

Finance
Course Number: 22:390:613
Course Title: Financial Statement Analysis

COURSE DESCRIPTION

Financial statements reflect the impact of all past decisions made by managers as they direct a company to deliver goods and services to their customers. This course will explore how financial statements are used to evaluate a company's financial condition and its market value

To that end, students will develop an understanding the process by which financial managers construct and report financial performance is critical to investors, analysts and regulators who use that data for evaluation, decision making and oversight. The discussion combines a theoretical foundation with application and practice. By the end of the course, students should be able to evaluate a company's financial condition and its market value.

COURSE MATERIALS

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|--------------------|---|
| Required Textbook: | Financial Reporting and Analysis, Revsine, Collins, Johnson, Mittlestaedt and Soffer 7th Edition McGraw-Hill/Irwin, ISBN 987-1-259-72265-3 Be sure to purchase A McGraw Hill Connect subscription for this book. You can find the instructions for how to link to Connect in this video link: https://www.youtube.com/watch?v=RNeEnwU2QVw&feature=youtu.be You will find the online homework in the assignments folder in Canvas |
| Lecture Notes: | Slides that cover the course content will be posted on Canvas. Check Canvas (canvas.rutgers.edu) and your official Rutgers email account for additional communication. |
| Reference: | |
| Calculator: | A non-programmable financial calculator is necessary. Any financial calculator admissible on the CFA exams is acceptable. RBS recommends the Texas Instruments BA II Plus or Professional (for \$28-\$40). Please have your calculator with you at all lectures, starting our next lecture. http://www.screencast.com/users/Quartic_Training/folders/TI%20BA%20I%20PLUS%20calculator%20tutorial/media/e31b353c-26db-459d-9de4-e7ec10d7e5d5 |

This course does not take place in a vacuum. I encourage students to stay in touch with the financial press and stay connecting to what is happening the marketplace. If you have questions, be sure to raise them in class.

LEARNING GOALS AND OBJECTIVES

By the conclusion of this course the student should be able to demonstrate an understanding the inter relationship between the street fundamental financial statement. In addition, they will be able to extract information from those statements to perform analysis to support decision making

- **Income Statement:** Also referred to as a profit and loss account shows how revenues are transformed into the net income or net profit.
- **Balance Sheet:** Also referred to as the statement of financial condition provides a snapshot of the financial situation of a company at a point in time.
- **Cash Flow Statement:** The CFS is a financial statement that shows the sources and uses of cash driven by income and changes in balance sheet accounts.
- **Ratio Analysis:** Ratio analysis is a quantitative method of interpreting financial statements designed to reveal insights into a company's liquidity, operational efficiency, and profitability.
- **Valuation Analysis:** Apply ratio analysis to the challenge of valuation.
- **Capital Structure:** Build an understanding of the financial instruments used by companies to fund and manage their financial risk (debt, equity, hybrid).
- **Regulatory Filings:** Develop an understanding of how to read and interpret regulatory filings such as 10-Ks and 10-Qs.

Students will develop these skills and acquire knowledge through the following course activities.

- Class discussion
 - Self-study
 - Homework/Practice sets
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PREREQUISITES

Students should have completed the following classes:

22:390:587 FINANCIAL MANAGEMENT
22:010:577 ACCOUNTING FOR MANAGERS
22:223:581 MANAGERIAL ECONOMIC ANALYSIS
or (concurrently taking)

22:390:522 FINANCIAL MANAGEMENT - FULL TIME
22:223:521 MANAGERIAL ECONOMIC ANALYSIS-FULL TIME
22:010:502 ACCOUNTING FOR MANAGERS - FULL TIME

ACADEMIC INTEGRITY

I do NOT tolerate cheating. Students are responsible for understanding the RU Academic Integrity Policy (<http://academicintegrity.rutgers.edu/>)

I will strongly enforce this Policy and pursue *all* violations. On all examinations and assignments, students must sign the RU Honor Pledge, which states, “On my honor, I have neither received nor given any unauthorized assistance on this examination or assignment.” I will screen all written assignments through *SafeAssign* or *Turnitin*, plagiarism detection services that compare the work against a large database of past work. Don’t let cheating destroy your hard-earned opportunity to learn. See business.rutgers.edu/ai for more details.

ATTENDANCE AND PREPARATION POLICY

- Class attendance is mandatory. Students are expected show up on time and stay until the end of class. A record of attendance will be taken during the class by taking a screen shot of the class participant list.
 - Complete all background reading and assignments (McGraw-Hill Learn Smart). Be prepared to engage in class discussions, ask questions on readings, etc. Two way dialog is an important part of the learning process. Class participation is the easiest way to add points to your final score.
 - ***If your absence is due to religious observance, a Rutgers-approved activity, illness, or family emergency/death, seek an excused absence from the Dean’s office.*** Report your valid absence in advance at <https://sims.rutgers.edu/ssra/>. Only absences excused by the Deans office will be allowed.
 - For weather emergencies, consult the campus home page. If the campus is open, class will be held.
 - If for some reason I am unable to attend class (illness?), I will send you an email and post an announcement on Canvas as far in advance as possible.
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CLASSROOM CONDUCT

Class participation and respect for other students is critical to the learning process. To facilitate class participation and the learning process:

- ***Be engaged.*** Participation is required and essential to the quality and depth of your learning. A prepared the class, will drive a lively the discussion, improving the educational experience for everyone.
 - ***Expect Cold-Calls.*** It keeps students engaged and indicates to instructor the level of understanding of materials currently being discussed/presented.
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EXAM DATES AND POLICIES

During exams, the following rules apply:

- Exams will be given online.
- You must turn on your computer's camera during the exam.
- Open Book & Open Notes
- Non-Programmable calculator is allowed. *The calculator cannot be a smartphone or any other device capable of connecting to the Internet. These items are STRICTLY forbidden, and the use of such use will constitute academic dishonesty.*
- If you have a disability that influences testing procedures, provide me an official letter from the Office of Disability Services at the start of the semester.
- Use the bathroom prior to the exam start.
- Your exam will not be accepted unless you sign the Honor Pledge.

Makeup Examinations

The Office of the Dean of Students handles requests from students unable to take their examinations at the time scheduled on account of documented illness or other extenuating circumstances (such as a death or other family emergency, or conflict with a religious holiday). In such cases a student should contact the Office of the Dean of Students at the earliest available time. In these instances, the Dean's role is to verify documentation of the student's situation.

In the case of a missed exam, Professor reserves the right to either reschedule or simply weight the other exams more heavily.

GRADING POLICY

The following activities will contribute to the determination of a final grade:

| Activity | Weight |
|--|--------|
| Class Participation | 10% |
| Connect Score (Learn Smart & Homework) | 22.5% |
| Mid-Term Exam (1) | 22.5% |
| Mid-Term Exam (2) | 22.5% |
| Fid-Term Exam (3) | 22.5% |

The school, department and employers are concerned with grade inflation. To address this issue, the department and has established grading guidelines for our undergraduate courses.

“A” – No more that 25% of the class

“A & B” – No more than 75% of the class

Possible Grades (A, B+, B, B-, C+, C, C-, D, F)

Grades are non-negotiable. Performance necessary to graduate or pursue a particular major is not a

relevant consideration for grade determination. Plan your overall coursework strategy consistent with your ability to perform.

COURSE SCHEDULE

| Class | Lecture | Chapter | Subject |
|-------|---------|----------|--|
| 1 | 1 | 1 2 | Introduction Why Financial Statements are Important Accrual Accounting |
| 2 | 2 | 3 4 | Revenue Recognition Balance Sheet & Cash Flow Statement |
| 3 | 3 | 5 7 | Financial Statement Essentials Financial Information in Contracting |
| 4 | 4 | | 1st Midterm Exam |
| 5 | 5 | 8 9 | Receivable Inventories |
| 6 | 6 | 10 11 | Long Lived Assets Liabilities |
| 7 | 7 | 13 14 | Income Tax Pension |
| 8 | 8 | | 2nd Midterm Exam |
| 9 | 9 | 15 16 | Reporting of Owners Equity Intercorporate Investments |
| 10 | 10 | 17 6 | Statement of Cash Flows Roll of Financial Information |
| 11 | 11 | | Example |
| 12 | 12 | | 3rd Midterm Exam |

SUPPORT SERVICES

If you need accommodation for a *disability*, obtain a Letter of Accommodation from the Office of Disability Services. The Office of Disability Services at Rutgers, The State University of New Jersey, provides student-centered and student-inclusive programming in compliance with the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Amendments of 2008, Section 504 of the Rehabilitation Act of 1973, Section 508 of the Rehabilitation Act of 1998, and the New Jersey Law Against Discrimination. More information can be found at ods.rutgers.edu.

[Rutgers University-New Brunswick ODS phone (848)445-6800 or email dsoffice@echo.rutgers.edu]

[Rutgers University-Newark ODS phone (973)353-5375 or email ods@newark.rutgers.edu]

If you are ***pregnant***, the Office of Title IX and ADA Compliance is available to assist with any concerns or potential accommodations related to pregnancy.

[Rutgers University-New Brunswick Title IX Coordinator phone (848)932-8200 or email jackie.moran@rutgers.edu]

[Rutgers University-Newark Office of Title IX and ADA Compliance phone (973)353-1906 or email TitleIX@newark.rutgers.edu]

If you seek ***religious accommodations***, the Office of the Dean of Students is available to verify absences for religious observance, as needed.

[Rutgers University-New Brunswick Dean of Students phone (848)932-2300 or email deanofstudents@echo.rutgers.edu]

[Rutgers University-Newark Dean of Students phone (973)353-5063 or email DeanofStudents@newark.rutgers.edu]

If you have experienced any form of ***gender or sex-based discrimination or harassment***, including sexual assault, sexual harassment, relationship violence, or stalking, the Office for Violence Prevention and Victim Assistance provides help and support. More information can be found at <http://vpva.rutgers.edu/>.

[Rutgers University-New Brunswick incident report link: <http://studentconduct.rutgers.edu/concern/>. You may contact the Office for Violence Prevention and Victim Assistance at (848)932-1181]

[Rutgers University-Newark incident report link: https://cm.maxient.com/reportingform.php?RutgersUniv&layout_id=7 . You may also contact the Office of Title IX and ADA Compliance at (973)353-1906 or email at TitleIX@newark.rutgers.edu. If you wish to speak with a staff member who is confidential and does **not** have a reporting responsibility, you may contact the Office for Violence Prevention and Victim Assistance at (973)353-1918 or email run.vpva@rutgers.edu]

If students who have experienced a temporary condition or injury that is adversely affecting their ability to fully participate, you should submit a request via <https://temporaryconditions.rutgers.edu> .

If you are a military ***veteran*** or are on active military duty, you can obtain support through the Office of Veteran and Military Programs and Services. <http://veterans.rutgers.edu/>

If you are in need of **mental health** services, please use our readily available services.

[Rutgers University-Newark Counseling Center: <http://counseling.newark.rutgers.edu/>]

[Rutgers Counseling and Psychological Services–New Brunswick: <http://rhscaps.rutgers.edu/>]

If you are in need of **physical health** services, please use our readily available services.

[Rutgers Health Services – Newark: <http://health.newark.rutgers.edu/>]

[Rutgers Health Services – New Brunswick: <http://health.rutgers.edu/>]

If you are in need of **legal** services, please use our readily available services: <http://rusls.rutgers.edu/>

Students experiencing difficulty in courses due to **English as a second language (ESL)** should contact the Program in American Language Studies for supports.

[Rutgers–Newark: PALS@newark.rutgers.edu]

[Rutgers–New Brunswick: eslpals@english.rutgers.edu]

If you are in need of additional **academic assistance**, please use our readily available services.

[Rutgers University-Newark Learning Center: <http://www.ncas.rutgers.edu/rlc>]

[Rutgers University-Newark Writing Center: <http://www.ncas.rutgers.edu/writingcenter>]

[Rutgers University-New Brunswick Learning Center: <https://rlc.rutgers.edu/>]

[Optional items that many faculty include:

- Students must sign, date, and return a statement declaring that they understand the RU Academic Integrity Policy.

- Students must sign, date, and return a statement declaring that they understand this syllabus.]