

FINC 4650
FINANCIAL STATEMENT ANALYSIS
FALL 2014

Instructor: Jitka Hilliard, Ph.D.
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Office Hours: Tuesday 10:00 a.m. – 11:00 a.m.
Thursday 10:00 a.m. – 11:00 a.m. or by appointment

COURSE OBJECTIVES

The objective of this course is to integrate the accounting concepts with concepts of finance. Students learn to perform a comprehensive analysis of a company based on financial statements. Topics include models of shareholder value, a comparison of accrual accounting and discounted cash flow valuation approaches to valuation, profitability and risk analysis, diagnosing accounting quality and forecasting earnings and cash flows.

Students are required to read The Wall Street Journal and use financial software. Students will use financial software to retrieve financial data and present their findings in form of written reports and formal presentations. Financial software used in the class is Factset, YCharts and Mornigstar Direct.

COURSE MATERIAL

- Stephen H. Penman: Financial Statement Analysis, McGraw Hill, 4th edition
- The Wall Street Journal

STUDENT RESPONSIBILITIES

Students are responsible for all material covered in the class. I encourage students to follow the business news by reading the Wall Street Journal or watching the morning show Squawk Box on CNBC.

STUDENT WITH DISABILITIES

Students who need special accommodations in class, as provided for by the Americans with Disabilities Act, should make an individual appointment with me as soon as possible.

REPORTS

A group research project is important part of the course. Students work in groups of five students. Please form the groups by November 6, 2014. I will assign remaining students to the groups.

Late submission of the reports will result in 10 points taken from the report grade. Students who have problems with writing may benefit from visiting the Miller Writing Center (www.auburn.edu/writingcenter).

PRESENTATIONS

Students are required to present their group research project. All students need to be present at time of group presentations.

THE WALL STREET JOURNAL

Students are required to read The Wall Street Journal. There will be 8 quizzes from The Wall Street Journal during the semester; best 7 will count toward the grade. Make sure that you take advantage of these tests because there will be no make-up quizzes for WSJ.

WSJ is available at the library or you can subscribe electronically. Online Order Forms can be found on www.wsj.com/studentoffer. Contact info to the WSJ representative Mary Rose Cutler is maryrose.cutler@dowjones.com.

EXAMS

There will be two in-class exams and a final exam. Exams will focus on material covered in the class and the most important timely issues. The final exam will be on the University-set date and time.

Please contact me before the exam if you cannot take the exam due to valid excuse.

GRADING

The course grade will be determined as a weighted average of exams, The Wall Street Journal quizzes, report and presentation using following scale:

A ≥ 90
90 > B ≥ 80
80 > C ≥ 70
70 > D ≥ 60
60 > F

The weights of individual assignments:

Exam 1	30%
Exam 2	30%
Final exam	20%
Group research project	12.5%
Group presentation	2.5%
The WSJ quizzes	5%

CLASS SCHEDULE

Lecture	Date		Topic	Assignments	Quizzes
1	8/19/14	Tue	Introduction to the course/Introduction to investing and valuation		
2	8/21/14	Th	Introduction to financial statements		
3	8/26/14	Tue	How financial statements are used in valuation		
4	8/28/14	Th	Cash accounting, accrual accounting, and discounted cash flows		
5	9/2/14	Tue	Cash accounting, accrual accounting, and discounted cash flows	Chapter homework	
6	9/4/14	Th	Accrual accounting and valuation: Pricing book values		
7	9/9/14	Tue	Accrual accounting and valuation: Pricing book values		WSJ quiz 1
8	9/11/14	Th	Accrual accounting and valuation: Pricing earnings		
9	9/16/14	Tue	Accrual accounting and valuation: Pricing earnings	Chapter homework	WSJ quiz 2
10	9/18/14	Th	Viewing the business through the financial statements		
11	9/23/14	Tue	Viewing the business through the financial statements	Chapter homework	WSJ quiz 3
12	9/25/14	Th	Exam 1		
13	9/30/14	Tue	The analysis of statement of shareholder's equity		WSJ quiz 4
14	10/2/14	Th	The analysis of balance sheet and income statement	Chapter homework	
15	10/7/14	Tue	The analysis of profitability		WSJ quiz 5

Lecture	Date		Topic	Assignments	Quizzes
16	10/9/14	Th	The analysis of profitability	Chapter homework	
17	10/14/14	Tue	The analysis of sustainable earnings	Chapter homework	WSJ quiz 6
	10/16/14	Th	<i>Fall break</i>		
18	10/21/14	Tue	Analysis of quality of financial statements		WSJ quiz 7
19	10/23/14	Th	Analysis of quality of financial statements	Chapter homework	
20	10/28/14	Tue	The analysis of credit risk and return	Chapter homework	WSJ quiz 8
21	10/30/14	Th	Catch up		
22	11/4/14	Tue	Exam 2		
23	11/6/14	Th	Tiger lab - Discussion of the group project	Groups due in the class	
24	11/11/14	Tue	Tiger lab - Work on the group project		
25	11/13/14	Th	Tiger lab - Work on the group project		
26	11/18/14	Tue	Tiger lab - Work on the group project		
27	11/20/14	Th	Tiger lab - Work on the group project		
	11/25/14	Tue	<i>Thanksgiving Holiday</i>		
	11/27/14	Th	<i>Thanksgiving Holiday</i>		
28	12/2/14	Tue	Group presentations (Groups 1, 2 and 3)	Group project due in the class	
29	12/4/14	Th	Group presentations (Groups 4 and 5)		