



Sam Houston State University

DEPARTMENT OF GENERAL BUSINESS AND FINANCE

SYLLABUS – FINC 4335 FALL 2017

COURSE TITLE: Financial Statement and Credit Analysis
INSTRUCTOR: Dr. Kurt Jesswein
OFFICE: SHB 103D
E-MAIL: jesswein@shsu.edu
PHONE: (936) 294-4582
OFFICE HOURS: MTWTh, 9:30 a.m. – 11:00 a.m., or by appointment.
TEXTBOOK: A draft textbook for the course is available for download on Blackboard.

SUPPLEMENTAL MATERIALS: There are supplemental materials (Powerpoint slides, review problems, etc.) found on Blackboard. Thus, it is important to check Blackboard periodically for course updates.

DESCRIPTION OF COURSE: A study of theoretical issues and various applications relevant to the analysis of financial statements using finance and accounting principles. Readings and case studies are utilized to provide a contemporary perspective.

COURSE OBJECTIVES: The course will introduce a variety of principles and methodologies applicable to the analysis of financial statements. At the conclusion of the course, students will be able to:

- Describe the key financial accounting items and construct, in good form, a balance sheet, income statement, and cash flow statement.
- Discuss the purpose(s) of analyzing financial statements and its impact on decision making.
- Assess the financial health of an entity through financial statement analysis.
- Estimate the impact alternative accounting and reporting standards (US GAAP, IFRS) have on the calculation and interpretation of selected financial ratios.
- Calculate and properly interpret financial ratios and other financial indicators to assess the credit and investment worthiness of an entity.

PREREQUISITE: FINC 3320

CLASS MEETINGS: SHB 106, MW, 11:00 a.m. – 12:20 p.m., beginning on Wednesday, August 23, 2017 and ending with the final exam on Wednesday, December 6, 2017 at 12:00 p.m.

INSTRUCTIONAL ACTIVITIES: Class time will be devoted to highlighting important material and working through problems, primarily the in-class exercises. It is assumed that you have read and/or reviewed any assigned material carefully **BEFORE** class.

COURSE EVALUATION PROCESS: There are three exams, plus a comprehensive final exam. There are four (4) graded homework assignments and fourteen (14) in-class exercises. The weighting scheme for the course is as follows:

Exams (3 × 18% each)	54%
Homework assignments (4 × 3% each)	12
In-class exercises (14 × 1% each)	14
Final exam	<u>20</u>
	100%

Grades in this course are determined by applying the following scale to a student's weighted average of exams, homework assignments, and exercises:

90 – 100	A	60 – 69.9	D
80 – 89.9	B	Below 60	F
70 – 79.9	C		

Exams

Each exam consists of multiple choice questions and short problems and analysis questions. Exams will be graded and returned to you for review and then collected to record the grades. If an exam leaves the classroom, a grade of zero will be assigned. Problems with taking any exam(s) on the scheduled date(s) must be discussed with the instructor before the exam. If an exam is missed, a grade of zero (0) will be assigned. Under rare circumstances, a make-up exam may be arranged. This highly unlikely occurrence is at the totally arbitrary discretion of your professor. If you opt out of taking the final exam, the average of the first three (3) exam grades, *not the overall course average*, will be used to substitute for the final exam grade. This in effect increases the weight of each of the three exams from 18% to 24.67% of your overall grade in the course. If and only if you complete the final exam, the score on the final exam can be used to replace the lowest score from the earlier three exams, including zeros from any missed exams, as well as count as the final exam grade.

Assignments

There are four homework assignments and you are encouraged to work on the assignments with others. Each assignment is to be submitted through the assignment submission feature in Blackboard. To receive full credit, each assignment must be submitted by the beginning of the class period for which it is due.

In-class Exercises

There will be fourteen (14) in-class exercises. If you miss any in-class exercise(s), you may instead submit the corresponding online exercise in Blackboard for a reduced grade (90% of the grade earned on that exercise). You are also encouraged to work through those online exercises to review course material. Grades earned on the online exercises will not be included in your overall grade unless they are used to replace missed in-class exercises.

ATTENDANCE: Regular attendance and full participation in the class exercises are deemed necessary to do well in this course and attendance will be recorded each class period. It is your responsibility to make certain that you have signed the attendance roster each day; note that this roster will be provided at different points in the class (i.e., not always at the beginning). Per university policy, missing more than six hours of class (4 class meetings) may result in the awarding of a grade of F for the course.

ACADEMIC DISHONESTY: All SHSU policies will be strictly enforced. You may review the guidelines at www.shsu.edu/syllabus/.

STUDENT ABSENCES ON RELIGIOUS HOLY DAYS POLICY: All SHSU policies will be followed. You may review the guidelines at www.shsu.edu/syllabus/.

STUDENTS WITH DISABILITIES POLICY: All SHSU policies will be followed. You may review the guidelines at www.shsu.edu/syllabus/.

VISITORS IN THE CLASSROOM: All SHSU policies will be followed. You may review the guidelines at www.shsu.edu/syllabus/.

TENTATIVE COURSE OUTLINE

- 8/23 Course introduction; Basics of financial reporting and analysis (Chapter 1)
8/28 Overview of financial statements (Chapter 2)
8/30 The balance sheet (Chapter 3)
9/4 No class (Labor Day)
9/6 The income statement (Chapter 4); In-class exercise 1
9/11 The income statement (Chapter 4); In-class exercise 2
9/13 The statement of cash flows (Chapter 5)
9/18 The statement of cash flows (Chapter 5); In-class exercise 3
9/20 The statement of cash flows (Chapter 5); In-class exercise 4; **Assignment 1 due**
9/25 The statement of cash flows (Chapter 5); In-class exercise 5
9/27 Exam review; **Assignment 2 due**
10/2 Exam 1 (Chapters 1-5)
- 10/4 Introduction to ratio analysis (Chapter 6)
10/9 Profitability ratios (Chapter 7); In-class exercise 6
10/11 Efficiency ratios (Chapter 8); In-class exercise 7
10/16 Liquidity ratios (Chapter 9); In-class exercise 8
10/18 Solvency ratios (Chapter 10); In-class exercise 9
10/23 Market-based ratios (Chapter 11); In-class exercise 10
10/25 Exam review; Intro to credit analysis (Chapter 12)
10/30 Exam 2 (Chapter 6-11)
- 11/1 Pro forma financial statements (Chapter 13)
11/6 Pro forma financial statements (Chapter 13); In-class exercise 11
11/8 Valuation analysis (Chapter 14)
11/13 Valuation analysis (Chapter 14); In-class exercise 12; **Assignment 3 due**
11/15 Analysis of LIFO-adjusted financial statements (Chapter 15); In-class exercise 13
11/20 Analysis of lease-adjusted financial statements (Chapter 15); In-class exercise 14
Assignment 4 due
11/22 No class (Thanksgiving break)
11/27 **Exam 3 (Chapters 12-15)**
11/29 Final exam review
- 12/6 Final Exam, 12:00 p.m. – 2:00 p.m.**