Course Number: FIN 4461

Class Time: 6-8:50 p.m. Monday

Course Name: Financial Statement Analysis

Instructor: Dr. Thomas Pencek

Office: SMC C219
Phone: 941-359-4631
Fax: 941-359-4367

E-Mail: pencek@sar.usf.edu

Office Hours: 12:30 – 1:30 p.m. Tuesday
3-5 p.m. Monday, Wednesday and by appointment.

Course Copy booklet of various exercises for sale at the bookstore.

Course Goals: The students are expected to develop analytical skills in interpreting and analyzing financial statements effectively.

Course Objectives: Upon completion of the course, the student should be able to
- Read and understand financial statements and related information.
- Understand how financial statement information can help solve business problems.
- Use techniques of financial statement analysis in practical applications.
- Use common size statements to make preliminary interpretations of the profitability and risk of a firm.
- Analyze accounting and earnings quality, and assess the likelihood of earnings management.
- Forecast financial statements.

Please be aware that when you registered for this class that you are expected to commit at least 10 hours per week towards this class.
A. Academic Dishonesty: The University considers any form of plagiarism or cheating on exams, projects, or papers to be unacceptable behavior. Please be sure to review the university’s policy in the USFSM Catalog, the USF System Academic Integrity of Students, and the USF System Student Code of Conduct.

B. Academic Disruption: The University does not tolerate behavior that disrupts the learning process. The policy for addressing academic disruption is included with Academic Dishonesty in the USFSM Catalog, USF System Academic Integrity of Students, and the USF System Student Code of Conduct.

C. Contingency Plans: In the event of an emergency, it may be necessary for USFSM to suspend normal operations. During this time, USFSM may opt to continue delivery of instruction through methods that include but are not limited to: Canvas, Elluminate, Skype, and email messaging and/or an alternate schedule. It’s the responsibility of the student to monitor Canvas site for each class for course specific communication, and the main USFSM and College websites, emails, and MoBull messages for important general information. The USF hotline at 1 (800) 992-4231 is updated with pre-recorded information during an emergency. See the Campus Police Website for further information.

D. Disabilities Accommodation: Students are responsible for registering with the Office of Students with Disabilities Services (SDS) in order to receive academic accommodations. Reasonable notice must be given to the SDS office (typically 5 working days) for accommodations to be arranged. It is the responsibility of the student to provide each instructor with a copy of the official Memo of Accommodation. Contact Information: Disability Coordinator, 941-359-4714, disabilityservices@sar.usf.edu, http://usfsm.edu/disability-services/

E. Fire Alarm Instructions: At the beginning of each semester please note the emergency exit maps posted in each classroom. These signs are marked with the primary evacuation route (red) and secondary evacuation route (orange) in case the building needs to be evacuated. See Emergency Evacuation Procedures.

F. Religious Observances: USFSM recognizes the right of students and faculty to observe major religious holidays. Students who anticipate the necessity of being absent from class for a major religious observance must provide notice of the date(s) to the instructor, in writing, by the second week of classes. Instructors canceling class for a religious observance should have this stated in the syllabus with an appropriate alternative assignment.
G. Sexual Misconduct/Sexual Harassment Reporting: USFSM is committed to providing an environment free from sex discrimination, including sexual harassment and sexual violence (USF System Policy 0-004). The Counseling and Wellness Center is a confidential resource where you can talk about incidents of sexual harassment and gender-based crimes including sexual assault, stalking, and domestic/relationship violence. This confidential resource can help you without having to report your situation to either the Office of Student Rights and Responsibilities (OSSR) or the Office of Diversity, Inclusion, and Equal Opportunity (DIEO), unless you request that they make a report.

Please be aware that in compliance with Title IX and under the USF System Policy, educators must report incidents of sexual harassment and gender-based crimes including sexual assault, stalking, and domestic/relationship violence. If you disclose any of these situations in class, in papers, or to me personally, I am required to report it to OSSR or DIEO for investigation. The Deputy Coordinator for USFSM is Mary Beth Wallace, AVP for Student Enrollment, Engagement and Success, 941-359-4330 or marybeth@sar.usf.edu.

Campus Resources:
- Counseling Center and Wellness Center 941-487-4254
- Victim Advocate (24/7) 941-504-8599
- List of off-campus resources:
  - Hope of Manatee: 941-755-6805
  - Safe Place & Rape Crisis Center (SPARCC) – Sarasota: 941-365-1976
  - First Call for Help- Manatee: 941-708-6488
  - Sarasota & North Port 941-366-5025
- Manatee Glens: 941-782-4800

H. Web Portal Information: Every newly enrolled USF student receives an official USF e-mail account. Students receive official USF correspondence and Canvas course information via that address.

in the syllabus with an appropriate alternative assignment. See USF System Policy: http://generalcounsel.usf.edu/policies-and-procedures/pdfs/policy-10-045.pdf

Exams and Quizzes: Exams in this class will be problems and essay with some multiple choice. I will give you information about the exam in advance. In addition, an optional extra credit problem will be assigned before each exam. This will be the “curve” for the exam. If correct, a minimum of 10 points will be added to your grade. It could be worth more depending on the average for the exam. No other extra credit is given. Quizzes will be given every week to judge your progress. It is an opportunity for you to see the type of questions
that I ask. Approximately 9 quizzes will be given based on a topic of that week. The highest five quiz grades will count.

Class Participation: The class participation grade is based on the number of times you answer questions when we go over the homework assignments. I reward effort. Therefore, I expect all of you to have the homework completed when due. Some turn-in assignments will also form part of your class grade. The turn-in assignments are to be turned in by e-mail by 11:59 p.m. on the Monday before the start of class. Most of the grade lately has been in the form of turn-in assignments by e-mail. If you cannot make it class when the homework is due, please turn in the homework before class to receive some credit. Some assignments will be due by e-mail only. I respond to any messages sent. With the exception of weekends, if you do not hear from me within 24 hours, there might be a problem.

Submission of Assignments: Each and every assignment has a due date, generally one of the scheduled class meetings. Updates to the assignments will be posted to Canvas. All assignments MUST be submitted on their respective due dates, unless PRIOR arrangements have been made. No late assignments can be accepted.

Team Project I:
A project will be assigned to show the use of the Internet and exposing you to a publicly traded company’s financial statements. The project has the following steps:

1. A team of two or three people will form a group to research two or three publicly traded companies. You will pick two companies that compete with one another and have an interest in. An example could be Lowes and Home Depot. Lowes and Home Depot cannot be chosen since I will be using them as discussion. It must be a publicly traded company that files reports with the Securities and Exchange Commission (SEC). You must get these companies approved by me. The companies cannot be a bank or a financial services company since they use different ratios than those listed in the book. **Due Date: January 26st.**

2. The next step is to obtain financial statements of these companies using the Reuters.com website. On Canvas, you will find instructions as to how to register and obtain the information. This is a free site to use as long on you registers. It provides five years of financial statements for the companies.

3. Calculate financial ratios for the most current five years. The ratios to be used are those discussed in class. **Please make arrangements to meet with me by February 16 to discuss the calculation of the ratios.**

4. Include two recent credible articles about your company that occurred in the last year. Tie it to your ratios discussion if possible.
5. **One word processed paper per group is required.**

6. a. Analyze the financial ratios for any trends.
   b. Compare the companies’ ratios
   c. Analyze the statements of cash flows
   d. Take the position of a potential stockholder and decide whether you would buy stock in these companies. Why or why not? The ratios, statement of cash flows, and articles must be used.
   e. Take the position of a potential creditor and decide whether you would loan money to these companies. Why or why not? The ratios, statement of cash flows, and articles must be used.

   f. **Due Date: March 30 at 5 p.m..**

**Local Project**

Our class will be working with a local company to do some financial analysis. Some of the details have to be worked out but I envision it will be some form of financial forecasting. One company would like you to do some pro forma financial statements.

As I said, the details will come later.

**Grading:**

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<thead>
<tr>
<th>Component</th>
<th>Points</th>
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<tbody>
<tr>
<td>3 exams @ 200 Points</td>
<td>600</td>
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<tr>
<td>5 Quizzes @20 Points</td>
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<tr>
<td>Team Project I-Written</td>
<td>90</td>
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<td>Team Project I-Oral</td>
<td>60</td>
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<tr>
<td>Local Project</td>
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<td>Participation</td>
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<td><strong>Total</strong></td>
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**Grade**

- 900 or more points: A
- 800-889 points: B
- 700-799 points: C
- 600-699 points: D
- Below 600: F
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<tr>
<th>Date</th>
<th>Topics</th>
<th>Turnin</th>
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<tbody>
<tr>
<td>January 5</td>
<td>Overview of Financial Statements; Chapter 1—Financial</td>
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<td></td>
<td>Statements</td>
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<td>January 12</td>
<td>Chapter 2—The Balance Sheet</td>
<td>Ch. 1—3(Mattel); Turnin no. 11;</td>
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<td>January 26</td>
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<td>Project-Names of companies and group</td>
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<td>February 2</td>
<td>Chapter 3—The Income Statement</td>
<td>Prob. Chapter 2-22</td>
<td>Ch. 2—1,2 4,5,6,7,8,10, 11,14,15,17,18,19</td>
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<td>February 9</td>
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<td>Exam 1</td>
<td>6-8 p.m.</td>
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<td>February 16</td>
<td>Chapter 5--Analysis of Financial Statements</td>
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<td>February 23</td>
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<td>Chap.3--No. 15</td>
<td>Ch. 3—2,3,4,5,6,7,8,10, 11, 13,14</td>
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<td>March 9</td>
<td>Chapter 4—Statement of Cash Flows</td>
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<td>March 16</td>
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<td>Ch. 5—1,3,4,5,6,8,9,10, 11,12</td>
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<td>March 30</td>
<td>Financial Forecasting</td>
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<td>April 6</td>
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<td>Project Due</td>
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<td>April 13</td>
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<td>Ch. 4—14</td>
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<td>April 20</td>
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<td>April 27</td>
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<td>Final Exam 6-8 p.m.</td>
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