

**Texas A & M University - Commerce**  
**College of Business and Entrepreneurship**  
**Department of Accounting**  
**Accounting 575**  
***Financial Statement Analysis***  
**Spring 2016**

**Professor:** Jennifer Smith, CPA, JD, CFE, CFF

**Office:** BA 119 (in the first floor accounting department suite); UCD

**Email:** [Jennifer.Smith@tamuc.edu](mailto:Jennifer.Smith@tamuc.edu)

**Office Hours:** before class on Mondays at the UCD and by appointment

***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.
- Review other published material each week.
- Attend and participate in class sessions.
- 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 me.
- Prepare diligently for weekly assignments.
- Respect the learning environment by being prepared and observing classroom 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 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.
- Tests – 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.

Test 1	150
Test 2	175
Test 3	175
Class Exercises (10)	100
Report Part 1	100
Report Part 2	100
Report: FINAL	100
HWs (10 total)	<u>100</u>
<b>Total</b>	<b>1,000</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*

You are expected to attend classes and be engaged in discussions. Most class sessions will begin with a quiz. You are expected to arrive on time.

### *Assignments*

**Tests:** There are three tests in this course. These exams will test your understanding of the material covered. The final test is cumulative. Details of text coverage are provided during class.

**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. Your paper will have three due dates: one for each stage of analysis.

**Homework assignments:** For each week in which there is no test and no project portion due, you will have a homework assignment due in the Dropbox the NIGHT BEFORE class (i.e., due Sunday night).

**Late work:** your homework assignments are posted with plenty of time for you to complete them well before due dates. No late homework will be accepted for any reason. Plan for “extenuating circumstances.”

**One Make-up Assignment:** during finals week, there will be an optional quiz you may take to replace ONE missed homework *OR* ONE missed class assignment.

### *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 (e.g. MS Word or Word Perfect)

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). 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 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*).

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.

### *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	CHAPTERS	SUBJECT MATTER	DUE
Week 2	25-Jan	CH01	Introduction to Financial Reporting	HW-W2
Week 3	1-Feb	CH02	Introduction to Financial Statements and Other Reporting Topics	HW-W3
Week 4	8-Feb	CH03	Balance Sheet	HW-W4
Week 5	15-Feb	CH04	Income Statement	HW-W5
Week 6	22-Feb	CH05	Basics of Analysis	HW-W6
Week 7	29-Feb	Test 1	Chapters 1-5	
Week 8	7-Mar	CH06	Liquidity of Short-Term Assets; Debt-Paying Ability	PROJECT PART 1
<b>SPRING BREAK</b>				
Week 9	21-Mar	CH07	Long-Term Debt-Paying Ability	HW-W9
Week 10	28-Mar	CH08	Profitability	HW-W10
Week 11	4-Apr	Test 2	Chapters 6-8	
Week 12	11-Apr	CH09	For the Investor	PROJECT PART 2
Week 13	18-Apr	CH10	Statement of Cash Flows	HW-W13
Week 14	25-Apr	CH11	Expanded Analysis	HW-W14
Week 15	2-May	CH12	Special Industries: Banks, Utilities, Oil & Gas, etc.	HW-W15
Finals	9-May	Test 3	Chapters 1-12 (cumulative)	
Finals	13-May	PROJECT	FINAL PROJECT DUE	PROJECT FINAL