

**Texas A & M University – Commerce**  
**College of Business and Entrepreneurship**  
**Department of Accounting**  
**Syllabus**  
**Financial Statement Analysis for Global Entrepreneurs**  
**311-01E**  
**Call # 20527**  
**Spring 2015**

Instructor: Caroline Hayek  
Office: BA 233  
Phone: (903) 886-5651  
Fax: (903) 468-3216  
Email: Caroline.Hayek@tamuc.edu  
Office hours: Tuesdays and Thursdays by appointment  
Course Meeting Day/Time/Room: TR 11:00 am – 12:15 pm in BA346

**Course Description:**

This course is designed to provide an overview of financial statement analysis with a focus on global entrepreneurship. It presents a framework for analyzing business opportunities and risks through the use of financial statement analysis, ratio analysis, and trend analysis and valuation methods. Prerequisite ACCT 222 and a minimum of 55-semester hours credit.

**Required for:** BBA, MBA

**Course Materials:**

**Required Text:**

Fraser, Lyn, M., Ormiston, Aileen. 10<sup>th</sup> Edition. *Understanding Financial Statements*. Pearson (ISBN-13: 978-0-13-265506-4, ISBN-10: 0-13-265506-3).

Financial Calculator: Any type is acceptable. Cell phones and other similar devices are not to be used OR be turned on in class.

**Course Embedded Objectives:**

Your achievement level for each objective will be measured by your success in completing the homework, quizzes and examinations. The successful student, upon completion of this course, will be expected to have achieved the following as a result of this course:

- Understand financial statements, both from a historical viewpoint and the relationship between the Income Statement, the Balance Sheet and the Statement of Cash Flows.
- Be able to analyze financial statements and identify the strengths and weaknesses of firms using the techniques such as ratio analysis, common size analysis and cash flows.
- Understand and interpret the differences between US GAAP and International Financial Reporting Standards (IFRS) financial statements.
- Exposure to global entrepreneurship financial environment.

### **Student Responsibilities:**

1. Read assigned material on schedule
2. Complete all homework assignments on time
3. Prepare for class, examinations.
4. Participate in all discussions

### **Course Evaluation:**

Grades will be based upon the following items:

Case Discussion/Assignments	20%
First Exam	20%
Second Exam	20%
Group Project (6 sections)	40%

Grading scale: 90 - 100% =A, 80 - 89% =B, 70 - 79% =C, 60 - 69% =D and <60% =F. Your grade will be based on the activities above and weighted accordingly.

### **Assignments:**

Reading assignments will be one chapter every two weeks. Homework will be assigned after every unit so that you may reinforce the concepts learned so please attempt the problems. You should come prepared to class to discuss the homework assignments as well as turn them in if required. Assignments due to be turned in will be announced by the professor and are due at the beginning of class if assigned. They are to be submitted via the drop box in eCollege. If you have difficulty with a problem, please email me or make an appointment to receive help. Completing the homework and cases will be beneficial to helping you prepare for examinations.

### **Discussions**

There will be a case discussion for each Unit. You will be required to submit a written report on the case assigned. In addition, we will discuss several cases in class related to the chapters we will be covering (class assignments). You should come prepared to class to discuss the case and you will also be required to submit it via the dropbox in eCollege before the beginning of class.

### **Examinations:**

Two exams will be given during the semester. The exams will cover specific chapters as we cover the material during the semester. The exams will require working out problems or analyze a case like those assigned as homework as well as multiple questions related to concepts and terminology. There are no make-ups for the two exams.

### **Group Project:**

You will be required to complete a group project and present a written report as well as present your overall findings at the end of the semester. The project will be completed throughout the semester as we cover the material. All group members are expected to participate equally in the project work and will be required to turn in team evaluations. **Only one member of each group should submit the section of the project that is due every two weeks with a cover sheet attached indicating the name of the company and the members of the group.** I will return the submitted report to the member that group, and it will be that member's responsibility to distribute the feedback to each member of the group. If a group member's name is NOT on a report submitted by the group I will assume that individual has not performed the work and will not receive credit for that portion.

To complete this project you will work in groups of 3-4 students (you may choose the members of your group unless assigned by the professor). All students are equally responsible for the work that is turned in and on occasion I may ask for verification of your contribution to the group if problems arise amongst team members. Each group may select the company they wish to analyze, so long as that company has not already been selected by another group and approved by the instructor. Be sure to select a publicly traded U.S. company with at least two identifiable comparable firms. All companies need to operate on an international basis. This project will require you to make use of numerous outside resources, including company web pages, annual reports, analyst reports, etc. Be sure to appropriately cite relevant resources. You must cite any information or idea that is not yours that you are using in your project.

### **Data**

The time period for the financial statement analysis should include the most recent three years, for 3 companies (the main company you choose to analyze, and the other 2 companies you will use as an industry comparison). In addition to the financial statements and other material in the annual and 10-K reports, you should review relevant materials from outside sources such as newspapers, periodicals, and investment resources.

### **Outline**

The following outline is provided for guidance, but the analysis should be adjusted, as appropriate, to conform to the individual characteristics of the firm. Each section encompasses providing the necessary information and calculations for all 3

companies being analyzed (the main company you have chosen and the other 2 chosen as a comparison). For example, if you are writing the section on the firm and industry, I expect a description for all 3 companies).

### **Suggested Outline for the Financial Statement Analysis**

- I. Introduction (1% of final project grade)
  - A. Objective of paper (written in conjunction with Part II)
  - B. Summary of findings (Included in final report)
  
- II. Firm, Industry, and Environment (5% of project grade)
  - A. Description of firm and its management
  - B. Discussion of competitive environment (Porter's 5 forces)
  - C. Economic climate and outlook
  - D. Other factors, e.g. governmental regulations, labor relations, litigation
  
- III. Balance Sheet Analysis (8% of project grade)
  - A. Common-size analysis
  - B. Horizontal analysis
  
- IV. Income Statement Analysis (8% of project grade)
  - A. Common-size Analysis
  - B. Horizontal Analysis
  
- V. Cash Flow Statement Analysis (8% of project grade)
  - A. Analyze the 3 sections of the cash flow statements as well as overall.
  
- VI. Ratio Calculation of Financial Statements (9% of project grade)
  - A. Liquidity Ratios
  - B. Asset Ratios
  - C. Leverage (debt) ratios
  - D. Profitability ratios
  - F. Market ratios
  
- VII. Summary, and Conclusions (1% of project grade)
  
- VIII. Appendix (Provide a list of all tables and figures submitted throughout the project, if any)
  
- IX. Bibliography/References

### **Written Report**

The final written report should be between twenty to forty pages in length however it can be longer, if necessary. It should include all the sections mentioned above in the outline. With the exception of Section I and VII, all the others will have been

performed throughout the semester. The final group project will be submitted the last week of class and consist of all the sections combined into one paper along with Sections I and VII which should be prepared once your final calculations are completed. An unlimited number of attachments are allowed and will not be counted in the limit of pages however, you should include only those attachments that are relevant for the analysis and discussed in the text. The document should use a font size of 12 and one-inch margins and be double spaced. The summary page should give the reader a basic understanding of the firm, its past performance, its expected future performance, and the justification for your overall conclusion of the firm. This page should be able to stand alone as a summary of your analysis. All sources need to be cited and referenced appropriately in the written document.

### **Plagiarism**

Plagiarism represents disregard for academic standards and is strictly against University policy. Plagiarized work will result in an “F” for the course and further administrative sanctions permitted under University policy. Guidelines for properly quoting someone else are writing and the proper citing of sources can be found in the APA publication Manual.

### **University Policies and Procedures:**

#### ***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)**

***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 of assignment or exam (F) and/or further academic sanction (i.e. failure of course (F), dismissal from class and/or referral to Dean of the College of Business and Technology.

*“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).

**Non-discrimination:** A&M-Commerce will comply in the classroom, and in online courses, with all federal and state laws prohibiting discrimination and related retaliation on the basis of race, color, religion, sex, national origin, disability, age, genetic information or veteran status. Further, an environment free from discrimination on the basis of sexual orientation, gender identity, or gender expression will be maintained.

**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.

### **Email Policy**

This is a web-enhanced course utilizing eCollege. You may e-mail me as well as any student in the class by utilizing the e-mail feature in eCollege. Please write the number of the course and your name on all correspondence and any homework you submit. I will be communicating with you using your myLeo account that is provided by the university. Please check your e-mail frequently. The professor is NOT responsible for any technical difficulties experienced during the course. The quickest manner in which to get in touch with me is through email as I check the class in the mornings and in the evenings only.

The following schedule lists the specific assignments for the course. 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 and Assignments Financial Statement Analysis ACCT 311 – Spring 2015 (1/20/15 – 5/15/15)**

#### **Unit 1 Financial Statements (Jan 20 – 27th, 2015)**

- Read Chapter 1 on Financial Statements (including Appendix 1A on the Sage Inc. Case) and answer the self-test questions at the end of the chapter
- Group Project: Begin forming a group of 3-4 individuals and choose 3 companies to analyze (a main company to analyze and 2 others to use as a means of comparison). Obtain approval for the companies you have chosen and begin downloading the Forms 10-K for the 3 most recent years for all 3 companies. Complete Part II of the outline for the 3 companies by [Feb 5th](#).

Jan 20<sup>th</sup> – Overview of Class

Jan 22<sup>nd</sup> – Class lecture on Chapter 1

Jan 27th - Discussion of Case 1.4 Apple Inc. and study questions 1.1 – 1.10 on page 35. In addition be prepared to answer the 4 questions on page 39 relating to the case. Expectations of Part II of the group project are discussed. Case discussion should be emailed by the beginning of class.

### **Unit 2 Balance Sheet (Jan 29th – Feb 5th)**

- Read Chapter 2 Balance Sheet and answer the self-test questions at the end of the chapter.
- Group project: Perform common-size and horizontal analysis for the balance sheet for all 3 companies and submit a written report along with the calculations by [Feb 24th](#).

Jan 29th– Class lecture on Chapter 2

Feb 3rd – Continue with Ch 2 and Discussion of Case 2.3 Logitech International. In addition the homework assignment consists of answering problems 2.1-2.10 on page 81. The case discussion is due at the beginning of class and should be emailed to the professor. In addition you should be prepared to answer the questions in class.

Feb 5th– Discussion of group project analysis (vertical and horizontal analysis- B/S). Class exercise and examples of analysis will be provided. Work on group projects.

**Part II of group project is due by the end of the day.**

### **Unit 3 Income Statement & Stockholder's Equity (Feb 10<sup>th</sup> –Feb 26<sup>th</sup>)**

- Read Chapter 3 on Income Statement and Statement of Stockholder's Equity (including Appendix 3A) and answer the self-test questions at the end of the Chapter
- Group Project: Perform Common-size analysis and horizontal analysis on income statements for all 3 companies. Submit your calculations and a written report by [March 15<sup>th</sup>](#).

Feb 10<sup>th</sup> – Class lecture on Chapter 3

Feb 12<sup>th</sup> – Discussion of Case 3.4 and study questions 3.1-3.11 and 3.14

Feb 17<sup>th</sup> – Class exercise and Group project discussion on income statement analysis

Feb 19<sup>th</sup> - Work on group project. Please bring laptops to class.

Feb 24<sup>th</sup> – Review for Exam I. **Balance Sheet Group project due.**

Feb 26<sup>th</sup> – Exam II (Chapters 1-3)

### **Unit 4 Statement of Cash Flows (March 3rd – March 20<sup>th</sup>)**

- Read Chapter 4 on Statement of Cash Flows and answer the self-test questions at the end of the chapter.
- Group Project: Perform an analysis on the 3 sections of the cash flow statement for all 3 companies and submit the cash flows and a written analysis by [March 31<sup>st</sup>](#).

March 3<sup>rd</sup> – Class lecture on Cash Flows

March 5<sup>th</sup> –Review of study questions and problems Ch 4, Case 4.3 discussion

March 10<sup>th</sup> – Class exercise on cash flows.

March 12<sup>th</sup> – Work on group projects. Bring laptops to class.

**March 16-20<sup>th</sup> - SPRING BREAK (NO CLASSES).**

**Unit 5 Ratio Analysis (March 24<sup>th</sup> – May 8<sup>th</sup>)**

- Read Chapter 5 on Financial Statement Analysis and ratio calculations and answer the self-test questions at the end of the chapter.
- Discussion: Case 5.3 Spartech Corporation
- Group Project:
  - Calculate liquidity ratios and asset ratios for all 3 companies
  - Calculate leverage ratios for the 3 companies
  - Calculate Profitability ratios and Market ratios for the 3 companies
  - Ratio calculations and written report is due by **April 16<sup>th</sup>**.
  - Combine all parts of the group project and incorporate part I, VII and VIII of the outline as well as any comments by the professor. Submit final group project by **May 7<sup>th</sup>**.
  - (Note: A list of ratios will be provided for each type of ratio when we cover Unit 5).

March 24<sup>th</sup> – Class lecture on Chapter 5 Liquidity ratios and asset ratios.

March 26<sup>th</sup> – Lecture on Leverage ratios and assistance with written analysis

March 31<sup>th</sup> – Discussion of Profitability and Market ratios. **Cash flow group project is due.**

April 2<sup>nd</sup> - Discussion of study questions 5.1 – 5.5 and Case 5.3 Spartech Corporation.

April 7<sup>th</sup> – Class exercise

April 9 & 14<sup>th</sup> - Work on group projects.

April 16<sup>th</sup> – Review for Exam II. **Group project ratios analysis is due.**

April 21<sup>st</sup> - Exam II (Chapters 4-5).

April 23<sup>th</sup> – Group project presentation discussion

April 28<sup>th</sup> – Assistance with group projects

April 30<sup>th</sup> - Group project presentations

May 5<sup>th</sup> – Group project presentations

May 7<sup>th</sup> - Group project presentations / **Final project is due.**

## ACCT 311 Course Objectives Rubric

### ACCT 311 Financial Statement Analysis for Global Entrepreneurs

Criteria (Course Objectives)	1 (Unsatisfactory)	2 (Emerging)	3 (Proficient)	4 (Exemplary)
Demonstrate an understanding of the relationship between the income statement, balance sheet and cash flow statement.	Student cannot demonstrate an understanding of the financial statements.	Student can demonstrate an understanding of two financial statements.	Student can demonstrate an understanding of financial statements but not their relationships.	Student can identify all the financial statements and their relationships.
Analyze financial statements and identify strengths and weaknesses if firms using ratio analysis, common size and cash flows.	Student cannot analyze the financial statements using any of the methods.	Student can identify some of the ratios and use them in their analysis of the F/S.	Student can perform common size analysis and ratios analysis.	Student can perform all type of analysis on financial statements.
Demonstrate an understanding of the differences between US GAAP and IFRS.	Student cannot demonstrate an understanding of the differences between US GAAP and IFRS.	Student can identify two or less of the differences between US GAAP and IFRS.	Student can identify more than three differences between US GAAP and IFRS.	Student can identify most of the differences between US GAAP and IFRS.
Exposure to global entrepreneurship financial environment.	Student cannot identify nor demonstrate an understanding of the financial environment.	Students can identify one aspect of the 1 of the financial environment.	Students can identify a few of the financial aspects of the financial environment.	Students can identify and demonstrate an understanding of the majority of financial aspects of the financial environment.

## Financial Statement Analysis 311 – Grading Rubric

	<b>Exceeds Standards</b>	<b>Meets Minimum Standards</b>	<b>Fails to Meet Standards</b>
<p><b>Case Discussion and Class assignments (20%)</b> Participation in resolution of homework assignments, application of concepts learned.</p>	Completed all homework assignments, was able to apply the proper concepts and formulas in order to resolve the problems.	Attempted the homework and partially resolved the homework problems, shows some understanding of the topics covered	No homework was submitted and/or did not participate in classroom discussions.
<p><b>Exams (20% each first and second exams) – total 40%</b> There are three exams, each covering specific chapters assigned. Grade will be based on correctness of answer as well as the process and formulas/concepts used to arrive at answer.</p>	Answer was correct and student demonstrated knowledge of proper concepts/formulas in resolving the exercises.	Answer was correct however did not apply the proper concepts/formula in resolving the exercise.	Fails to answer the problem correctly and shows minimal knowledge of subject matter.
<p><b>Group Project (40%)</b></p>			
	<b>Exceeds Standards</b>	<b>Meets Minimum Standards</b>	<b>Fails to Meet Standards</b>
<p><b>Effective written communication</b> Paper was prepared according to written instructions, followed APA format and proper use of punctuation and grammar. 3 points</p>	Paper was clear and prepared according to the outline. Followed APA format, and had minimal grammatical mistakes.	Meets basic criteria of Outline and follows APA format. Has many grammatical mistakes.	Meets some of the basic criteria for the Outline, but fails to follow APA format. Has many grammatical mistakes and hard to read and understand.

<p><b>Analysis of Various Sections of Paper</b>  Use of financial concepts/ tools – Uses concepts from each chapter to analyze the company chosen and its industry and competitors. – 35 points.</p>	<p>Prepares each of the sections as indicated in the outline and applies the proper financial analysis theories/concepts to the company analysis. Supporting calculations and explanations are included.</p>	<p>Prepares two of the four sections. Fails to demonstrate knowledge of, and/or capability to apply, financial concepts/financial analysis to the companies.</p>	<p>Prepares one or less of the four sections of the paper. Fails to demonstrate knowledge of, or capability to apply, theories &amp; tools needed to address most of the analysis required in the project.</p>
<p><b>Peer Evaluation</b>  All group members are expected to contribute to the group project. To this end, each group member will evaluate the contribution of their peers. – 2 points.</p>	<p>Was involved in all aspects of group project analysis.</p>	<p>Partially contributed to group project analysis</p>	<p>Did not contribute to written project analysis.</p>