the body of your discussion. It does not include your reference list, or appendices and worksheets you attach to provide evidence for your discussion.

Examples of points you can lose points are provided in this paragraph. Each example, gives you an idea of the maximum penalties for the performance issue at hand:

- You provide short (under 300 words), long (over 500 words), and/or weak analyses (60 points);
- You don’t comment on other students work, or your comments are shallow (20 points); and
- You don’t provide evidence of research (20 points).

A graduate course on financial statement analysis will logically require students to focus on this activity in research, analysis, discussion, and examination. At the beginning of the semester, each student will select the financial statements of two companies to analyze. Each week you will perform analysis and discuss your results. This should help you write your final report. In your discussions, you should do the following:

- Examine critically the results of your research and financial analysis,
- Fit the pieces of your discussion logically together,
- Draw conclusions about your topic, and
• Comment substantively on other students work.

You show evidence of your research by citing at least two journal articles on your topic from academic and/or professional journals (1) in the body of your discussion, and (2) in a reference list. Use APA style. Full-text academic and professional journal articles can be found online at the FAU library databases. You can find articles you have the bibliographic information for, or you can search business databases to find articles on your topic in the FAU library. You will need to configure your computer if you are off-campus by using FAU Owl Card number (http://www.library.fau.edu/ecollect/proxy.htm).

Example Text:

SOX is an important driver of the issue of control and security in eCommerce (Smith 2004), but the cost of implementation can be difficult to reduce (O’Brien 2006).

Example Reference List:


The above bibliography lists one journal article and one book. Therefore, it does not meet your two-journal article requirement.

You are free to cite as many sources as you wish. You may include books, magazines, journals, newspapers, and websites. However, not every publication with the word “journal” in its title counts as a journal article for this assignment. I specifically want journal articles from academic and professional sources. For example, the Wall Street Journal is not a newspaper. Also, the Financial Times is a newspaper and, just like any other newspaper, is not a journal. Examples of journals are The CPA Journal, Journal of Accountancy, Accounting Review, Journal of Accounting Research, etc. You can find a list of other academic and professional journals in Doc Sharing. The list is long but not comprehensive.

Your 500 word limit applies only to the body of your discussion. It does not include your reference list, or appendices and worksheets you attach to provide evidence for your discussion.

FINANCIAL STATEMENT ANALYSIS REPORT 60 points

At the end of the semester you will hand in the report containing your complete financial statement analysis of two companies you study during the semester. This Report will contain (1) a WORD document with an analysis and comparison (2,000 word limit) of the financial statements of the two companies you select at the beginning of the semester, and (2) an EXCEL
file with spreadsheets containing the results on which you base your analysis and comparison (for example, ratios you perform using the techniques learned during the semester). You may also add appendices, tables, exhibits, etc. to your analysis file. However, these, your title page, and reference list don’t count toward the 2,000 word limit of your report.

You will find a Financial Statement Analysis Report performed by one of my students from a previous semester in Doc Sharing. Because this Report analyzes Ford and GM, these two companies are not available for you for analysis this semester. The student had an almost perfect paper. The only objection I had was his bibliography wasn’t in alphabetical order. Also, he didn’t have a 2,000 word limit.

Another great source of information on financial analysis can be found in Professor Tomassini’s outline for his online course in financial statement analysis. A link to his work can be found above in the required website section of this syllabus. His course outline provides many sources of information that will be useful to you when performing your own analyses in this course.

SCHEDULE

Unit 1: Introduction & Overview of Financial Statements

Noon Saturday, JAN 8 to Noon Thursday, JAN 20

Chapters 1, 2 & 3

__________________________________________________________

Unit 2: Ratio Analysis & Empirical Research

Noon Thursday, JAN 20 to Noon Thursday, JAN 27

Chapters 4 & 5

__________________________________________________________

Unit 3: Inventories and Long-Lived Assets

Noon Thursday, JAN 27 to Noon Thursday, FEB 3

Chapters 6 & 7

__________________________________________________________

Unit 4: Long-Lived Assets (Depreciation) & Income Taxes
Noon Thursday, FEB 3 to Noon Thursday, FEB 10

Chapters 8 & 9

Unit 5: Financing Liabilities, Leases, & Off-Balance Sheet Debt

Noon Thursday, FEB 10 to Noon Thursday, FEB 17

Chapters 10 & 11

Unit 6: Pensions and Other Post-Retirement Benefits

Noon Thursday, FEB 17 to Noon Thursday, FEB 24

Chapter 12

Unit 7: Financial Statement Analysis Report Information

Noon Thursday, FEB 24 to NOON THURSDAY, MAR 17

SPRING BREAK (Monday, March 7 to Sunday, March 13)

You will have two weeks (excluding Spring Break week) to provide me with one or more of the following: a first draft of your Financial Statement Analysis Report based on the material covered in the course up to this point in the semester (February 24), an annotated outline of your paper, and/or a preliminary abstract. I will not grade this assignment. Rather, I will give you feedback on the quality of your work on this project to date. This assignment is not graded, but it is designed to give you feedback on your progress. My feedback may be general and released to the entire class, personally and directed to you, or a combination of these two.

Unit 8: Inter-corporate Investments & Business Combinations

Noon Thursday, MAR 17 to Noon Thursday, MAR 24
Chapters 13 & 14

Unit 9: Multinational Operations, Derivatives & Hedging
Noon Thursday, MAR 24 to Noon Thursday, MAR 31

Chapters 15 & 16

Unit 10: Analysis, Risk, Valuation, & Forecasting
Noon Thursday, MAR 31 to NOON, THURSDAY, APR 14

Chapters 17, 18 & 19

Unit 11: Financial Statement Analysis Report (Part II)
Noon Thursday, APR 14—DUE, NOON THURSDAY, APR 28

Use this time to finalize you Financial Statement Analysis Report. The Report is due on April 28. I will distribute grades and comments on this report by Thursday, April 28. You final grade in the course will be on Oasis sometime on or before Monday, May 9. If I finish calculating your final grade before this date, you will find your grade on Oasis earlier. I will also register grades for your Report in the eCollege grade book along with your grade on discussions.

MAKE-UP EXAMS

No make-ups will be given, and assignments cannot be handed in late. A zero will be recorded for all absences from exams and assignments. Make sure you clear all dates with your employer. Excused absences will only be accepted for a student's illness or for death in the immediate family circle. No excuses will be accepted for work or vacation related reasons.

INCOMPLETES
A written request for an "Incomplete" must fall within the official FAU guidelines as presented in the Student Handbook. Incompletes, therefore, will only be given when a student has completed a substantial portion (most) of the work in the course, is passing the course, and has experienced some extraordinary event that prohibits him or her from completing the work required in the course.

ACADEMIC IRREGULARITIES

Students are referred to CH.6C5.4.01 of the student handbook entitled "Academic Irregularities." It is the policy of the faculty of the School of Accounting at FAU to adhere to the provisions of this section and to take action to secure the maximum penalty in the event of a violation of CH.6C5.4.01 of the rules of the Department of Education of the State of Florida. See the following link for the University Code of Academic Integrity

http://www.fau.edu/regulations/chapter4/index.php. Make sure you are also familiar with the College of Business's Academic Honesty Policy at http://www.fau.edu/gsb/. For purpose of identifying plagiarism in all your assignments, I may use TURNITIN. The minimum penalty for plagiarism is a zero for the assignment I find is plagiarized. The maximum penalty is an "F" in the course. I will also ask the Registrar to put an electronic notation of the infraction in your transcript. If the incidence is the second one, you may be dismissed from the University.

UNIFORM SOA POLICIES

The School of Accounting (SOA) has adopted a set of uniform policies for all courses offered by the School. These policies are considered a part of this syllabus. For example, SOA students are required to maintain an E-mail address and to subscribe to the SOA discussion list. Instructions on how to get an E-mail address and how to subscribe can be found along with a full explanation of all policies at the following link: