



ACC 621.A23 – FINANCIAL STATEMENT ANALYSIS (3 HOURS)
STETSON SCHOOL OF BUSINESS AND ECONOMICS
CECIL B. DAY CAMPUS - ATLANTA
INSTRUCTOR: LIN ZHENG
SPRING 2010—SESSION II

Mission Statement: The Stetson School of Business and Economics (SSBE) promotes the advancement and integration of quality business education and practice. In support of Mercer University's mission, the school provides undergraduate and graduate programs that are designed to enable, enhance, and expand professional careers, civic responsibility and lifelong learning.

Class Time: Tuesday 6-10:15pm

Office Location: BE 206, Atlanta Campus

Office Hours: Monday and Tuesday 2-6pm and by appointment

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Textbook: Penman. *Financial Statement Analysis and Security Valuation*. 4th Edition.

McGraw-Hill. ISBN: 978-0-07-337966-1. Companion web site: www.mhhe.com/penman4e

Course Material: Available through Blackboard or distributed by the instructor.

(Email forwarding: My settings-->My tool options-->Mail-->Mail forwarding)

Course Description: This course will provide students with the advanced tools to analyze and use the information in corporate financial statements. The course will also increase the students' abilities to detect earnings management, and is intended to enhance students' analytical skills. Finally, the course will emphasize the role of accounting information in earnings-based and free cash flows-based valuation.

Prerequisites: BAA 603; and ACC 371, 372, and 373 or equivalent

Course Objectives:

The primary course objective is to prepare students to perform a comprehensive financial analysis of corporate financial statements. The course will focus on skills development:

- Employ commonly used financial statement analysis procedures;
- Increase students' understanding of the relationships between the financial reporting of business transactions and environmental forces (e.g., political, economic, social);
- Examine how financial statement information can help solve certain business problems;

- Increase awareness of the strengths and weaknesses of financial statement information available to decision-makers.

Course Information: The course will be conducted on a discussion/problem-solving basis and will encourage student participation. You are expected to read the chapters, attempt exercises/problems, and complete any assigned work. Students may be called on to work problems and to explain their answers.

Evaluation: The course grade will be determined based on your performance on the following components: Case analysis (4*20% each=80%), Group project report (15%), Group project presentation (5%).

The grade will be assigned according to the following scale: A (90%-100%), B+ (86%-89%), B (80%-85%), C+ (76%-79%), C (70%-75%), D (60%-69%), and F (Below 60%).

Four case analysis are collected on designated dates on the schedule. Students are required to answer questions of minicases specified on the schedule. These case analysis are independent individual work and hence students are not allowed to discuss with fellows in the course and with others that may have comparable knowledge/skills. Electronic submission is encouraged but not required. Late submissions are not accepted and hence not graded.

Group project requires student groups to develop a project that involves financial analysis and uses tools developed in the course. Additional instructions are provided separately. Late submissions are not accepted and hence not graded. A peer evaluation form will be provided to evaluate group members' contributions. Individual student's grade will be adjusted accordingly.

Group project presentation is required for each student group. Visual aids may be used during presentations. Grading criteria will be given separately.

Attendance and participation are critical to the learning process. Attendance and participation mean arriving on time, staying for the entire class, and actively participating in discussion of material including homework. **EACH uninformed absence, late arrival, early departure or other disruptive behavior results in a half grade reduction to the letter grade (e.g., A→B+, B+→B, etc.)**

Additional Information

Electronic Submission of Course Work: Students bear sole responsibility for ensuring that papers or assignments submitted electronically to a professor are received in a timely manner and in the electronic format(s) specified by the professor. Students are therefore obliged to have their e-mail client issue a receipt verifying that the document has been received. Students are also strongly advised to retain a copy of the dated submission on a separate disk. Faculty members are encouraged, but not required, to acknowledge receipt of the assignment.

Use of Cell Phones and Pagers: Out of courtesy for all those participating in the learning experience, all cell phones and pagers must be turned off before entering any classroom, lab, or formal academic event.

Wait list: Wait listed students will be placed into courses as seats become available. Circumstances may arise which warrant exceptions to this general principle.

Writing Style: Each student is reminded that Mercer University emphasizes proper grammar, composition, and writing style across the university curriculum. All assignments should reflect appropriate writing skills.

Dropping the Course: Students are expected to follow University policies to drop the course before the deadline. Any student who does not complete the appropriate withdrawal procedures established by the University prior to the deadline for withdrawal will be assigned a failing grade of "F".

Honor Code: Any student who engages in any form of academic misconduct will be subject to the maximum allowed disciplinary action. A violation of the Honor Code involves: (1) cheating, (2) plagiarism, (3) academic negligence, or (4) other acts of dishonesty in the area of academics and research. Please consult the Mercer University Catalog for additional information.

Disability Support Services: Students with a documented disability should inform the instructor at the close of the first class meeting. The instructor will refer you to Richard Stilley, Assistant Dean for Student Life (Tel: 678-547-6823; office: Sheffield Student Center, Rm. 212), for consultation regarding evaluation, documentation of your disability, and recommendations for accommodation, if needed. More information can be found at www.mercer.edu/stu_support/swd.htm

Inclement Weather: If severe weather occurs, classes will be cancelled in accordance with the Associate Provost's decision of Mercer-Atlanta. Call the Mercer weather line for information about class cancellations – (678) 547-6111 or listen to WSB 750 AM.

Course Schedule: Tentative and subject to change by the instructor.

Week	Date	Topics
1	Mar 16	Introduction Ch1 Introduction to Investing and Valuation Ch3 How Financial Statements Are Used in Valuation Ch4 Cash Accounting, Accrual Accounting, and Discounted Cash Flow Valuation
2	Mar 23	Ch5 Accrual Accounting and Valuation: Pricing Book Values Ch6 Accrual Accounting and Valuation: Pricing Earnings
3	Mar 30	Due: Minicase M2.1 Reviewing the Financial Statements of Nike, Inc. Ch8 The Analysis of the Statement of Shareholders' Equity Ch7 Viewing the Business Through the Financial Statements
4	Apr 6	Ch9 The Analysis of the Balance Sheet and Income Statement Ch10 The Analysis of the Cash Flow Statement
5	Apr 13	Ch11 The Analysis of Profitability Ch12 The Analysis of Growth and Sustainable Earnings
6	Apr 20	Due: Minicase M9.1 Financial Statement Analysis: Procter & Gamble I Ch16 Creating Accounting Value and Economic Value Ch17 Analysis of the Quality of Financial Statements
7	Apr 27	Due: Minicase M10.1 Analysis of Cash Flows: Dell, Inc. Ch13 The Value of Operations and the Evaluation of Enterprise Price-to-Book Ratios and Price-Earnings Ratios Ch14 Anchoring on the Financial Statements: Simple Forecasting and Simple Valuation
8	May 4	Due: Minicase M17.1 A Quality Analysis: Xerox Corporation Due: Group project reports Presentations: Group Projects