

***Course Syllabus***  
***University of Texas at Dallas***  
***Financial Statement Analysis***

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**Course Information**

Course Prefix, Number, Section:	ACCT 6344.5U1
Course Title:	Financial Statement Analysis
Term:	Summer 2017
Schedule:	Tuesday 6:00pm – 10:00pm
Location:	JSOM 12.202

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**Professor Contact Information**

Instructor:	Daniel Karnuta
Email (Preferred):	<a href="mailto:Daniel.Karnuta@utdallas.edu">Daniel.Karnuta@utdallas.edu</a>
Phone:	214-578-3390
Office Location:	JSOM 3.605
Office Hours:	By Appointment

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**Course Pre-requisites, Co-requisites, and/or Other Restrictions**

Pre-requisites: ACCT 6201 or ACCT 6305 or equivalent.

Required Knowledge: Basic accounting framework and working knowledge of accounting journal entries, debit/credit balancing and the major financial statements and their respective functions. Working familiarity with financial spreadsheet methods and concepts and basic business calculator functions.

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**Course Description**

Analysis of financial statements for evaluating company/entity financial performance and risk. Topics include: financial statement interpretation and users, footnotes and other disclosures, management's motivations and ethics in financial reporting, comparative analysis between accounting periods and industry competitors, using financial statements and other information to project future results, and company valuation techniques.

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**Student Learning Objectives/Outcomes**

- Integrate industry and business strategy analyses into financial statement analysis
- Critically assess the quality of the financial statements and make "adjustments", when needed, to various financial statements
- Use financial ratios to draw inferences about risk and profitability
- Develop expectations about a firm's future operating, financing and investing activities, and capture these expectations in forecasts of future financial statements
- Assess firm value based on common valuation models and techniques

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## Required Textbooks and Materials

“Financial Statement Analysis & Valuation” by Peter Easton, Mary Lea McAnnally, Xiao-Jun Zhang, and Gregory A. Sommers. Fourth edition; ISBN: 978-1-61853-104-9, Cambridge Publishing.

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## Assignments & Academic Calendar

The planned timeline below is subject to change based upon classroom dynamics around the discussion topics. Some topics may warrant more/less time.

<u>Class</u>	<u>Date</u>	<u>Topics Covered</u>	<u>Pre-Read Assignment</u>
1	May 30	Syllabus overview; Introductions, Framework for Analysis and Valuation; Review of Business Activities and Financial Statements	Modules 1 & 2
2	June 6	Profitability Analysis and Interpretation; Credit Risk Analysis and Interpretation	Modules 3 & 4
3	June 13	Revenue Recognition and Operating Income; Asset Recognition and Operating Assets Liability Recognition and Nonowner Financing;	Modules 5 & 6 & 7
4	June 20	<b>Test #1 Covering Modules 1 through 6</b>	
5	June 27	Liability Recognition and Nonowner Financing (cont.); Equity Recognition and Owner Financing; Intercorporate Entities	Modules 7 & 8 & 9
	July 4	No Class – Independence Day	
6	July 11	Off-Balance-Sheet Financing; Forecasting Financial Statements	Modules 10 & 11
7	July 18	Cost of Capital and Valuation Basics; Cash-Flow-Based Valuation	Modules 12 & 13
8	July 25	Operating-Income-Based Valuation; Market-Based Valuation	Modules 14 & 15
9	August 1	<b>Test #2 Covering Modules 7 - 15</b>	
10	August 8	Project Presentations	

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## Grading Policy – (see also Course & Instructor Policies, below)

Weighting:

Tests (2 exams @ 25% each)	50%
Project	30%
Class Participation & Quizzes	<u>20%</u>
Total	<u>100%</u>

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## Course & Instructor Policies

Grades will reflect your performance relative to your peers; thus grades may be scaled (at my discretion) so that the highest score is equivalent to 100.

There will be approximately 5 quizzes which will be given at the beginning of class and will cover material from the prior week's lecture.

Exams will be non-cumulative but will require an understanding of previously covered material.

Test locations will be determined prior to the exams and may be given at the UTD Testing Center; thus students are required to be familiar with the Testing Center Procedures found at:

<http://www.utdallas.edu/studentsuccess/testingcenter/>

Exams and quizzes are mandatory and will be closed books/closed notes. If you have a documented emergency that will prevent you from taking either exams or quizzes on the scheduled day, you need to notify me BEFORE the exam/quiz day. Supporting documentation will be required and a make-up date may be scheduled at my discretion.

Non-programmable, non-cell phone financial calculators will be allowed during exams. Use of all other electronics such as cell phones, PDAs, computers, programmable calculators, audio players and other wireless communication devices will not be permitted.

**Project:** In this class, you will participate in a team project which utilizes the information in the textbook to perform a real world analysis of a public company. Your team will select a public company from a selected industry and use the company's most recently filed form 10K as the primary data source for your analysis. Using information from the 3 years presented in the company's 10K, your team will evaluate the company's strengths and weaknesses to ultimately arrive at a "Buy", "Sell" or "Hold" recommendation. Grades will be based on the strength of the analysis and how well it supports your buy/sell/hold recommendation, and the quality of the presentation.

Financial Statement Analysis requires critical thought and questioning. Attendance and class participation are critical to your success in learning the material. I expect that you will come to class prepared; having pre-read the required text book modules and completed any other assigned material. Learning any complex concept, material or task requires not only quality practice, but also adequate time for the brain to absorb, assimilate and retain the new data. Quality pre-reading of the material prior to class, further absorption through class instruction and participation, and adequate review and exam preparation, form the path for initial learning success of this, or any, complex material.

Cell phones should be turned off during class. Laptop computers and PDAs are permitted in class ONLY for taking notes or referring to class material.

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### **Comet Creed**

*This creed was voted on by the UT Dallas student body in 2014. It is a standard that Comets choose to live by and encourage others to do the same:*

"As a Comet, I pledge honesty, integrity, and service in all that I do."

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### **UT Dallas Syllabus Policies and Procedures**

The information contained in the following link constitutes the University's policies and procedures segment of the course syllabus.

Please go to <http://go.utdallas.edu/syllabus-policies> for these policies.

***The descriptions and timelines contained in this syllabus are subject to change at the discretion of the Professor.***