Finance 4301.640  
Financial Statement Analysis  
Fall 2020

This syllabus was last revised October 13, 2020.

The prerequisite for enrollment in FIN 4301 is FIN 3333. And the prerequisite for enrollment in FIN 333 is ACC 2301.

Finance 4301—Financial Statement Analysis is a course in financial statement analysis and the applications of this analysis to problems small businesses and multi-national corporations have in describing the economic reality of business operations in an accounting language. Topics covered include common stock and bond valuation, the effects of foreign currency fluctuations on business operations, capital structure questions (including measures that predict bankruptcy), working capital management – and its effect upon earnings. Also studied are mergers and acquisitions and dividend policy. The following topics will be discussed in this course:

Accrual Accounting and Income Determination  
Cash Flow Versus Accrual Income Measurement  
Cash Budgeting  
Income Statement Format and Classifications  
Reporting Accounting Changes  
Earnings Management  
Revenue Recognition  
Balance Sheet and Statement of Cash Flows  
Profitability, Competition, and Business Strategy  
Return on Common Equity and Financial Leverage  
Liquidity, Solvency, and Credit Analysis  
Management Compensation  
Assessing the Net Realizable Value of Accounts Receivable  
Sale of Receivables and Collateralized Borrowing  
Costs included in Inventory  
Cost Flow Assumptions: FIFO and LIFO  
Analytical Techniques Converting FIFO costs to LIFO Costs  
Bonds Payable
Derivatives
Hedge Accounting
Fair Value Hedge
Cash Flow Hedge
Understanding Income Tax Reporting
Deferred Tax Liabilities
Deferred Tax Assets
Tax Expense Versus Tax Bill
Taxes Payable Versus Net Deferred Tax Liabilities
Accounting for Transactions With Shareholders
Earnings per Share
Accounting for Share-Based Compensation
Accounting for Mergers and Business Combinations
Accounting for Foreign Subsidiaries
Accounting for Foreign Currency Transactions

When the course is over, the student should have a firm grasp upon the relationship between cash flow and net income and an ability to comprehend the annual reports produced by large multi-national corporations (including banks) and understand the collateral presentations common to these documents.

Students successfully completing the course should be able to:

1. In the context of a multi-national corporation that uses derivatives to manage risk and special purpose entities to finance operations, the student will understand the meaning of all required financial statements, including footnote presentations and management discussion & analysis.
2. Be able to prepare balance sheets, income statements, statements of comprehensive income, cash flow statements and cash budgets
3. Be able to prepare and Excel spreadsheet analysis of cash flows
4. Be able to estimate the intrinsic value of a multi-national firm using a dividend valuation approach, a free cash flow approach, and an earnings based approach.

Your course grade is determined by my evaluation of: your performance on two mid-term examinations, homework your ability to contribute to class room discussion, your performance on a final exam, and the quality of your term project.

Each midterm exam counts for twenty-five percent of your course grade; the final exam grade counts also for twenty-five percent of your course grade. Your performance homework counts for twenty-five percent of your grade. Your term project counts as a bonus.

Two Midterms 25 percent each
One Final Examination 25 percent
Homework 25 percent
Bonus Bonus points
You will access Connect through your D2L account. Login to SFA’s D2L account, and enter your course, then click on the Connect link, which will take you to the Connect registration page where you can follow the prompts. After you register you will see the three purchasing options available. You will need to do one of the following:

- Enter your access code (From the Bookstore)
- Purchase access online (Direct through McGraw Hill)
- Begin your 14-day Temporary Access period

Please note: After you register, you will have the option to purchase a low-cost, binder-ready, loose-leaf, print-version of the text through Connect for $39. This is optional. If you choose to purchase a copy, a full-color, loose-leaf version will be shipped to your home.

Course Policies for Fin 4301.640

**Late Papers:** With regard to term projects, any submissions on the day that the project is due will be considered on time. Late submissions are penalized at least one letter grade.

**Missed Examinations:** Makeup exams will be given only in unusual circumstances. Make up exams will be given for documented medical reasons as defined in writing by an attending physician or for pressing family matters, such as the death of a near relative, or for university sponsored travel. Written documentation will be required in all cases. Students may apply for a makeup exam by writing me a typewritten letter explaining extenuating circumstances which justify the giving of a makeup exam. This makeup exam is comprehensive and is given at the end of the semester. Accompanying the application letter for a makeup should be the required written documentation.

**Homework assignments** must be turned in on time. Extensions will be given only in unusual circumstances for documented medical reasons as defined in writing by an attending physician or for pressing family matters, such as the death of a near relative, or for university sponsored travel. Written documentation will be required in all cases. Students may apply for an extension by writing me a letter explaining extenuating circumstances which justify the giving of a makeup exam. Accompanying the application letter for a makeup should be the required written documentation.
Rusche College of Business
Syllabus Addendum

Program Learning Outcomes:
Program learning outcomes define the knowledge, skills, and abilities students are expected to demonstrate upon completion of an academic program. These learning outcomes are regularly assessed to determine student learning and to evaluate overall program effectiveness. You may access the program learning outcomes for your major and particular courses at http://www.sfasu.edu/cob/ug-plo.asp.

Student Academic Dishonesty (University Policy 4.1)
Abiding by university policy on academic integrity is a responsibility of all university faculty and students.

Definition of Academic Dishonesty
Academic dishonesty includes both cheating and plagiarism. Cheating includes, but is not limited to (1) using or attempting to use unauthorized materials on any assignment or exam; (2) falsifying or inventing of any information, including citations, on an assigned exercise; and/or (3) helping or attempting to help another in an act of cheating or plagiarism. Plagiarism is presenting the words or ideas of another person as if they were one's own. Examples of plagiarism include, but are not limited to (1) submitting an assignment that is at least partly the work of another person; (2) submitting a work that has been purchased or otherwise obtained from the Internet or another source; and/or (3) incorporating the words or ideas of an author into one's paper without giving the author credit. Penalties may include, but are not limited to reprimand, no credit for the assignment or exam, re-submission of the work, make-up exam, failure of the course, or expulsion from the university. Please read the complete policy at http://www.sfasu.edu/policies/student_academic_dishonesty.pdf

Course Grades (University Policy 5.5)
Copy and paste the following information regarding Withheld Grades into your syllabus. Add additional information as needed to meet your departmental or course needs.

At the discretion of the instructor of record and with the approval of the academic unit head, a grade of WH will be assigned only if the student cannot complete the course work because of unavoidable circumstances. Students must complete the work within one calendar year from the end of the semester in which they receive a WH, or the grade automatically becomes an F, except as allowed through policy related to active military service. If students register for the same course in future semesters, the WH will automatically become an F and will be counted as a repeated course for the purpose of computing the grade point average. Please refer to the complete policy at http://www.sfasu.edu/policies/course-grades.pdf.
**Students with Disabilities**

To obtain disability related accommodations, alternate formats and/or auxiliary aids, students with disabilities must contact the Office of Disability Services (ODS), Room 325 in the Human Services Building, 468-3004/468-1004 (TDD) as early as possible in the semester. Once verified, ODS will notify the course instructor and outline the accommodation and/or auxiliary aids to be provided. Failure to request services in a timely manner may delay your accommodations. For additional information, go to [http://www.sfasu.edu/disabilityservices/](http://www.sfasu.edu/disabilityservices/).

**Student Conduct (University Policy 10.4)**

Classroom behavior should not interfere with the instructor’s ability to conduct the class or the ability of other students to learn from the instructional program (see the full Student Conduct Code at [http://www.sfasu.edu/policies/student-conduct-code.pdf](http://www.sfasu.edu/policies/student-conduct-code.pdf)). Unacceptable or disruptive behavior will not be tolerated. Students who disrupt the learning environment may be asked to leave class and may be subject to judicial, academic, or other penalties. This prohibition applies to all instructional forums, including electronic, classroom, labs, discussion groups, field trips, etc. The instructor shall have full discretion over what behavior is appropriate/inappropriate in the classroom. Students who do not attend class regularly or who perform poorly on class projects/exams may be referred to the iCare Early Alert Program. This program provides students with recommendations for resources or other assistance that is available to help SFA students succeed.