



## **COURSE SYLLABUS**

Course: **FINN 3013 Financial Analysis**

Prerequisite: WCOB 2043

### **Course Objectives:**

This course focuses on how information contained in financial statements can be used in financial decision-making; in particular, to assess and credit risk. We will end the course by going over different discounted cash flow techniques used in equity evaluation. If time permits, we could also discuss how to utilize the information contained in financial statements and capital markets to conduct prospective financial analysis (forecasting).

### **Course Structure:**

This course is organized around three distinct modules. The modules are:

- 1- Understanding the broad environment under which financial statements are prepared and used. This module will particularly focus on understanding the accrual basis of accounting and what implications that has on the
- 2- Thorough discussion of the financial statements.
- 3- Presenting various methods of financial analysis and applying them to analyze the firm's profitability, liquidity, credit, solvency and equity evaluation. The application will include students forming groups to analyze a firm that they choose utilizing all the methods and techniques learned in this class.

### **Textbook:**

Subramanyam and Wild, 2009. *Financial Statement Analysis*  
material will be handed out in class and made available on course Blackboard.

### **Evaluation:**

There will be three in-class exams each worth 100 points. exam. There will not be any makeup exams taking any of the exams. If sickness or other personal emergencies prevents you from taking any of the exams, then your grade will be calculated based on the other exams and course work. You need to let me know of the excuse that prevented you from missing the exam, you should have a document for your excuse, and you cannot miss more than one exam during the semester.

An integral part of this course is your application of what you learn through analyzing a real company. By the end of the fourth class (January 26), students should form into groups made of 4; those who still do not belong to any group by that time will be assigned randomly in groups. By the end of the sixth class (February 2) all groups should have their firms selected, the firms will be assigned to groups on a "FIFO" basis; so if your group picks a company that was already picked by another group, you will need to pick another company. You CANNOT pick a financial institution, as we will NOT be analyzing financial

institutions in this class. The company should also be publicly listed so that you will not have a difficulty in finding its financial and pertinent data. You CANNOT use any project that was prepared for any other class and each member of the group will be assigned the same grade for this project so each group member is expected to contribute evenly to the project. More details about this project, deadlines and grading criteria will be provided during the semester. Overall, each group will submit a written report and conduct a 15 minute in class presentation that will count for a total of 150 points. In addition, during the semester, I'll be posting practice quizzes on Blackboard. You will need to submit those quizzes before the assigned date. This will count for 50 points. The purpose of those quizzes is so that you can demonstrate your effort and getting you ready for the in class exams. Homework will be assigned regularly but it will not be submitted or graded. The purpose of homework is to let you apply the material you are learning in class and to give you practice for the exam problems.

The following table summarizes the grading scheme:

	<b>Points</b>
In-class exams (3)	300
Group Project	150
Quizzes	<u>50</u>
<b>Total</b>	<b>500</b>

To receive an A in this class, you need to accumulate a minimum of 450 points from the components listed above. A grade of B requires 400 points, and a C requires 350 points. To pass the course, you will need to accumulate a minimum of 250 points.

**Academic dishonesty:**

This class will follow the University of Arkansas policy concerning academic dishonesty. Please, go to <http://provost.uark.edu/245.php> for details concerning this policy.

**Inclement weather policy:**

This class will follow the University of Arkansas inclement weather policy. Class will be cancelled if the University officially closes. In the event of inclement weather, I will make every effort to conduct regular classes and will always let you know through Blackboard if there is any class cancellation for any reason.

**Guidelines for Testing Accommodations for Students with Disabilities:**

It is the Walton College policy that reasonable accommodations will be made for students with disabilities. In case of disability, please request accommodations from the Center for Educational Access (CEA). You can contact the CEA for details on seeking accommodations for disabilities through <http://www.uark.edu/ua/csd/> (479) 575-3104 (office) - (479) 575-7445 (fax) - (479) 575-3646 (tdd)

**Tentative Course Schedule: (Final Exam: May 8 from 10:15 am – 12:15 pm)**

Week	Dates	Topics	Chapters
1	January 17, 19	Introduction to Financial Statement Analysis	1 p. 3-27
2	January 24, 26	Nature and Purpose of Accounting Accrual Principle of Accounting	2 p. 75- 91 & p. 106-113
3	January 31, February 2	Understanding the Income Statement	6 p. 330-358
4	February 7 , 9	Understanding the Income Statement	Appendix 6A
5	February 14, 16	Understanding the Balance Sheet	4 p. 221- 250
6	February 21, 23	Understanding the Balance Sheet	5 p. 263-272 3 p. 137-143 & 184-191
7	February 28, March 1	Review <b>First Test ( March 1)</b>	
8	March 6, 8	Understanding the Cash Flow Statement	7 p. 401-419
9	March 13, 15	Financial Statement Analysis Tools Overview of Group Project	1 p. 28-42
10	March 20, 22	Spring Break	
11	March 27, 29	Profitability Analysis	8 p. 445-469
12	April 3, 5	Liquidity and Solvency Analysis	10 p. 527-565
13	April 10, 12	Review <b>Second Test ( April 12)</b>	
14	April 17, 19	Equity Analysis and Evaluation	Class Notes
15	April 24, 26	Work on finalizing group project <b>Group Presentations</b>	
16	May 1, 3	<b>Group Presentations</b>	

*We may deviate from this schedule if necessary. Please refer to course BlackBoard for updates and announcements.*