

BUS 725 Financial Statement Analysis
UNH Manchester
Manchester, New Hampshire
Spring 2018

Instructor: **Professor Jeanne Gerard**

Class Day/Time: Monday 6-8:50 PM

Classroom: Pandora 514

Credits: 4

Instructor Communication:

e-mail: jeanne.gerard@unh.edu (email preferred)

Phone: 603-641-4161

Office: room 508

Office Hours: Mon 3:15-5:45 pm, Weds, 5:15-5:45 or by appointment

URL for text:: http://highered.mheducation.com/sites/0078110963/student_view0/index.html

Required Text:

Financial Statement Analysis 11th edition, K.R. Subramanyam, McGraw Hill Irwin 2014

Prerequisite: BUS 603, Intermediate Accounting I or permission of instructor

Junior or Senior Standing

Course Description:

This course will examine financial reporting, the quality of accounting information, US GAAP and IFRS. The flexibility which is built into GAAP will be examined noting how firms may take advantage of this flexibility to manipulate financial information while staying within the bounds of the rules for proper reporting. Also examined will be the relationships found within the reported numbers by comparing various elements of the financial statements.

Course Objectives:

- ❖ To reinforce and develop effective communication skills, both oral and written
- ❖ To develop skills in the collection and analysis of financial information to use for decision making
- ❖ To develop critical thinking skills
- ❖ To develop the ability to present properly formatted financial statements

Grading: Grades are calculated based on the results of all expectations of the student and all assignments.

Participation	10%
Attendance	10%
Homework	25%
Exams	25%
Research Project	30%

Homework assignment procedures:

Assignments are to be submitted online using Canvas. They will be read and corrected online and returned to you online. Due dates for each assignment will be shown with the assignments. Late assignments will not be accepted unless previously arranged. Partially completed assignments will not be accepted. When a written answer is required (not multiple choice), use complete sentences and proper grammar. Completed homework assignments count for 25% of your final grade.

Classroom Procedures:

We will combine lectures, discussions and group problem solving. You are expected to participate in all sessions held in class and all project/problem-solving/reading/research/writing/case study assignments, and presentations. Part of the evaluation for this course is based on your participation and involvement. Participation is worth 10% of your final grade.

You are expected to arrive at class on time and to be fully prepared. This means you should complete all out of class and reading/project assignments before class and bring all necessary tools such as the text, writing implements and other materials if needed, to class. Participation during class, arriving on time and being fully prepared and attendance are expected/required just as they are in the business world.

The course will follow the assignment schedule as closely as possible but you are responsible for knowing about and being prepared for class when a change to the schedule becomes necessary. You should read the assigned material before it is presented in class and have the homework completed and ready to submit when assigned. Success in this course requires that you keep up with and complete all assignments.

Learning Disabilities:

“The University is committed to providing students with documented disabilities equal access to all university programs and facilities. If you think you have a disability requiring accommodations, you must register with the Disability Services Office. The Disability Services Coordinator at UNHM is Jenessa Zurek. Jenessa can be contacted at (603) 641-4170, jenessa.zurek@unh.edu or in person in the Student Services Suite, Room (#410H).”

Research Project:

Before you begin this project, your choice of company must be approved by me. You may find the information at the beginning of the last chapter in the book CC Comprehensive Case starting on page 650 to be helpful. (You are not analyzing Campbell Soup Company, you are merely reading about HOW to analyze a company or companies.) You may use the questions on p. 687 of the text as a good review tool to make sure you have done a thorough job.

Utilizing the web, go online and chose a company which deals in one sort of product. Download the annual report and read it in its entirety. Become an expert on the company. Use other sources as needed. Write a summary of the report including background and description of the company. This is the first part of your report.

Using the ratios which we have reviewed in class and that are presented in your text, analyze the Financial Statements of the company. Compare the company to another similar company for the same year. What conclusions do you draw from this analysis?

The second part of your report will include this analysis, written using proper grammar and complete sentences.

The third part of your project will be the oral presentation to the class. This must be a minimum of 20 minutes but may be longer.

Your written paper must be submitted to me (room 508) by May 14 at 6 pm. Late papers will not be accepted. This paper serves as your final exam.

In order to do well in this class, you MUST read the assigned chapters. Understanding the concepts and tools of Financial Analysis cannot be accomplished through looking at the powerpoints alone.

<i>session number</i>	<i>Date</i>	<i>Chapter, pages to read for class <u>on date noted.</u></i>	<i>Homework due the <u>next class day.</u></i>
1	1/29	Review syllabus, exam procedures, homework Procedures, project. Ch 1 Introduction to Business Analysis Ch. 1 Financial Statements PP.2-47 In Class: form groups, answer questions 1- 1,2,3,4,5,6,10,12,14,28	Become familiar with the website for the text (web address is on syllabus on P.1) you can access the class page on Canvas Homework: Page 49, Ex 1-3 (not 1 through 3, but rather the Exercise labelled Ex 1-3) p. 50, Ex -7 p. 52, problem 1-1 read chapter 2
2	2/5	Ch. 2 Financial Reporting and Analysis pp 66-117	p.120, Ex 2-6, Ex 2-9, Ex 2-10 p.129, case 2-1
3	2/12	Ch 3. Analyzing Financial Activities- pp. 132-205	Exam I. Chapters 1 & 2 See directions on My Courses.
4	2/19	Ch 3.Analyzing Financial Activities pp 226-262 <i>continued</i>	p.207, Ex 3-1 p.209, Ex 3-8, Ex. 3-9
5	2/26	Ch 4.Analyzing Investing Activities pp 226-262	p.264, Ex 4-3 p.265, Ex 4-7;Ex. 4-9 p.267, Prob. 4-3 You must chose the company for your project and submit the name to me for approval by the next class.
6	3/5	Ch.5 Analyzing Investing Activities:. pp 274-323	Exam II, chapters 3 & 4. See MyCourses. P.324, Ex. 5-2
7	3/19	Ch 6 Analyzing Operating Activities pp 338-392	p. 395, Ex 6-5 p.396, Ex 6-9 p.399, prob. 6-1 a &b; p.400, prob. 6-4

session number	Date	Chapter, pages to read for class <u>on date noted.</u>	<i>Homework due the next class day.</i>
8	3/26	Ch 7 Cash Flow Analysis-statement of cash flows, pp.416-437	Exam #3 Chapters 5-6 See MyCourses p.437, Ex 7-1 p.439-440, Ex 7-4 p.441 ex 7-7
9	4/2	Ch 8 Return on Invested Capital and Profitability Analysis pp. 460-487	P.490, Ex 8-7 p.495, Prob. 8-6, prob. 8-7
10	4/9	Ch 9 Prospective Analysis pp.506-527	Exam #4 Chapters 7-8 p.529, Ex.9-4A pp.532-533, Prob. 9-3 part a.
11	4/16	Ch 10 Credit Analysis-liquidity, – Capital Structure and Solvency pp. 542-585	p.589, Ex 10-3 p.591, Prob. 10-1, parts a, b ,c
12	4/23	Ch 11 Equity Analysis and Liquidation –earnings persistence, earnings based equity valuation, earning power and forecasting for valuation pp.616-638	p.640, Ex 11-2, parts b & c p.644, Prob. 11-3
13	4/30	Oral Presentations Presentations are to take 20 minutes.	Exam #5, Chapters 9,10,11 Work on final paper
14	5/7	Oral Presentations Presentations are to take 20 minutes.	Work on final paper
15	5/14	Final paper due in my office at 6pm	End of semester

Final Exam: Your research paper serves as your final exam. It is due on May 14, in my office no later than 6pm. This must be presented in paper form, NOT ONLINE. You may submit the paper earlier than May 14, but not later than the due date.

Letter grades are based on the following distribution:

Grade	Score	Grade	Score	Grade	Score
A	93-100	-	80-82	D+	67-69
A-	90-92	C+	77-79	D	63-66
B+	87-89	C	73-76	D-	60-62
B	83-86	C-	70-72	F	Below 60

