

**Texas A & M University - Commerce**  
**College of Business and Entrepreneurship**  
**Department of Accounting**  
**Accounting 575**  
***Financial Statement Analysis***  
**Fall 2014**

**Professor:** Megan Burke, Ph.D., CPA (VA)

**Office:** This is an online course. I have no set office hours and there are no set class times. You may schedule an appointment to see me in my office (BA 122) on the main campus.

**Email:** [Megan.Burke@tamuc.edu](mailto:Megan.Burke@tamuc.edu)

**Office Hours:** Online chat will be scheduled for most **Mondays from 7:00 – 10:00 p.m.** (Central). You are *not* required to attend, but you should listen to the archived copy when you have time. I will log on and be available for live chat. If no one joins after 10 minutes, I will log off. Questions can be emailed to me or posted to the online forum. Posting is the preferred method so that other students may join in answering questions. The chapter lectures will be pre-recorded and posted to eCollege.

***Course Description***

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:

- 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;
- Effects of differing accounting methods on financial statement analysis;
- Application of general purpose financial statements and related data to derive estimates and develop inferences useful in business decisions;
- Information needs of different users (e.g., lenders', investors'); and
- Analyses for specialized industries.

***Course Embedded Assessment Objectives***

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

- Explain the basic principles of accounting and the assumptions of the financial accounting model.
- Read and analyze basic financial statements including the income statement, balance sheet, statement of cash flows, shareholder's equity, and footnotes.
- Use vertical and horizontal common-size analysis, trend analysis, and ratio analysis, industry comparisons to analyze and interpret a company's financial health in areas such as efficiency, profitability, liquidity, solvency, and investor attractiveness.
- Analyze and interpret the effects of differing accounting methods and management disclosures on financial statement analysis.

***Textbooks and Materials***

**Required Textbook:** Gibson, Charles H. (2012). *Financial Reporting and Analysis (13<sup>th</sup> ed.)* Mason, OH: South-Western Cengage Learning. (ISBN 978-1-133-18879-7).

**Suggested Textbooks:** Any current text on Intermediate Accounting (as a reference)

American Psychological Association. (2010). *Publication Manual of the American Psychological Association 6e*. Washington, DC: American Psychological Association. ISBN: 978-1-4338-0561-5 (softcover). Note that there are multiple formats available with different ISBNs.

**Suggested Resources:** Purdue Online Writing Lab (OWL) at <http://owl.english.purdue.edu/owl/section/2/10/>

The Khan Academy at <http://www.khanacademy.org>

**Access to Internet, eCollege and the TAMUC Library's database:** Connectivity, hardware and software are your responsibility. Completing the Student Tutorial in eCollege is highly recommended.

### ***Student Responsibilities***

Learning is every student's responsibility. My role as your professor is to facilitate your learning process. Each student is required to:

- Read assigned material on schedule.
- Listen to published lectures, attend or listen to the archived ClassLive sessions, and review other published material each week.
- Complete assignments within the posted time frames.
- Participate in the class online forum (Virtual Office) by posting questions and answering questions posted by classmates and/or myself.
- Prepare diligently for weekly assignments.
- Respect the e-learning environment by being prepared and observing net-etiquette.

### ***Graduate level expectations***

- Writing – Graduate students should be able to demonstrate critical thinking skills. Graduate-level writing must demonstrate an ability to evaluate arguments from various perspectives, be able to formulate well-articulated conclusions based on facts and/or deductive reasoning, and be able to provide a well-reasoned discussion that reflects comprehension beyond an undergraduate level.
- Responsibility – Graduate students should demonstrate self-motivation, organization, time management skills and discipline. It is your responsibility to know when assignments, exams, quizzes, etc. are due. Due dates are communicated on the syllabus. If changes are made, the changes are provided via email. I will NOT provide daily or weekly reminders for you. You are responsible for submitting the appropriate files on time and in the required format.
- Learning – Graduate studies are designed for more discipline-specific focused learning. I assume you want to learn. My goal is not to solely teach you information that is covered on my exam, but to teach you accounting concepts and the application of accounting concepts. If you only want to know what is on the exam, you are robbing yourself of the value of learning.
- Late work – Due dates are posted on our syllabus and in our eCollege course. Assignments, exams, quizzes, etc. must be submitted no later than the date outlined in our course. Absent extenuating circumstances, late work is not accepted. Extenuating circumstances do NOT include forgetting, technical difficulties or running out of time. The evaluation of an extenuating circumstance is judged on a case-by-case basis. Documentation MUST be provided in a timely manner. A 30% late penalty may apply even if an extenuating circumstance exists.
- Exams/ quizzes – The content and format of the exam/quiz will vary, but may include any of the following: multiple choice questions, problems, matching, or essays. The exam/quiz will be

administered on the date outlined in our course. You must plan to take the exam/quiz on or before its due date. Make-up exams/quizzes are given ONLY under extenuating conditions. The following are considered extenuating conditions: hospitalization, medical emergency, physical injury, or death of an immediate family member. You MUST bring proof of the extenuating circumstance in order to facilitate an exam/quiz make-up. Proof of the extenuating circumstance must be received in a timely manner. For extenuating conditions make-up exams/quizzes must be taken within three days of release or recovery. A 30% late penalty may apply even if an extenuating circumstance exists. Students attending university sponsored events must provide necessary documentation in order to accommodate any make-up exam/quiz.

- Cheating, plagiarism, academic dishonesty – Academic integrity is a serious issue. If any portion of your work (exam, quiz, research assignment, homework, etc.) is copied, plagiarized, purchased, stolen or lacks authenticity, the ENTIRE body of work will receive a zero. The Dean will be notified of any breach in academic integrity. Additional academic sanctions may include failure of the course, dismissal from the program and/or dismissal from the university.
- Graded work – There are several issues regarding grading/scoring: 1) I do NOT re-grade work. Once an assignment is returned with a grade/score it cannot be resubmitted. 2) If you disagree with the posted grade/score on an assignment, you must email me with the specific discrepancy no more than three (3) days after the grade/score is posted. 3) You are NOT permitted to submit an assignment used in a previous course.

### ***Evaluation***

Grades are based upon total points received.

Exam 1	100
Exam 2	100
Research Paper	<u>100</u>
<b>Total</b>	<b>300</b>

The levels of mastery are:

90 – 100%	A
80 – 89%	B
70 – 79%	C
60 – 69%	D
<60%	F

## Course Grading Rubric

<b>Criteria</b>	<b>3 (Exceeds Expectations)</b>	<b>2 (Meets Expectations)</b>	<b>1 (Does Not Meet Expectations)</b>
Demonstrate an understanding of the basic principles of accounting and the assumptions of the financial accounting model.	Student demonstrates excellent understanding of the basic principles of accounting and the assumptions of the financial accounting model.	Student demonstrates an understanding of the basic principles of accounting and the assumptions of the financial accounting model.	Student cannot demonstrate an understanding of the basic principles of accounting and the assumptions of the financial accounting model.
Analyze the basic financial statements and footnotes.	Student demonstrates excellence in the ability to analyze the basic financial statements and footnotes.	Student demonstrates an ability to analyze the basic financial statements and footnotes.	Student is not able to analyze the basic financial statements and footnotes.
Understand and utilize analysis and industry comparisons to interpret a company's financial health.	Student demonstrates excellent ability to understand and utilize analysis and industry comparisons to interpret a company's financial health.	Student demonstrates an ability to understand and utilize analysis and industry comparisons to interpret a company's financial health.	Student demonstrates no clear ability to understand and utilize analysis and industry comparisons to interpret a company's financial health.
Analyze and interpret the effects of differing accounting methods and management disclosures on financial statement analysis.	Student demonstrates excellent ability to analyze and interpret the effects of differing accounting methods and management disclosures on financial statement analysis.	Student demonstrates an ability to analyze and interpret the effects of differing accounting methods and management disclosures on financial statement analysis.	Student demonstrates no clear ability to analyze and interpret the effects of differing accounting methods and management disclosures on financial statement analysis.

### *Email*

Emails are typically the best way to contact me. I will try to respond to all emails within 24 hours during the week. Emails received Friday evening or during the weekend may not receive a response until Monday. If you do not receive a response in that timeframe, please re-send the email.

### *Attendance/Participation*

One advantage of an online course is that you do not have to be in a certain place at a certain time. You can study when convenient and log into the course and review course content when convenient. I will have an online class each **Monday from 7:00 – 10:00 p.m.** (Central) at which time you may log in and join in the class questions and discussions. You are not required to attend the weekly chat, but you should listen to the archived copy if you are unable to attend. These sessions will be recorded and you can log on anytime to review the chat session. Be sure to post your answers to questions posed by me or your peers. Also, use of the forum to ask questions will benefit all of the class. We have a lot of smart students who can often answer questions quicker than I may be able to. I will review discussions on the forum and offer corrections and/or additional explanations when needed.

### *Assignments*

**Exams:** There are two examinations in this course. These exams will test your understanding of the material covered. The final exam is cumulative and will be administered through ProctorU. **You will need a computer camera, headset and microphone to take the exam.** Details of the exam coverage will be provided during class.

You must register with ProctorU to take the final exam. Please go to [go.proctoru.com](http://go.proctoru.com) as soon as possible to register. The final exam will be available from December 4<sup>th</sup> at 12:01 a.m. central time through December 9<sup>th</sup> at 11:59 p.m. central time. You must be registered and scheduled with ProctorU before you can take the test. Instructions for registration, scheduling and equipment test are located in the Doc Sharing section of eCollege. Follow the directions and be sure to register and schedule the exam at least 3 days before the exam opens.

**Paper:** You will perform a comprehensive financial statement analysis on two publicly traded companies in the same industry of your choice. Further details will be provided in class and posted to eCollege.

### *Technology Requirements*

The following information has been provided to assist you in preparing to use technology successfully in this course.

- Internet access/connection – high speed recommended (not dial-up)
- Headset/microphone
- Computer Camera
- Word Processor (i.e. MS Word or Word Perfect)

The final exam will be administered through ProctorU. You must have a headset, microphone and a computer camera to take the exam. Instructions for ProctorU are available in the Doc Sharing section of eCollege.

Additionally, the following hardware and software are necessary to use eCollege:

Our campus is optimized to work in a Microsoft Windows environment. This means our courses work best if you are using a Windows operating system (XP or newer) and a recent version of Microsoft Internet Explorer (8.0 or higher).

Your courses will also work with Macintosh OS X along with a recent version of Safari 2.0 or better. Along with Internet Explorer and Safari, eCollege also supports the Firefox browser (3.0) on both Windows and Mac operating systems.

It is strongly recommended that you perform a “Browser Test” prior to the start of your course. To launch a browser test, login to eCollege, click on the “myCourses” tab and then select the “Browser Test” link under Support Services.

### ***Communication and Support***

Texas A&M University – Commerce provides students technical support in the use of eCollege. The student help desk may be reached by the following means 24 hours a day, seven days a week.

- Chat Support: Click on “Live Support” on the tool bar within your course to chat with an eCollege Representative.
- Phone: 1-866-656-5511 to speak with an eCollege Technical Support Representative
- Email: [helpdesk@online.tamuc.org](mailto:helpdesk@online.tamuc.org) to initiate a support request with an eCollege Technical Support Representative.
- Help: Click on the “Help” button on the toolbar for information regarding working with eCollege.

### ***Ethics***

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 failure on the assignment and/or further academic sanctions (i.e. failure of the course, dismissal from class and/or referral to the Dean of the College of Business and Entrepreneurship). You will be required to sign the Academic Honesty Policy and submit it within the first week of class. **Failure to submit a signed Academic Honesty Policy will cause a 50 point deduction from your overall score for the class.**

### ***Academic Honesty Policy***

The College of Business and Entrepreneurship at Texas A & M University-Commerce will strive to be recognized as a community with legal, ethical, and moral principles and to practice professionalism in all that we do. Failure to abide by these principles will result in sanctions up to and including dismissal. Five different types of activities that will bring sanctions are as follows:

- **Illegal activity** – Violation of any local, state, or federal laws that prohibit the offender from performance of his or her duty.
- **Dishonest Conduct:** Seeking or obtaining unfair advantage by stealing or receiving copies of tests or intentionally preventing others from completing their work. In addition, falsifying of records to enter or complete a program will also be considered dishonest conduct.
- **Cheating:** The unauthorized use of another’s work and reporting it as your own.
- **Plagiarism:** Using someone else’s ideas and not giving proper credit.
- **Collusion:** Acting with others to perpetrate any of the above actions regardless of personal gain.

### ***Student Conduct***

All students enrolled at the University shall follow the tenets of common decency and acceptable behavior conducive to a positive learning environment. (See *Code of Student Conduct from Student Guide Handbook*).

### *Students with Disabilities*

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 disability requiring an accommodation, please contact:

**Office of Student Disability Resources and Services**

**Texas A&M University – Commerce**

**Gee Library**

**Room 132**

**Phone (903) 886-5150 or (903) 886-5835**

**Fax (903) 468-8148**

**[StudentDisabilityServices@tamuc.edu](mailto:StudentDisabilityServices@tamuc.edu)**

### *Other*

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.*

***NOTE: This syllabus is subject to change as needed to meet the objectives or administration of the course at the discretion of the professor. It is not anticipated that there will be any substantive changes.***

*Class Schedule & Assignments:*

<i>Date</i>	<i>Topic</i>	<i>Assignment</i>
8/25/14 – 8/31/14	Ch 1. Introduction to Financial Reporting	<i>Suggested Problems:</i> P: 1-5; C: 10
9/1/14 – 9/7/14	Ch 2. Introduction to Financial Statements and Other Financial Reporting Topics	<i>Suggested Problems:</i> P: 5-11; C: 3, 4, 6 Academic Honesty Policy due 9/7 Student Info sheet due 9/7 <b>Deadline to select company 9/7</b>
9/8/14 – 9/14/14	Ch 3. Balance Sheet	<i>Suggested Problems:</i> P: 1, 7-9, 14; C: 2
9/15/14 – 9/21/14	Ch 4. Income Statement	<i>Suggested Problems:</i> P: 5, 11, 15-17; C: 2
9/22/14 – 9/28/14	Ch 5. Basics of Analysis	<i>Suggested Problems:</i> P: 1, 2, 7
9/29/14 – 10/5/14	Ch 6. Liquidity of Short-term Assets; Related Debt-paying Ability	<i>Suggested Problems:</i> P: 3, 8, 11, 13, 20, 24; C: 1
10/6/14 – 10/12/14	Exam 1: Chapters 1-6	<b>Exam 1 due no later than 11:59 p.m. central time on October 12<sup>th</sup>.</b>
10/13/14 – 10/19/14	Ch 7. Long-term Debt-paying Ability	<i>Suggested Problems:</i> P: 5-8, 10-11; C: 1
10/20/14 – 10/26/14	Ch 8. Profitability	<i>Suggested Problems:</i> P: 5, 11, 13; C: 3
10/27/14 – 11/2/14	Ch 9. For the Investor	<i>Suggested Problems:</i> P: 1, 2, 3, 14; C: 1, 3
11/3/14 – 11/9/14	Ch 10. Statement of Cash Flows	<i>Suggested Problems:</i> P: 2, 8, 11; C: 1
11/10/14 – 11/16/14	Ch 11. Expanded Analysis	<i>Suggested Problems:</i> P: 1-5, 11
11/17/14 – 11/23/14	Ch 12. Special Industries	<b>Research Paper due no later than 11:59 p.m. central time on November 23<sup>rd</sup>.</b> <i>Suggested Problems:</i> P: 5, 7-9; C: 4
11/24/14 – 11/30/14	Thanksgiving	<b>You must be registered with ProctorU to take the final exam no later than November 30<sup>th</sup>.</b>
12/1/14 – 12/7/14	Ch 13. Personal Financial Statements and Accounting for Governments and Not-for-Profit Organizations	<i>Suggested Problems:</i> P: 1, 5, 12-14
12/8/14 – 12/11/14	Final Exam: Cumulative Exam will be available from December 4 <sup>th</sup> – December 9 <sup>th</sup> .	<b>Final Exam due no later than 11:59 p.m. central time on Tuesday, December 9<sup>th</sup>. Final Exam will be administered through ProctorU.</b>