

Sam Houston State University
College of Business Administration
Department of General Business and Finance
Fall 2007

COURSE NUMBER: ACC 432W.01 / FIN 432W.02
COURSE TITLE: Financial Statement and Credit Analysis
INSTRUCTOR: Dr. Kurt Jesswein
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OFFICE HOURS: Monday-Thursday, 9:00 a.m. – 11:00 a.m., Wednesday, 5:00 p.m. – 6:00 p.m. at University Center, or by appointment.

REQUIRED TEXT: *Financial Reporting and Analysis – Using Financial Accounting Information*, 10th Ed., Gibson, South-Western, 2007. ISBN 0-324-30445-5.

SUPPLEMENTAL MATERIALS: I will periodically supplement information contained on this syllabus or in the classroom with announcements placed on Blackboard or through emails. Thus, it is imperative that you 1) periodically check Blackboard for course updates, and 2) be certain that the email address listed on the Blackboard system is an email account that you regularly access or that you have your emails forwarded to an account you more regularly check. **Your first assignment is to enter Blackboard and complete a brief questionnaire, acknowledging your understanding of the requirements for this course. The assignment is worth 0.2 percent of your overall grade in the course which could be the difference in a letter grade so please take care of it early.**

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: You will be introduced to a variety of principles and methodologies applicable to the analysis of financial statements, learning to apply the appropriate tools in the appropriate setting. As such, these are highly valued skills and competencies demanded from professionals in the marketplace you will soon be joining. Specifically, we will be focusing our efforts in the following ways:

- (1) Gaining factual knowledge of the subject by reviewing the accounting principles that affect financial reporting and reviewing methodologies (common-sized statements, ratio analysis, etc.) used to evaluate financial reports.
- (2) Learning to find and use appropriate resources for conducting financial analysis such as reading through financial statement footnotes, reviewing the management discussion and analysis, and accessing and evaluating comparative data.
- (3) Applying your knowledge base in the analysis of financial statements by using and interpreting the most relevant ratios and/or other types of analysis.

PREREQUISITES: FIN 367

CLASS MEETINGS: SHB 105 Tuesday-Thursday 2:00 p.m. – 3:20 p.m. beginning on Tuesday, August 21, 2007 and ending with the final exam on Thursday, December 13, 2007 at 2:00 p.m.

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

COURSE EVALUATION PROCESS: There will be four exams as well as periodic case and homework problems to be completed. The weighting scheme will be as follows:

Four exams x 15% each	60%	
Homework	10%	
Group project	15%	(2/3 written, 1/3 presentation)
Final exam	15%	

The exams will be approximately 30-40% multiple choice and 60-70% short problems and analysis questions; this is a *writing enhanced* class. Exams will be graded and returned to the students for review, normally the next class period after the exam. The exams will then be taken back up to record the grades. If the exam leaves the classroom, a grade of zero will be assigned. Problems with taking any examination(s) on the scheduled date(s) must be discussed with the instructor before the examination. If an exam is missed, a grade of zero (0) will be assigned for the exam. Under rare and unusual circumstances, a make-up exam may be arranged. This highly unlikely occurrence will be at the totally arbitrary discretion of your professor. If more than one exam is missed, a grade of zero (0) will be retained for the other missed exam(s). Students may drop the lowest of the five exam scores. For students opting out of the final exam, the average of the first four exams will be used as a substitute for the score of the fifth exam. For students taking the final exam, the score on that exam can be used to replace the lowest score from the first four exams including any zeros.

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

89.5 – 100	A
79.5 – 89.499	B
69.5 – 79.499	C
59.5 – 69.499	D
Below 59.5	F

The 0.5 rounding rule will be strictly followed (i.e., 89.499 is a "B") but non-quantitative factors such as class participation, improvement on examinations, rank in class, bribery (not really—just wanted to see if you are paying attention), or other extenuating factors will be considered in the grading process.

Steps to making a good grade:

1. Attend class pro-actively.
2. Complete assignments independently and on time.
3. Ask questions as necessary.
4. Allocate enough time in your work schedule to accommodate Steps 1, 2, and 3.

That's it! That's all there is to it! However, some of you will not be able to follow these four simple steps. If you cannot, save your money and drop this course, NOW!

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 your classmates' names.

OTHER COMMENTS:

- Students are expected to take off their caps, hats, or other headgear while in class.
- No one will be allowed to leave the classroom during an exam until the exam has been completed and returned to the proctor. Also, no student will be allowed to start an exam after the first person has completed the exam and departed the room.
- I expect you to be respectful and courteous to others. Pagers, cellular telephones, 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.
- Eating and drinking are prohibited in the classroom.
- We will foster a high degree of academic integrity in this course. Any unauthorized copying or exchanging of information, including plagiarism and collusion, will be dealt with appropriately.

AMERICANS WITH DISABILITIES ACT: 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 class, then I encourage you to register with the SHSU Counseling Center 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 Counseling Center.

STUDENT ABSENCES ON RELIGIOUS HOLY DAYS POLICY: Section 51.911(b) of the Texas Education Code requires that an institution 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. 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 with 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). This request must be made in the first fifteen days of the semester or the first seven days of a summer session in which the absence(s) will occur. The instructor will complete a form notifying the student of a reasonable timeframe in which the missed assignment(s) and/or examination(s) are to be completed.

TENTATIVE COURSE OUTLINE

<u>Date</u>	<u>Coverage</u>	
8/21-8/23	Chapters 1/2	GAAP/Financial statements
8/28-30	Chapter 3	Balance sheet
9/4-9/6	Chapter 4	Income statement
9/11-9/13	Chapter 5	Basics of analysis
9/18	Exam 1 (Chapters 1-5)	
9/20-9/27	Chapter 6	Analysis of liquidity
10/2-10/4	Chapter 10	Cash flow statement
10/9	Exam 2 (Chapters 6, 10)	
10/11-10/18	Chapter 7	Analysis of debt-paying ability
10/23-10/25	Chapter 8	Analysis of profitability
10/30-11/1	Chapter 9	Investment analysis
11/6	Exam 3 (Chapters 7-9)	
11/8-11/15	Chapter 11	Expanded analysis
11/20	Chapter 12/13	Special industries/Personal financial statements
11/22	Thanksgiving (no class)	
11/27	Review	
11/29	Exam 4 (Chapters 11-13)	
12/4-12/6	Group presentations	
12/13	Comprehensive final exam	