

FINC 4650
FINANCIAL STATEMENT ANALYSIS
SPRING 2014

Instructor: Jitka Hilliard, Ph.D.
Office: Department of Finance, room 313
Phone: 844-5520
E-mail: Jitka.Hilliard@auburn.edu
Office Hours: Wednesday 10:00 a.m. – 11:00 a.m.
Friday 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 March 31, 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 that 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 10 quizzes from The Wall Street Journal during the semester; best 8 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-Jan-14	W	Introduction to the course/Introduction to investing and valuation		
2	10-Jan-14	F	Introduction to financial statements		
3	13-Jan-14	M	How financial statements are used in valuation		
4	15-Jan-14	W	Cash accounting, accrual accounting, and discounted cash flows		
5	17-Jan-14	F	Cash accounting, accrual accounting, and discounted cash flows		
	20-Jan-14	M	<i>Martin Luther King, Jr. Day</i>		
6	22-Jan-14	W	Cash accounting, accrual accounting, and discounted cash flows		
7	24-Jan-14	F	Accrual accounting and valuation: Pricing book values		
8	27-Jan-14	M	Accrual accounting and valuation: Pricing book values		WSJ quiz 1
9	29-Jan-14	W	Accrual accounting and valuation: Pricing book values		
10	31-Jan-14	F	Accrual accounting and valuation: Pricing earnings		
11	3-Feb-14	M	Accrual accounting and valuation: Pricing earnings		WSJ quiz 2
12	5-Feb-14	W	Accrual accounting and valuation: Pricing earnings		
13	7-Feb-14	F	Catch up		
14	10-Feb-14	M	Exam 1		
15	12-Feb-14	W	Viewing the business through the financial statements		
16	14-Feb-14	F	Viewing the business through the financial statements		

Lecture	Date		Topic	Assignments	Quizzes
17	17-Feb-14	M	The analysis of statement of shareholder's equity		WSJ quiz 3
18	19-Feb-14	W	The analysis of balance sheet and income statement		
19	21-Feb-14	F	The analysis of the cash flow statement		
20	24-Feb-14	M	The analysis of profitability		WSJ quiz 4
21	26-Feb-14	W	The analysis of profitability		
22	28-Feb-14	F	The analysis of profitability		
23	3-Mar-14	M	The analysis of sustainable earnings		WSJ quiz5
24	5-Mar-14	W	The analysis of sustainable earnings		
25	7-Mar-14	F	Analysis of quality of financial statements		
	10-Mar-14	M	<i>Spring Break</i>		
	12-Mar-14	W	<i>Spring Break</i>		
	14-Mar-14	F	<i>Spring Break</i>		
26	17-Mar-14	M	Analysis of quality of financial statements		WSJ quiz 6
27	19-Mar-14	W	The analysis of credit risk and return		
28	21-Mar-14	F	The analysis of credit risk and return		
29	24-Mar-14	M	Catch up		WSJ quiz 7
30	26-Mar-14	W	Exam 2		
31	28-Mar-14	F	The analysis of equity risk and return		
32	31-Mar-14	M	The analysis of equity risk and return	Groups due in the class	WSJ quiz 8
33	2-Apr-14	W	Tiger lab - Discussion of the group project		
34	4-Apr-14	F	Tiger lab - Work on the group project		
35	7-Apr-14	M	Tiger lab - Work on the group project		WSJ quiz 9
36	9-Apr-14	W	Tiger lab - Work on the group project		

Lecture	Date		Topic	Assignments	Quizzes
37	11-Apr-14	F	Tiger lab - Work on the group project		
38	14-Apr-14	M	Tiger lab - Work on the group project		WSJ quiz 10
39	16-Apr-14	W	Tiger lab - Work on the group project		
40	18-Apr-14	F	Tiger lab - Work on the group project		
41	21-Apr-14	M	Group presentations	Group project due in the class	
42	23-Apr-14	W	Group presentations		
43	25-Apr-14	F	Group presentations		