

FINANCIAL STATEMENT ANALYSIS
ACCT 620
October 2006

Instructor: Carmelita Troy, PhD, CPA (Inactive)

Office Hours: TBA
Office: TBA

Required Text and Calculator:

Stice & Stice, Financial Accounting Reporting & Analysis 7th edition. Thomson South-Western, 2006.

Any calculator with financial functions will work. Personally I prefer the TI-83 or TI-84, but there is no requirement to acquire this particular calculator.

Textbook Website:

http://websites.swlearning.com/cgi-wadsworth/course_products_wp.pl?fid=M20b&product_isbn_issn=0324227329&discipline_number=400

Course Description and Objectives

This course explores both underlying theory and practical applications of financial reporting and analysis. Throughout the course we will develop an understanding of alternative accounting measurements, determine ways to better communicate financial performance and financial position to users and emphasize techniques for analyzing financial reports. The course highlights the importance of financial statements as an information source for creditors and investors and will address different forms of financial analysis based on financial report information. We will also discuss earnings management and fraudulent financial reporting.

The central objective of the course is to assist students in developing an understanding of and the ability to interpret the content of financial statements and to use the information garnered in decision-making. The primary focus of this course is on accountability of publicly-traded enterprises. The course covers a wide range of accounting topics; however, all topics covered are related to accounting for the information contained in external financial reports.

Class Procedures:

Class Participation: Classes will generally be conducted using a lecture and discussion format. Lectures and homework problems will be used to focus the discussion on important topics. Class participation is an essential part of the learning experience in this course. You should be ready to answer questions that arise in class concerning the assigned topics, and feel free to ask questions about the material being discussed and offer your own opinions and views.

Project and Presentation: Throughout the semester we will be learning tools used in financial analysis. To apply this knowledge a financial analysis project of a company is required. This will be a group project (groups of 4 or 5) and will require a 15-20 presentation at the end of the term. The final written project due date will be announced.

The presentations will be evaluated by the other members of the class and each group member will be required to submit an assessment form evaluating the contribution of the other members of the group to the project and the presentation. Your individual final score on the presentation will be based on the raw

score that the instructor assigns to the presentation and the class evaluation of your group’s presentation. Your final score on the written project will be based upon the instructor’s overall project grade and on your individual contribution to the project, which is based on the assessments of your group members.

Homework: The homework assignments are given for practice only and will not be collected. Due to time restrictions, we will primarily discuss in class the questions pertaining to International Financial Statements and Ethics Dilemmas. If needed and as time permits we can go over other homework assignments in class. The solutions to the exercises and problems are attached to this syllabus. I would suggest that you attempt the problems first, before consulting the solutions.

Examination: The examination will emphasize application of knowledge and problem solving.

Grading System:

Your course grade is based on your participation, the final examination, a project, and a presentation.

Participation	15%
Project	30%
Presentation	15%
Final exam.....	<u>40%</u>
Total	<u>100%</u>

Your final grade in the course will be determined as follows:

<u><i>Grade</i></u>	<u><i>Overall Percentage</i></u>
A.....	At least 95.0%
A-.....	At least 90.0%, but less than 95.0%
B+.....	At least 87.0%, but less than 90.0%
B.....	At least 83.0%, but less than 87.0%
B-.....	At least 80.0%, but less than 83.0%
C+.....	At least 75.0%, but less than 80.0%
C.....	At least 70.0%, but less than 75.0%
D.....	At least 55.0%, but less than 70.0%
F.....	Less than 55.0%

Academic Integrity

The University is an academic community. Its fundamental purpose is the pursuit of knowledge. The University can function properly only if its members adhere to clearly established goals and values. Essential to the fundamental purpose of the University, not only as an academic institution, but as one upholding Christian values, is the commitment to the principles of truth and academic honesty. While all members of the University share the responsibility of upholding the principles of academic honesty, special responsibility lies with the students. Academic dishonesty is not tolerated. *On the examination you will be required to sign a statement indicating your compliance with the policy of academic integrity – ie. you have neither received nor given any unauthorized assistance on the examination.*

American Disabilities Act

If you qualify for accommodation under the American Disabilities Act, please see the instructor as soon as possible for referral and assistance in arranging such accommodation.

Tentative Course Schedule

<i>Day</i>	<i>Date</i>	<i>Topic</i>	<i>Readings & Other</i>	<i>Homework.</i>
Sunday	1 Oct	Introduction & Overview of Financial Reporting	Ch 1 & 2	P2-21, 22, 24; International Financial Stmts (p. 69); Ethics Dilemma (p. 71)
Monday	2 Oct	Financial Statement Analysis	Ch 3 (to pg. 94)	P3-25, 26; International Financial Stmts (p. 118); Ethics Dilemma (p. 119)
Tuesday	3 Oct	The Balance Sheet & The Income Statement	Ch 4 & 5	P4-21, 26, E5-15, P5-23, 25; Int'l Fin Stmts (p. 171, 226); Ethics Dilemma (p. 171, 227)
Wednesday	4 Oct	Earnings Management and Financial Statement Fraud	Ch 8 and	Enron Assignment
Thursday	5 Oct	The Operating Cycle	Ch 9, 10, 11 (p. 477-485, 491, 500-508)	P9-20, 27, P10-25, 32, E11-18, P11-20, 26; Int'l Fin Stmts (p. 420, 473); Ethics Dil (p. 526)
Sunday	8 Oct	The Operating Cycle cont'd		
Monday	9 Oct	Investments	Ch 1 & 13	P12-21, 22, 33, P13-20, 23; Int'l Fin Stmts (p. 582, 637)
Tuesday	10 Oct	Financing with debt & equity	Ch 14 & 15	P14-21, 24,25, P15-20
Wednesday	11 Oct	The Statement of Cash Flows (indirect method only)	Ch 6	P6-18, 19, 26; Int'l Fin Stmts (p. 283)
Thursday	12 Oct	Accounting in a Global Market	Ch 16	
Sunday	15 Oct	Presentations & Final Exam		