

Texas A & M University – Commerce
College of Business
Department of Accounting
Syllabus
Financial Statement Analysis for Global Entrepreneurs
311-01W
Call #50186
Summer II - 2015

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Office hours: By appointment only
Course Meeting Day/Time/Room: Virtual

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:

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

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 week. 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 be using **Class Live Pro** at times during the semester to discuss the chapters and case assignments, however we will mostly be having a weekly case discussion via the Discussion tab of each unit so everyone has the ability to respond to the question/topic being covered in that unit. Participation in the case 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.** This means I should only receive one report per group for every section of the project that will be submitted. Please make sure all members of the group are included in the cover sheet in order to give credit to those who have participated in the project. 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 2-3 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 (5% of final project grade)
 - A. Objective of paper
 - B. Summary of findings

- II. Firm, Industry, and Environment (6% 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 (6% of project grade)
 - A. Common-size analysis
 - B. Horizontal analysis

- IV. Income Statement Analysis (6% of project grade)
 - A. Common-size Analysis
 - B. Horizontal Analysis

- V. Cash Flow Statement Analysis (6% of project grade)
 - A. Analyze the 3 sections of the cash flow statements as well as overall.

- VI. Ratio Calculation of Financial Statements (6% of project grade)
 - A. Liquidity Ratios
 - B. Asset Ratios
 - C. Leverage (debt) ratios
 - D. Profitability ratios
 - F. Market ratios

- VII. Summary, and Conclusions (5% 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 page length 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's 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 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 – Summer II 2015

Unit 1 Financial Statements (July 13, 2015 – July 19, 2015)

- 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 **July 19th**.
- 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 by **July 19th** 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 **July 19th**.

Unit 2 Balance Sheet (July 20 – July 26, 2015)

- 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 by **July 26**.
- 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 **July 26**.

Unit 3 Income Statement & Stockholder's Equity (July 27 – Aug 2nd)

- 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
- Group Project: Perform Common-size analysis and horizontal analysis on income statements for all 3 companies. Submit your calculations and a written report by **August 2nd**.
- **Exam 1 (Chapters 1-3) due August 3rd.**

Unit 4 Statement of Cash Flows (August 3 – August 7th)

- 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 by **August 7th**
- 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 **August 7th**.

Unit 5 Ratio Analysis (Aug 7 – Aug 13th)

- 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 by **August 13th**
- Group Project:

- Calculate liquidity ratios, asset, leverage, and profitability and market ratios for all 3 companies and submit the calculations along with a written report by **Aug 11th**.
- 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 **Aug 13th**.
- **Exam II (Chapters 4-5) due by Aug 13th.**

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

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	Student cannot identify nor demonstrate an understanding of	Students can identify one aspect of the 1 of the financial	Students can identify a few of the financial aspects of the	Students can identify and demonstrate an

environment.	the financial environment.	environment.	financial environment.	understanding of the majority of financial aspects of the financial environment.
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Financial Statement Analysis 311 – Grading Rubric

	Exceeds Standards	Meets Minimum Standards	Fails to Meet Standards
<p>Case discussion/Participation (20%) Participation in resolution of case discussion assignments, application of concepts learned.</p>	Completed all case work assignments, was able to apply the proper concepts and formulas in order to resolve the problems.	Attempted the case work and partially resolved the problems, shows some understanding of the topics covered	No case discussion was submitted and/or did not participate in classroom discussions.
<p>Exams (20% each first and second exams) – total 40% 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>Group Project (40%)</p>			
	Exceeds Standards	Meets Minimum Standards	Fails to Meet Standards
<p>Effective written communication 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>Analysis of Various Sections of Paper 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 & tools needed to address most of the analysis required in the project.</p>
<p>Peer Evaluation 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>