



**Financial Statement Analysis [FIN 510A]
Fall 2016**

**Tuesday 3:15PM ~ 5:45PM
Location: Babbio 220**

**Professor: Fang-Chun Liu
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Office hours: 1:00PM ~ 3:00PM every Tuesday or by appointment.

Prerequisites: None.

Course Overview: This course aims to expand students' understanding of corporate financial reporting. The course is designed to prepare students to (1) interpret financial statements, (2) evaluate the alignment between business strategies and financial performance, (3) identify potential business risks, and (4) compare performance of different companies. The course introduces business analysis and valuation techniques and utilizes real world data to help students comprehend financial statement analysis tools. Topics covers financial statement information, tools of financial statement analysis, and forecasting and valuation techniques.

Learning Goals: After completing this course, students will be able to

- Describe the accounting principles for documenting economic events that affect a firm's financial position;
- Demonstrate proficiency in financial reporting mechanics, including the effect of transactions and adjusting entries on financial statements;
- Read and understand basic financial statements including the income statement, balance sheet, statement of changes in shareholders' equity, and statement of cash flows;
- Understand the accounting choices that companies make and the implications of these choices for the information presented in a company's financial statements;
- Conduct financial common-size analysis and ratio analysis to evaluate a company short term and long term performance, particularly on the following dimensions: profitability, efficiency, liquidity, and solvency;
- Evaluate the alignment between short term financial outcomes and long term strategic goals.

Textbook:

International Financial Statement Analysis, 3rd edition, by Robinson, Henry, Pirie, and Broihahn.
ISBN: 978-1-118-99947-9

Canvas: Canvas will be used as a course management tool. You should be automatically enrolled in Canvas if you have registered on time. Class announcements, lecture notes and relevant course materials will be posted in advance for class preparation.

Class Etiquette: Before you enter the classroom, please mute your cell phone (and anything else that may beep or ring). Surfing the web texting, emailing, tweeting, and similar activities are not allowed in class because they distract you and your classmates. Course grades will be significantly lowered for any violation. In general, students' behavior in the business classroom should be similar to what would be appropriate in a professional, business setting. It is expected that students will attend class, will be attentive and courteous in class, and will arrive promptly.

Class Preparation: Preparation of materials assigned for each class before the session is very important. You are expected to review the assigned materials.

Grading: The scale for grades is: A >92; A- 92~90; B+ 89~85; B 84~80; B- 79~75; C+ 74~70; C 69~65; C- 64~60; F<60

First Exam	10%
Final Exam	20%
Assignments	30%
Group Term Project	30%
Class Participation	10%
Total	100%

Exams: The first exam is scheduled on **September 20, 2016**. It will cover financial reporting mechanics and will require you to prepare financial statements. The comprehensive final exam is scheduled on **December 6, 2016**.

Make-up Exams will be given only for documented medical or family emergencies, at my discretion. Documentation for emergencies needs to be submitted to me for the consideration of granting a make-up exam. If you have no documentation, you will not get a make-up exam. A grade of 0 will be assigned for unexcused absences. If you have a medical/family emergency, let me know BEFORE the exam – no excuses will be accepted after the scheduled exam time.

Assignments: Periodically, you will be given assignments (normally done by group, the one you choose for completing the final project) to be completed prior to class. You are required to submit the assignments electronically via Canvas AND hand in a hard copy at the beginning of class. Attendance at all class meetings and active involvement in any in-class discussions are expected. In-class group presentations of your assignments are normally required. If you must miss class for an approved reason, you will be responsible for proactively obtaining all materials from a classmate and completing any required group work. Your involvement in in-class discussions and presentations of your group assignment will be evaluated and reflected on your final grade.

Group Term Project: A detailed description of the term project will be distributed and posted on Canvas later in the semester. You will need to form a group – ideally each team should have 4 people. You will prepare the required spreadsheets, calculations, and analyses for the identified companies. The data will be shared with other member(s) of the group in order to prepare the

final report comparing these companies on all of the metrics we will study this semester. Each group will need to submit your report electronically via Canvas AND hand in a hard copy at the beginning of class.

The term project presentations should be approximately 20 minutes per group. The presentations will utilize information from your financial statement analysis project and address more subjective questions; you will be provided with a list of suggested topics and will also have flexibility in selection.

Class Participation: Your score will be determined at the discretion of the instructor based on a subjective evaluation of the quality (not necessarily, the quantity) of your participation in the class discussions, and overall contribution to class learning. Regular attendance is a very important part of class participation score and excused absence is limited to two times. Throughout the semester, you are required to take the same seat that you choose on the first day of class (if possible).

Ethical Conduct: All students in this class are expected to adhere to ethical student conduct and to honor the value of academic integrity. The following is adapted from Stevens catalogues: Academic integrity means maintaining honesty and fair play in all aspects of academic life at Stevens. Any situation in which a student has an unfair advantage over a classmate(s) constitutes a violation of academic integrity. "Cheating during in-class tests or take-home examinations or homework is, of course, illegal and immoral. Violations of academic integrity include, but are not limited to, cheating on homework, during in-class or take home examinations and plagiarism. Tolerance of academic dishonesty is a violation of the Stevens Honor System; a student who is aware that the academic integrity of the Institute is being compromised and neglects to report this is guilty of an Honor System infraction. The pledge (I pledge my honor that I have abided by the Stevens Honor System) signifies that the work submitted by a student is indeed his/her own. The pledge shall be written on all quizzes and exams in this course.

Consequences of academic integrity violations are severe, ranging from receiving an "F" in a course, to a warning from the Dean of the School, which becomes a part of the permanent student record, to expulsion.

NOTE: You may be informed of changes in the syllabus via class announcements and postings on Canvas. Please be sure to check Canvas on a regular basis.

TENTATIVE SCHEDULE

Date	Topic
8/30	Ch1: Introduction
9/6	Ch 2: Financial Reporting Mechanics
9/13	Ch 3: Financial Reporting Standards
9/20	First Exam
9/27	Ch 4: Understanding Income Statements
10/4	Ch 5: Understanding Balance Sheets
10/11	No Class (Follow Monday Class Schedule)
10/18	Ch 6: Understanding Cash Flow Statements
10/25	Ch 7: Financial Analysis Techniques
11/1	Ch 8: Inventories
11/8	Ch 9: Long-Lived Assets
11/15	Ch 10: Non-Current Liabilities
11/22	Ch 12: Financial Statement Analysis: Application Ch 17: Evaluating Quality of Financial Reports
11/29	Group Term Project Presentation
12/6	Final Exam