

**THE INTERNATIONAL BUSINESS SCHOOL
BRANDEIS UNIVERSITY
FIN216f FINANCIAL STATEMENT ANALYSIS
Fall 2012 Module II**

Professor: Dr Richard L Keith
Office location: Sachar International Center 11
Office hours: After class and by Appointment

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TA: Dan Wu

COURSE PRE-REQUISITE: FIN212a or FIN213a

COURSE DESCRIPTION AND OBJECTIVES

The primary objective of this course is to present techniques of financial statement analysis that deepen the understanding of financial statements and the information they provide. The course will expose students to the contemporary financial reporting environment and current reporting practices of U.S. companies. Students will analyze cases to foster an understanding of the economic and strategic information conveyed in financial reports. This course will **NOT** cover equity valuation. The course is organized in the following manner:

1. Introduction and Review of Financial Statements and Basics of Analysis
2. Liquidity, Solvency and Profitability Analysis
3. Financial Analysis of Cash Flows

LEARNING GOALS AND OUTCOMES:

The course has been designed to achieve the following goals and outcomes:

Business Strategy Analysis: Identify key value drivers and risks of a firm.

Accounting Analysis: Evaluate accounting policies, earnings quality, and adjustments necessary to best reflect a firm's economic reality.

Financial Statement Analysis: Apply analytical tools and techniques to financial statements and related data to derive estimates and inferences useful in business decision making.

COURSE MATERIALS:

Charles H. Gibson; **Financial Reporting and Analysis: Using Financial Accounting Information, 13e**, South-Western Cengage Learning, 2013. (Required).

COURSE REQUIREMENTS AND GRADING POLICY

Course Grading and Exams

Your course grade will be determined based on the following formula:

| | |
|----------------------------------|------------|
| Class Participation & Attendance | 5% |
| Assigned Cases | 25% |
| Course Project | 30% |
| Final Exam | <u>40%</u> |
| | 100% |

Class Participation:

Attendance is required. Students are expected to adequately prepare for each class session and to actively participate in class discussion. Class participation involves being regularly engaged in the discussion/lecture and making a positive contribution by asking thoughtful questions, sharing relevant experiences, requesting clarification and making comments.

Homework

Homework will be assigned to facilitate course learning. Homework solutions will be made available on Latte for student self-review. Although homework will not be collected or graded, it is critical to your learning.

Cases

Assigned cases will be graded and included in the calculation of your final grade. Case assignments should be submitted for grading via Latte prior to the class due date. Copies of the case should be brought to class for discussion. **NO** late assignments will be accepted except in extreme hardship circumstances and must be pre-approved by the professor. The TA will grade your case and provide feedback and grading via Latte.

Financial Statement Analysis Project

The course project requires students to conduct a financial statement analysis of a public U.S. company. Students should consult the format provided in the course textbook, Summary Analysis Nike, Inc. page 438, as a guideline for the analysis. The project is due on the last day of class. Ten points will be deducted from the project grade for each day the project is late.

Final Exam

THERE WILL BE NO MAKE-UP EXAM GIVEN. The final exam will be administered on the last night of class. The exam will be comprehensive and will include all material covered in class. The exam will be closed book with no index cards/review sheets or technological assistance of any kind permitted while taking the test.

Student Accommodations

If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me.

Academic Integrity

Academic integrity is central to the mission of educational excellence at Brandeis University. Each student is expected to turn in work completed independently, except when assignments specifically authorize collaborative effort. It is not acceptable to use the words or ideas of another person- be it a world-class philosopher or your lab partner- without proper acknowledgement of that source. This means that you must use footnotes and quotation marks to indicate the sources of any phrases, sentences, paragraphs or ideas found in published volumes, on the internet, or created by another student. You are expected to be familiar with and to follow the University's policies on academic integrity (see <http://www.brandeis.edu/studentlife/sdc/ai/>). Instances of alleged dishonesty will be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University.

Tentative Schedule

| Date | Topic | Reading | Assignment |
|-------|--|--|--|
| 11/5* | Balance Sheet | Chapter 3 | 3Q- 4,7,8,11,16,18,25,33:3P-9,10,14 Case 3-2,4 To the net case 1,7 |
| 11/12 | Income Statement Basics of Analysis | Chapter 4 Chapter 5 | 4Q-1,3,4,10,11,13:4P4,5,6,8,11,12,16:Case 4-5 5Q-2,5,6:5P-8 Turn in problem 5P-1 and To The Net Case 1&2 |
| 11/19 | Liquidity LIFO Reserve | Chapter 6 Chapter 11 pp. 473-474 | 6Q-2,3,4,7,8,14,17,18,20,21:6P-2,6,9,11,18,20,24 Case 6-1,3 11P-15 |
| 11/26 | Solvency Profitability | Chapter 7 Chapter 8 | 7Q-2,6,7,8,15,17,20,22,26:7P-3,5,10,11 Case 7-2,7 8Q-2,4,6,7,10:8P-5,11,13:Case 8-5,7 |
| 12/3 | Investors | Chapter 9 | 9Q-8,9,11,12,14,15:9P-2,5,13,14:Case 9-3 |
| 12/10 | Statement of Cash Flows | Chapter 10 | 10Q-1,7,9,10,11,12,13,14,17:10P-3,8,11 Case 10-3,4 Turn in term paper |
| TBD | Final Exam | | |

***Prior to the first night of class, students are expected to review the materials from their pre-requisite financial accounting course(s). Students are expected to have a full comprehension of introductory financial accounting prior to this course. It is strongly recommended students read Chapters 1&2 from the text prior to class; this material is required for the course but will NOT be reviewed in class.**