



Sam Houston State University

DEPARTMENT OF GENERAL BUSINESS AND FINANCE

SYLLABUS – FIN 4335W (FIN 432) SPRING 2018

COURSE TITLE: Financial Statement and Credit Analysis
INSTRUCTOR: Joanie McFarland
E-MAIL: joanie@woodforest.com
OFFICE HOURS: By appointment
TEXT: *Financial Reporting & Analysis, Using Financial Accounting Information*, 12th ed. Charles H. Gibson, South-Western, Cengage Learning, 2011. ISBN: 978-1-4390-8060-3

SUPPLEMENTAL MATERIALS: There are many supplement materials (PowerPoint slides, review problems, etc.) to be found on Blackboard. I also periodically update materials or make announcements through Blackboard. Thus, it is important that you periodically check Blackboard for course updates and be certain that the email address listed on the Blackboard system is one that you regularly access or from which you have messages forwarded.

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. Specifically, the focus is on:

- Reviewing and gaining factual knowledge of accounting principles that affect financial reporting as well as methodologies (common-sized statements, ratio analysis, etc.) used to evaluate financial reports.
- Finding and using appropriate resources for conducting financial analysis.
- Applying the appropriate resources in the analysis of financial statements.

PREREQUISITE: FINC 3320 (FIN 367)

CLASS MEETINGS: University Center Woodlands, Tuesday, 6:00pm – 8:50 p.m. beginning on Tuesday, January 23, 2018 and ending with the final exam on Tuesday, May 8, 2018

INSTRUCTIONAL ACTIVITIES: Class time will be devoted to highlighting important material and demonstrating problem-solving techniques. It is assumed that you have read any assigned material carefully **BEFORE** class.

COURSE EVALUATION PROCESS: There will be three exams plus a final comprehensive exam as well as periodic quizzes and a semester project. The weighting scheme will be as follows:

Quizzes (5 x 3%)	15%
Exams (3 x 15%)	45%
Project	25%
Comprehensive Final	15%

The exams will include multiple choice questions but also many short problems and analysis questions as this IS a *writing-enhanced* class. Your exams will be graded and returned to you for review and then taken back up to record the grades. If the 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. You may replace the lowest of your exam scores with the final exam grade if needed. An extra credit project may be submitted. The details of the project will be provided to any interested parties.

Grades in this course are determined by applying the following scale to a student's weighted average:

90 – 100	A
80 – 89.99	B
70 – 79.99	C
60 – 69.99	D
Below 60	F

Non-quantitative factors such as class participation, improvement on examinations, rank in class, or other extenuating factors may also be considered in the grading process.

PROJECT: You will be assigned to a group. The group will provide a summary review of the financial statements of a specific, publicly-traded, U.S. corporation that will be assigned to you. Details of the project are as follows:

1. Secure the relevant financial statement data for your company. The following items should be submitted *digitally*.
 - (a) a copy (pdf preferred) of your company's 2014, 2015, and 2016 complete ***Annual Report or complete 10-k***, and the most recent interim financials (typically 9/30/17), along with the same time period for the prior two years (typically 9/30/2015 and 9/30/16). Financial data obtained from any other source, such as Yahoo! Finance or Mergent, will not be acceptable.
 - (b) a copy (Excel version preferred) of the data financial statement data, its vertical balance sheet and vertical income statement, and its financial ratios, along with the industry-level vertical balance sheet and vertical income statement, and industry financial ratios. **Due by 4/10/18.**
2. The final report is due at the beginning of class on **Tuesday, April 24, 2018**. The report should be written as a summary (ideally less than ten pages) in which you provide analysis of your company. In the summary you should provide the following: (a) a brief description of the company; (b) a brief analysis of the company's vertical balance sheet and income statement from both trend and cross-sectional perspectives; and (c) an assessment of the company's liquidity ratios (along with any noteworthy items found on the statement of cash flows), of the company's activity and leverage ratios, borrowing availability and covenants required, and of its profitability and market ratios, each from both a trend and a cross-sectional perspective. Additionally, an oral presentation is required on 4/24/18 over the company and its financial stability. A grading template, as well as sample reports, can be found on Blackboard.

You should include as an appendix copies of the calculations used in your analysis. Be certain that the data are presented in a professionally-looking spreadsheet format. You should submit the final report and appendices via email attachment(s). The professionalism of your final submission, as well as presentation, will affect the project grade.

ATTENDANCE: Regular class attendance is necessary to do well in this course and attendance will be taken during each class period. A seating chart will be circulated at the beginning of the second class period. Your seat at that time will become your permanent seat. This will help me learn your names more quickly and help you learn the names of your classmates. One class period, equal to three hours, can be missed without penalty, except for examination days and presentation days. For each hour missed from the 4th through the 7th, 1-point will be subtracted from the final grade for each hour missed. All absences totaling 8 hours or more will result in a grade of "F" for the course.

OTHER COMMENTS:

- Students are expected to remove their caps, hats, or other headgear while in class.
- Eating and drinking are strictly prohibited in the classroom with the exception of bottled water.
- I expect you to be respectful and courteous to others. Pagers, cell phones, and anything else that rings, beeps, boops, or otherwise disturbs the class and/or your instructor should be disabled for the duration of the class.
- During class, you may use your computer only for class-related activities. These include activities such as taking notes on the lecture underway or following the lecture on the PowerPoint slides provided on Blackboard. If you use your computer in ways that are deemed disruptive by your classmates or your instructor, you will be asked to turn the computer off.

ACADEMIC DISHONESTY: All students are expected to engage in all academic pursuits in a manner that is above reproach. Students are expected to maintain honesty and integrity in the academic experiences both in and out of the classroom. Any student found guilty of dishonesty in any phase of academic work will be subject to disciplinary action. The University and its official representatives may initiate disciplinary proceedings against a student accused of any form of academic dishonesty including but not limited to, cheating on an examination or other academic work which is to be submitted, plagiarism, collusion and the abuse of resource materials. For a complete listing of the university policy, see the [SHSU Academic Honesty Policy](#).

STUDENT ABSENCES ON RELIGIOUS HOLY DAYS POLICY: Section 51.911(b) of the Texas Education Code requires that an institution of higher education excuse a student from attending classes or other required activities, including examinations, for the observance of a religious holy day, including travel for that purpose. Section 51.911 (a) (2) defines a religious holy day as: "a holy day observed by a religion whose places of worship are exempt from property taxation under Section 11.20...." A student whose absence is excused under this subsection may not be penalized for that absence and shall be allowed to take an examination or complete an assignment from which the student is excused within a reasonable time after the absence.

University policy 861001 provides the procedures to be followed by the student and instructor. A student desiring to absent himself/herself from a scheduled class in order to observe (a) religious holy day(s) shall present to each instructor involved a written statement concerning the religious holy day(s). The instructor will complete a form notifying the student of a reasonable timeframe in which the missed assignments and/or examinations are to be completed. For a complete listing of the university policy, see the [SHSU Absences on Religious Holy Days Policy](#).

STUDENTS WITH DISABILITIES POLICY: It is the policy of Sam Houston State University that individuals otherwise qualified shall not be excluded, solely by reason of their disability, from participation in any academic program of the university. Further, they shall not be denied the benefits of these programs nor shall they be subjected to discrimination. Students with disabilities that might affect their academic performance should register with the Office of Services for Students with Disabilities located in the Lee Drain Annex (telephone 936-294-3512, TDD 936-294-3786, and e-mail disability@shsu.edu). They should then make arrangements with their individual instructors so that appropriate strategies can be considered and helpful procedures can be developed to ensure that participation and achievement opportunities are not impaired.

SHSU adheres to all applicable federal, state, and local laws, regulations, and guidelines with respect to providing reasonable accommodations for students with disabilities. If you have a disability that may affect adversely your work in this class, then I encourage you to register with the SHSU Services for Students with Disabilities and to talk with me about how I can best help you. All disclosures of disabilities will be kept strictly confidential. NOTE: No accommodation can be made until you register with the Services for Students with Disabilities. For a complete listing of the university policy, see:

<http://www.shsu.edu/dept/academic-affairs/documents/aps/students/811006.pdf>

VISITORS IN THE CLASSROOM: Only registered students may attend class. Exceptions can be made on a case-by-case basis by the professor. In all cases, visitors must not present a disruption to the class by their attendance. Students wishing to audit a class must apply to do so through the Registrar's Office.

Tentative Course Outline

Date	Discussion	Reading	Due
January 23, 2018	Introduction, Financial Statements	Chapters 1 - 2	
January 30, 2018	Financial Statements, Common Sized	Chapters 3,4,5	
February 6, 2018	Quiz #1 / Liquidity Ratios	Chapter 6	
February 13, 2018	Exam #1	Chapters 1-6	
February 20, 2018	Group Work		Groups Assigned
February 27, 2018	Profitability Ratios	Chapter 8	
March 6, 2018	Quiz #2 / Investor Analysis	Chapter 9	
March 12-16, 2018	SPRING BREAK!		
March 20, 2018	Quiz #3 / Lecture	Chapter 8 & 9	
March 27, 2018	Exam #2	Chapters 8 & 9	
April 3, 2018	Leverage Ratios	Chapter 7	
April 10, 2018	Quiz #4 / Leverage Ratios	Chapter 7	Spreads for Project Due
April 17, 2018	Statement of Cash Flows	Chapter 10	
April 24, 2018	Quiz #5 / Presentations		TERM PROJECT DUE
May 1, 2018	EXAM #3	Chapters 7 & 10	Term Projects <i>Returned</i>
May 8, 2018	FINAL EXAM	Chapters 1 – 10	