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 Acc 222 and a minimum of 55-semester hours credit.

Required for: BBA, MBA

Course Materials:

Required Text:

UNDERSTANDING FINANCIAL STATEMENTS

<table>
<thead>
<tr>
<th>Author</th>
<th>FRASER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edition</td>
<td>11TH 16</td>
</tr>
<tr>
<td>ISBN</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>780133874037</td>
</tr>
</tbody>
</table>


Financial Calculator: Any type is acceptable.

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 & Participation 20%
- First Exam 20%
- Second Exam 20%
- Group Project 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. The solutions are located in the back of the book in Appendix B. I will also provide solutions for those assignments not included in the Appendix section. Although not all assignments will be graded they will help you to study for the exams as well as assist you in answering the questions for the discussion on the cases as we cover in each Unit. If you have difficulty with a problem, please email me or make an appointment to receive help. Completing the problems will be beneficial to helping you prepare for examinations. The homework assignments are not required to be turned in, unless specified by the Professor at the beginning of the Unit.

**Discussions**

We will mostly be having semi-monthly discussions via the Discussion tab of each unit and class discussions so everyone has the ability to respond to the question/topic being covered in that unit. Participation in the discussion for each chapter (unit) is **mandatory** and everyone is
expected to provide insightful comments and recommendations as well as respond to at least one other student’s response. This does NOT mean simply responding “I agree or disagree” but providing an explanation/reasoning as to your answer. Please watch for announcements in eCollege and in emails for reminders relating to the discussions and class live sessions and any other requirements. All discussion postings need to be posted at the latest 2 days after the due date in order to give everyone a chance to post a response to other students’ comments.

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 submit a written report. The project will be completed throughout the semester as we cover the material with a different section of the project being submitted during each Unit. 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 of that group, and it will be that member’s responsibility to distribute the feedback to each member of the group.

To complete this project you will work in groups of 3-4 students depending upon the size of the class (I will assign the members of the group the first day of class). All students are equally responsible for the work that is turned in and an evaluation form will be filled out by each team member at the end of the semester rating each group member’s efforts. Each group may select the industry and companies they wish to analyze, so long as that industry/company has not already been selected by another group and must be approved by the instructor. Be sure to select a publicly traded U.S. company that has a global perspective, along with two identifiable comparable firms. The industry and the companies chosen must be approved by the professor before initiating the project.

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 three years beginning with the most recent year. You will obtain information 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 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
   B. Summary of findings

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 (A list of all tables and figures)

IX. Bibliography/References

Written Report
The written report should be between twenty and 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 fifteen 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. 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.

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

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
**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 - Fall 2015**

**Unit 1 Financial Statements (August 31- Sep 10)**
- Read Chapter 1 on Financial Statements (including Appendix 1A on the Sage Inc. Case)
- Answer the self-test questions at the end of the chapter
- **Discussion:** Case 1.4 Apple Inc. will be the topic of discussion for Unit 1. Respond to the posting by Sep 3rd.
- **Group Project:** Begin communicating with your group 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 Sep 10.

**Sep 1st – Overview of Class**

**Sep 3rd – Class lecture on Chapter 1**

**Sep 8th – Discussion of 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 (Sep 10- Sep 17)**
Read Chapter 2 Balance Sheet
Answer the self-test questions at the end of the chapter.

Discussion: Post your comments related to Case 2.3 Logitech International questions posted by the professor on the discussion page.

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 Oct 8

Sep 10 – Class Lecture on Chapter 2
Sep 15 - 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.

Sep 17– 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 (Sep 17 – Oct 8)
- Read Chapter 3 on Income Statement and Statement of Stockholder’s Equity (including Appendix 3A).
- Answer the self-test questions at the end of the Chapter
- Discussion: Post your response to the discussion on Case 3.4.
- Group Project: Perform Common-size analysis and horizontal analysis on income statements for all 3 companies. Submit your calculations and a written report by Oct 22

Sep 22 – Class Lecture on Chapter 3
Sep 24 – Discussion of Case 3.4 and study questions 3.1-3.11 and 3.14
Sep 29 – Class exercise and group project discussion on income statement analysis
Oct 1 – Work on group project. Please bring laptops to class.
Oct 6 – Review for Exam I. Balance sheet group project due.

Exam 1 (Chapters 1-3) Oct 8.

Unit 4 Statement of Cash Flows (Oct 8 – Oct 29th)
- Read Chapter 4 on Statement of Cash Flows
- Answer the self-test questions at the end of the chapter, and any other additional homework assigned.
- Discussion: Post your response to Case 4.3 Gerber Scientific
- 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 Oct 29.

Oct 8 – Class lecture on Cash Flows
Oct 13 – Review of Study questions and problems Ch 4, Case 4.3 discussion
Oct 15 – Class exercise on cash flows.
Oct 20 – Work on group projects. Bring laptops to class.

Unit 5 Ratio Analysis (Oct 15 – Dec 8)
- Read Chapter 5 on Financial Statement Analysis and ratio calculations.
- Answer the self-test questions at the end of the chapter.
Discussion: Post your response to Case 5.3 Spartech Corporation

Group Project:
- Calculate liquidity ratios and asset ratios for all 3 companies and submit the calculations along with a written report by Oct 22.
- Calculate leverage ratios for the 3 companies and submit calculations and a written analysis by Oct 25.
- Calculate Profitability ratios and Market ratios for the 3 companies and submit calculation and written report by Oct 30th.
- 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 Dec 8.

Oct 22 – Class lecture on Chapter 5 Liquidity ratios and asset ratios.
Oct 27 – Lecture on Leverage ratios and assistance with written analysis
Oct 29 – Discussion of Profitability and Market ratios. Cash flow group project is due
Nov. 3 – Class exercise
Nov 5 and 10 - Work on group projects.
Nov 12 – Review for Exam II. **Group project ratios analysis is due.**
Nov 17 - Exam II (Chapters 4-5).
Nov 19 – Group project presentation discussion
Nov 24 – Assistance with group projects
Dec 1 - Group project presentations
Dec 3 – Group project presentations
Dec 8 - Group project presentations / **Final project is due**

**Exam II (Chapters 4-5) Dec 15.**

Note: A list of ratios will be provided for each type of ratio when we cover Unit 5.

---

**ACCT 311 Course Objectives Rubric**

**ACCT 311 Financial Statement Analysis for Global Entrepreneurs**

<table>
<thead>
<tr>
<th>Criteria (Course Objectives)</th>
<th>1 (Unsatisfactory)</th>
<th>2 (Emerging)</th>
<th>3 (Proficient)</th>
<th>4 (Exemplary)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demonstrate an understanding of the relationship between the income statement, balance sheet and cash flow statement.</td>
<td>Student cannot demonstrate an understanding of the financial statements.</td>
<td>Student can demonstrate an understanding of two financial statements.</td>
<td>Student can demonstrate an understanding of financial statements but not their relationships.</td>
<td>Student can identify all the financial statements and their relationships.</td>
</tr>
<tr>
<td></td>
<td>Student cannot analyze the financial statements using any of the methods.</td>
<td>Student can identify some of the ratios and use them in their analysis of the F/S.</td>
<td>Student can perform common size analysis and ratios analysis.</td>
<td>Student can perform all type of analysis on financial statements.</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------</td>
<td>------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Analyze financial statements and</strong></td>
<td><strong>Demonstrate an understanding of the differences between US GAAP and IFRS.</strong></td>
<td><strong>Exposure to global entrepreneurship financial environment.</strong></td>
<td><strong>Student cannot identify nor demonstrate an understanding of the financial environment.</strong></td>
<td><strong>Students can identify one aspect of the financial environment.</strong></td>
</tr>
<tr>
<td><strong>identify strengths and weaknesses if firms using ratio analysis, common size and cash flows.</strong></td>
<td><strong>Student cannot demonstrate an understanding of the differences between US GAAP and IFRS.</strong></td>
<td><strong>Student cannot identify nor demonstrate an understanding of the financial environment.</strong></td>
<td><strong>Students can identify a few of the financial aspects of the financial environment.</strong></td>
<td><strong>Students can identify and demonstrate an understanding of the majority of financial aspects of the financial environment.</strong></td>
</tr>
</tbody>
</table>
**Financial Statement Analysis 311 – Grading Rubric**

<table>
<thead>
<tr>
<th>Case discussion/Participation (20%)</th>
<th>Exceeds Standards</th>
<th>Meets Minimum Standards</th>
<th>Fails to Meet Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation in resolution of case discussion assignments, application of concepts learned.</td>
<td>Completed all case work assignments, was able to apply the proper concepts and formulas in order to resolve the problems.</td>
<td>Attempted the case work and partially resolved the problems, shows some understanding of the topics covered</td>
<td>No case discussion was submitted and/or did not participate in classroom discussions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exams (20% each first and second exams) – total 40%</th>
<th>Exceeds Standards</th>
<th>Meets Minimum Standards</th>
<th>Fails to Meet Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>Answer was correct and student demonstrated knowledge of proper concepts/formulas in resolving the exercises.</td>
<td>Answer was correct however did not apply the proper concepts/formula sin resolving the exercise.</td>
<td>Fails to answer the problem correctly and shows minimal knowledge of subject matter.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group Project (40%)</th>
<th>Exceeds Standards</th>
<th>Meets Minimum Standards</th>
<th>Fails to Meet Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective written communication</td>
<td>Paper was clear and prepared according to the outline. Followed APA format and proper use of punctuation and grammar. 3 points</td>
<td>Meets basic criteria of Outline and follows APA format. Has many grammatical mistakes.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>Analysis of Various Sections of Paper</strong></td>
<td>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.</td>
<td>Prepares two of the four sections. Fails to demonstrate knowledge of, and/or capability to apply, financial concepts/financial analysis to the companies.</td>
<td>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.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Use of financial concepts/tools – Uses concepts from each chapter to analyze the company chosen and its industry and competitors. – 35 points.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Peer Evaluation</strong></th>
<th>Was involved in all aspects of group project analysis.</th>
<th>Partially contributed to group project analysis</th>
<th>Did not contribute to written project analysis.</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>