

Texas A&M University-Commerce
College of Business and Entrepreneurship
Department of Accounting
Accounting 575 01 W: FINANCIAL STATEMENT ANALYSIS
Spring, 2013

Professor: Dr. Julia M. Bristor, PhD, MBA, CPA

Class location: (TAMU-C) BA 256

Class Live Meeting time: Wednesdays, 7 to about 9 pm, Central Time.

Offices: (TAMU-C) BA 250D; (UCD) 301

Email: julia.bristor@tamuc.edu (preferred contact method)¹

Telephone: (cell): 214.662.0672 (identify yourself when texting); **(campus office):** 903.886.5732 (don't leave message)

Office Hours: Mondays (TAMU-C): 5:00 - 6:00; Thursdays (UCD) 5:15-6:15 pm or by appointment

Note: Read this carefully as you are responsible for the material contained in this document. Failure to follow these basic instructions could negatively affect your grade.

This course takes a user-oriented approach to the study of financial statements with an emphasis on for-profit public companies. Students will study the role of the income statement, balance sheet, statement of cash flows, footnotes and the annual report in the financial reporting and analysis process. Topics include:

1. Examination of firms' past performance via analysis of efficiency, financial condition, profitability, liquidity, solvency, and risk using various analyses including vertical and horizontal common-size analysis, trend analysis, ratios and industry comparisons;
2. Effects of differing accounting methods on financial statement analysis;
3. Application of general purpose financial statements and related data to derive estimates and develop inferences useful in business decisions;
4. Information needs of different users (e.g., lenders', investors'); and

¹ **Contacting me:** Emails and the Virtual Office in eCollege are the best way to reach me. If you have a course-related question, use the Virtual Office so that others benefit from my response. Use email for communications of a more personal nature. If you email me from outside of eCollege, please put your name and course/section in the subject line and give me 24 hours to respond (48 on weekends). Please do not ask me to confirm that I have received your email. I know spam filters are imperfect so feel free to attach a return receipt to your email. If you need to call me, text me first with your name so I don't ignore your call.

5. Analyses for specialized industries.

This course utilizes **eCollege** software. All course materials will available in **eCollege**. (See below for more information.)

Course Embedded Assessment Objectives

Your achievement level for each objective will be measured by your ability to perform the following tasks:

1. Explain the basic principles of accounting and the assumptions of the financial accounting model.
2. Explain the role of the income statement, balance sheet, statement of cash flows, footnotes, and the annual report in the financial reporting process.
3. Explain various financial statement analysis techniques– their purpose, uses, and limitations.
4. Accurately calculate ratios and other measures as a first step in financial statement analysis.
5. Analyze and interpret a company’s efficiency, financial condition, profitability, liquidity, solvency, and risk, etc., using vertical and horizontal common-size analysis, trend analysis, ratio analysis, industry comparisons.
6. Analyze and interpret the effects of differing accounting methods and management disclosures on financial statement analysis.
7. Display professionalism (attendance, participation, ethical conduct) becoming of a CPA

Student Responsibilities

Learning is every student’s responsibility. This will only come from dedicated and disciplined study of the material. Assignments are designed to contribute to your mastery of the subject. In line with the guidelines from the Association to Advance Collegiate Schools of Business (AACSB) which accredits our college, expect to devote an average of 10-15 hours per week to the course.

I’m here to facilitate and support the learning process, but to become proficient in accounting basics and succeed in the course you must:

Check eCollege frequently for announcements and other information.

1. See the schedule on the last page of the syllabus and in **eCollege**.
2. **Complete all assigned readings and problems.** I suggest you read the assigned material **before** attending the CL session or listening to the CL archive so you know what you need to clarify. Feel free to send me advance emails so I know to cover specific “trouble areas” even if you are not in class. After the session, you will need to review the material again, and if you haven’t already done so, work the assigned problems. Work the recommended problems – solutions will be posted in eCollege – but I will not be collecting or grading homework. In graduate school you are expected to be self-directed. Work additional problems to gain mastery over the material and prepare for exams. People who don’t work problems usually do significantly worse in the class than those who do.

3. **Comprehensive Financial Analysis Project (“paper”)**: You will perform a comprehensive financial statement analysis on the publicly traded company of your choice. See details in eCollege.
4. **Actively Participate in the course.** Even though this is an online class, you are expected to actively participate and interact with fellow students and me. You will receive a class participation grade which is graded and my “yardstick” is whether you contributed positively to the class learning experience. Obviously, speaking in class, asking questions, etc. can help fulfill this requirement. While not everyone is comfortable speaking out in class – and if you aren’t, you should work to overcome this –there are other ways to participate. For example, keep up with current accounting events and share articles/links with the class in eCollege. To be of value, you will need to post the article or link so everyone can see it and then add some commentary/analysis that draws implications for class, offers your opinion, adds an international perspective (especially if you are an international student) and so on! Another example is participating in discussion threads and posting in the SL and VO.
5. **Contact me** about any questions or issues *when they arise*. It’s much easier to help and work out a solution early-on, than later when it may be too late.

Ethics

“All students enrolled at the University shall follow the tenets of common decency and acceptable behavior conducive to a positive learning environment.” (See Student’s Guide Handbook, Policies and Procedures, Conduct.)

Integrity is the hallmark of the accounting profession and will be stressed throughout the course. Any type of student breach of ethics, including but not limited to: illegal activity, dishonest conduct, cheating, plagiarism, or collusion, will result in an F grade on the activity and reporting to the Dean’s office. Additional options include course failure (F), dismissal from the class, and/or recommended dismissal from the University. I will not approve a withdrawal request if there has been a breach of ethics.

Please complete the Academic Honesty policy located in eCollege and upload it into the appropriate Dropbox Basket by 7 pm Friday, January 18, 2013 using the following naming convention: **Lastname-Academic Honesty Policy**. **Failure to turn in the signed policy on a timely basis could negatively affect your grade.**

Students with Disabilities and Withdrawals

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you have a have a disability and require accommodation, please contact:

Office of Student Disability Resources and Services

Texas A&M University-Commerce

Gee Library, Room 132

Phone: 903.866.5150 - or - 903.886.5835

Fax: 903.468.8148

Email: StudentDisabilityServices@tamuc.edu

Withdrawals: University policy will be followed in regards to withdrawals during the semester. It is the student's responsibility to conform with the university rules relating to dropping or withdrawing from the course.

Textbooks, Materials and Other Resources

A. Required Text

1. Gibson, Charles H. (2012). *Financial Reporting and Analysis* (13th ed.). Mason, OH: South-Western Cengage Learning. (ISBN-10: 1-133-18879-6). You are expected to **bring your text to class**.
 - a. You can purchase the text from the bookstore, this website: <http://www.cengagebrain.com/shop/search/9781133188797>, and from other sources.
 1. From the above link, click on "Access" to be directed to FREE book companion resources. There you will find a variety of resources available to assist your learning, including **Interactive Quizzes, To the Net** assignments, **Web Cases, FinSAS**, and more. They are not required (except the FinSAS file, but are very helpful).
 2. Online access to the THOMSON ONE: Business School Edition website: <http://www.cengage.com/thomsonone>. A one-year complimentary access code is included with the purchase of a new textbook. You can purchase an access code if your text does not include one. This is not required.

B. Recommended Texts

1. Any current text on Intermediate Accounting (as a reference).
2. American Psychological Association (APA). (2009) *Publication Manual of the American Psychological Association* (6th ed.). Washington, D.C.: Author. (ISBN: 1-4338-0562-6). Or go to the Purdue Online Writing lab (OWL) at <http://owl.english.purdue.edu/owl/section/2/10/>

C. Technology Notes

1. You need a computer with a high-speed Internet connection and Microsoft Word and Microsoft Excel software. You also need a basic calculator.
2. **Browser.** Go to www.online.tamuc.org, click the Technical Requirements near the top right for more information or to perform a "browser test" prior to the course start. A recent version of Microsoft Internet Explorer, Chrome or Firefox *should* work. **eCollege** *should* also work with Macintosh OS X or higher, along with a recent version of Safari, Firefox or Chrome. (Sometimes there are incompatibilities between **eCollege** and browser updates so if one doesn't work, try another.)
 - a. **Pop-ups:** Your Internet Explorer browser may be set to block pop-ups. To avoid this, disable the pop-up blocker to the online learning sites. To temporarily turn it off or disable it for a specific web site, go to Tools/Pop-up Blocker/Turn Off Pop-up Blocker or Pop-up Blocker Settings, or use the help function on your browser.

4. **Technical Support:** Please complete the **eCollege** student tutorial. Also **eCollege** has a help button on the top right of the screen. If at any time you experience technical problems (e.g., you can't log in to the course, you can't see certain material, etc.) please contact the Help Desk which is available 24 hours a day, 7 days a week. (www.online.tamuc.org, email helpdesk@online.tamuc.org or call 1-866-656-5511). Please **do not** contact me about technical issues. Trust me – you don't want my technical advice.
5. **Headset:** I recommend you use headphones during our ClassLive sessions so you can use the verbal functionality.

D. Selected eCollege Resources

1. **Announcements.** I will post important general information here so check frequently. I'll often post the contents of emails here as well.
2. **Email.** Keep your email address current and check it regularly. YOU are responsible for all email I send, regardless of whether or not you read it.
3. **Discussion Threads** within Modules: Use the **Discussions - General** that I set up in each module to discuss course material, and post relevant articles and links. I will not ordinarily set up questions, but will monitor activity. This will enhance your participation grade. I have also set up a thread called **Discussion – Assignment Problems** to ask questions about homework problems.
4. **Class Live** is the tool we use to hold synchronous meetings. There is a “Live” tab on the tool bar located near the top of the eCollege page. Click the tab, then click ClassLive, then click “Join Session” to join a live session. I try to log on about 30 minutes before the session begins. If you have difficulties with CL, contact the eCollege technical support, or try using a different browser. Unfortunately, browser providers sometimes make updates that cause CL to not work properly.
5. **Student Lounge (SO).** Use the SO to obtain help from other students (and to reply to queries) about resources, problems downloading FinSAS, etc. This will enhance your participation grade. If you email me with these types of questions without trying the SL first, I'll just tell you to use the SL.
6. **Virtual Office (VO).** Use the VO to ask me course-related questions so others will benefit from reading my response. If you send me a private email asking a question that others will probably want to hear, I'll tell you post it in the VO. So save yourself some time and use these resources from the get-go.
7. **Doc Sharing.** This is where I'll post downloadable documents such as forms, the syllabus, PowerPoint slides, homework solutions, and articles and other relevant material.
8. **Dropbox.** This is where you will upload assignments and other hand-ins. You are responsible for ensuring that the document successfully uploaded, and that the files are properly named. Remember there are may be grade penalties for not following protocols.
9. **Library.** Don't use the link to the Library within eCollege. Access the Library from www.tamuc.edu. See below.

E. Texas A&M University Commerce Library

1. Accessible through www.tamuc.edu. This is a great resource for finding industry information. Spend some time learning how to use library resources to find what you need. Do not wait until the last minute because it'll take some “digging.”

2. Link to the research guide for the College of Business: <http://tamuc.libguides.com/busref> .
3. You can also contact Sarah Northam, Interim Head of Reference at Sarah.Northam@tamuc.edu .
4. Students often find that the Mergent Online Database is helpful. I will post instructions for using in Doc Sharing.

F. Texas A&M University Commerce Writing Center

1. Polished writing skills are an essential professional skill. There are many reasons that students’ skills need improvement, e.g., English is not first language; a student’s background has emphasized technical and quantitative skills; a student hasn’t been exposed to business writing, etc. Whatever the reason, a poorly written paper will detract from the grade of the most brilliant analysis ever written. Therefore, consider using the Writing Center as a resource. I urge you to learn about their available resources well in advance of the paper’s due date.
 - a. You can learn about the center by going to www.tamuc.edu. From there, click Resources, then Academic Assistance & Programs, then Writing Center.
 - b. The Writing Center also has an Online Writing Lab (writing.TAMUC.edu) that can help you improve your writing skills.

Evaluation

The final grade you earn will be determined as follows:

- | | |
|-----------------------------------|------------|
| 1. Exam I (Chapter 1-6) | 20% |
| 2. Exam 2 (Cumulative) | 25% |
| 3. Paper | 45% |
| 4. Class Attendance/Participation | <u>10%</u> |
| | 100% |

There *is no* extra credit or re-takes. ***Do not*** ask me for any!

I generally use a standard grading curve – 90% or above (A), 80%-89% (B), 70%-79% (C). I also have the option to curve final grades.

The grading rubric for the paper will be posted in eCollege

Grading rubric for course overall:

	1 (Unsatisfactory)	2 (Emerging)	3 (Proficient)	4 (Exemplary)
Explain the basic principles of accounting and the assumptions of the financial accounting model.	Student cannot explain the basic principles of accounting and the assumptions of the financial	Student can explain some of the basic principles of accounting and some of the assumptions of the financial	Student can explain most of the basic principles of accounting and most of the assumptions of the financial	Student can explain consistently the basic principles of accounting and the assumptions of the

	accounting model.	accounting model.	accounting model.	financial accounting model.
Explain the role of the income statement, balance sheet, statement of cash flows, footnotes and the annual report in the financial reporting process.	Student cannot explain the role of the financial statements in the annual reporting process.	Student can explain some of the elements of the role of the financial statements in the annual reporting process.	Student can explain most of the elements of the role of the financial statements in the annual reporting process.	Student can explain all key elements of the role of the financial statements in the annual reporting process.
Explain various financial statement analysis techniques – their purpose, uses and limitations.	Student cannot explain financial statement analysis techniques.	Student can explain some financial statement analysis techniques.	Student can explain most financial statement analysis techniques.	Student can consistently explain financial statement analysis techniques.
Accurately compute ratios in preparation for financial statement analysis.	Student cannot compute financial statement ratios assigned.	Student can compute some financial statement ratios assigned.	Student can compute most financial statement ratios assigned.	Student can consistently financial statement ratios assigned.
Analyze and interpret a company's efficiency, financial condition, profitability, liquidity, solvency and risk using analysis techniques.	Student cannot analyze and interpret the efficiency, financial condition, profitability, liquidity, solvency and risk of a company.	Student can partially analyze and interpret a company's efficiency, financial condition, profitability, liquidity, solvency and risk.	Student can analyze and interpret most of a company's efficiency, financial condition, profitability, liquidity, solvency and risk of a company.	Student can consistently analyze and interpret a company's efficiency, financial condition, profitability, liquidity, solvency and risk.
Analyze the effects of differing accounting methods and management disclosures on financial statement analysis.	Student cannot analyze the effects of differing accounting methods and management disclosures on financial statement analysis.	Student can make some analyses of the effects of differing accounting methods and management disclosures on financial statement analysis.	Student can make most analyses of the effects of differing accounting methods and management disclosures on financial statement analysis.	Student can consistently analyze the effects of differing accounting methods and management disclosures on financial statement analysis.
Display professionalism becoming of a CPA in terms of attendance, participation, ethical conduct.	Student lacks CPA-level of professionalism.	Student inconsistently displays CPA-level of professionalism.	Student usually displays CPA-level of professionalism.	Student consistently displays CPA-level of professionalism

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Accounting 575 FINANCIAL STATEMENT ANALYSIS WEEKLY SCHEDULE
Spring, 2013

Week	Dates (week of)	Chapter¹ and Topics²	Chapter Assignment	Paper & Other Assignments
1	1/14/13	1 Introduction to Financial Reporting Demonstrate FinSAS download and basic data input	P: 1-5 C: 10	Signed Academic Honesty & Student Information Sheet due by 7 pm CST, Friday Jan. 18, 2013.
2	1/21/13	2 Introduction to Financial Statements and Other Financial Reporting Topics	P: 5 - 11 C: 3, 4, 6	Upload your FinSAS file with your & your company's name and number of periods (minimum 3 I/S and 4 B/S ³) to the appropriate Basket in Dropbox by 6:00 pm 1/22/2013 for my review and approval. If I don't let you know there are problems with your selection by Saturday January 25, 2013, you can assume I approved your selection.
3	1/28/13	3 Balance Sheet	P: 1, 7 – 9, 14 C: 2	
4	2/4/13	4 Income statement	P: 5, 11, 15 - 17 C: 1	Upload your FinSAS file with B/S data in the appropriate basket in Dropbox by 6:00 pm 2/5/13. Bring a copy of your B/S input data (or a laptop) and your company's F/S to class. I will not be grading or reviewing these but we will do a peer review.
5	2/11/13	5 Basics of Analysis	P: 1, 2, 7	Upload your FinSAS file with I/S data in the appropriate basket in Dropbox by 6:00 pm 2/12/13. Bring a copy of

¹ You are expected to bring your textbook to class

² Tentative and subject to change

³ Unless your company is new or there was a significant change such as an acquisition.

				your I/S input data (or a laptop) and your company's F/S to class. I will not be grading or reviewing these but we will do a peer review.
6	2/18/13	6 Liquidity of Short-Term Assets; Related Debt-Paying Ability	P: 3, 8, 11, 13, 20, 24 C:1	Upload your FinSAS file with "Other" data in the appropriate basket in Dropbox by 6:00 pm 2/19/13. Bring a copy of your "Other" input data (or a laptop) and your company's Financial Statements to class. I will not be grading or reviewing these but we will do a peer review.
7	2/25/13	Exam I (Chapters 1-6)		The exam will be offered during a limited-time window.
8	3/4/13	7 Long-Term Debt-Paying Ability	P: 5 – 8, 10 - 11 C: 1	
9	3/11/13	Spring Break no class		
10	3/18/13	8 Profitability	P: 5, 11, 13 C: 3	
11	3/25/13	9 For the Investor	P: 1, 2, 3, 14 C: 1, 3	
12	4/1/13	10 Statement of Cash Flows	P: 2, 8, 11 C: 1	
13	4/8/13	11 Expanded Analysis	P: 1 - 5, 11	
14	4/15/13	12 Special Industries: Banks, Utilities, Oil and Gas, Transportation, and Real Estate Companies	P: 5, 7 - 9 C: 4	
15	4/22/13	13 Personal Financial Statements and Accounting for Governments and Not-for-Profit Organizations	P: 1, 5, 12 - 14	Paper due before 7 pm CDT (5/3/13) to appropriate baskets in eCollege Dropbox.
16	5/6/13	Exam II (cumulative but emphasizing Chapters 6-13)		The exam will be offered during a limited-time window.