

Course Syllabus (1st Semester, 2017- 2018)

COURSE TITLE: Financial Statement Analysis

INSTRUCTOR: Prof. Yuri Loktionov

EMAIL: TBD

STUDENTS: Exchange students

TIME: Mondays, 19:30 – 21:20

PLACE: IB 405

OFFICE: TBD

OFFICE HOURS: TBD

I. OBJECTIVES

1. Knowledge:

This course is about analyzing and using information from corporate financial reports for the purpose of financial analysis and valuation. The goal of this course is to learn how to use financial statement information to evaluate the firm's past and present performance and to predict likely future outcomes. We will learn to evaluate how well (or poorly) the financial statements depict the firm's economics and how we can use additional information, especially from footnote disclosures, to better understand and analyze financial statement information.

Prerequisite courses: Principles of Accounting and Corporate Finance

2. Skills / Ability:

- ✓ Understanding of financial statement information from a decision maker's perspective, including an appreciation of the usefulness and limitations of this information
- ✓ Skills in reading and interpreting corporate financial statements
- ✓ Ability to use financial accounting information for enterprise and project valuation, credit analysis, and performance evaluation

The course will be valuable to students seeking a career in investment management, consulting, investment / corporate banking, public accounting, as well as in venture capital and private equity.

II. WEEKLY ARRANGEMENTS

Week	Date	Content	Assignments
1	Sep 11	Introduction / FSA Applications	
2	Sep 18	Accrual Accounting	Reading Assignment
3	Sep 25	Income Measurement	Reading Assignment / Homework
4	Oct 2	<i>NATIONAL DAY WEEK – No classes</i>	
5	Oct 9	Long-Lived Assets: Tangibles and Intangibles	Reading Assignment / Homework
6	Oct 16	Accounting for Leases	Reading Assignment / Homework
7	Oct 23	Revenue Recognition	Reading Assignment / Homework

8	Oct 30	Marketable Securities / Fair Value Accounting	Reading Assignment / Homework
9	Nov 6	<i>IMMERSION WEEK – No Classes</i>	
10	<i>Nov 13</i>	Midterm Exam	Preparation for the Midterm
11	Nov 20	Financial Reporting Quality	Reading Assignment / Homework
12	Nov 27	Profitability Analysis	Reading Assignment / Homework
13	Dec 4	Credit Analysis	Reading Assignment / Homework
14	Dec 11	Cash Flow Analysis	Reading Assignment / Homework
15	Dec 18	Introduction to Valuation	Reading Assignment / Homework
16	Dec 25	Case Discussion	Preparing the Case Write-up
17	Exam Week		
18	Exam Week		

III. REQUIREMENTS (Requirements of course study and class discipline)

Students must come adequately prepared for class. It is vital that you spend time prior to class to prepare the relevant material.

The use of unauthorized material, communication with fellow students during an examination, attempting to benefit from the work of another student, and similar behavior that defeats the intent of an examination or other class work, is unacceptable to the University. Where a clear violation has occurred, however, the Instructor may disqualify the student's work as unacceptable and assign a failing mark on the exam. While it is perfectly OK to prepare for exams in groups, the actual tests are to be individually attempted.

There will be no make-up exams. If a student misses a midterm exam for a satisfactory reason (e.g., medical emergency) will have the final exam count for 65% of the grade.

IV. TEACHING APPROACH

The course will be delivered as a mix of lectures, class discussion, practice assignments and cases. Some of the questions on the midterm and the final exams will be based on real-life financial statements of well-known companies.

Class participation grade will be based both on attendance and constructive participation. You are expected to participate in class discussions and you will be graded on your contribution to the classroom learning environment. You should expect to be "cold called" to discuss assigned review problems and to offer views on the assigned material.

A case write-up will to be done in teams of 3-5 people. Part of the grade for the case will be based on the evaluation by your team members of your contribution to the write-up. Group projects provide a valuable learning experience – how to work effectively and efficiently in groups learning from others, and sharpening a student's ability to communicate to others. However, some students may be tempted to relax and let others carry their load. To provide an incentive for all students to make maximum contributions to the team project, students will be asked to grade each team member's contributions.

V. COURSE MATERIALS

1. Required Materials and/or Readings

Reading: *CFA Program Curriculum: Financial Reporting and Analysis* – Level I and II

2. Recommended Materials and/or Readings

- ✓ *Financial Statement Analysis & Valuation* by P. Easton, M. McAnally, Sommers, X. Zhang, and R. Halsey (5rd edition, 2017)
- ✓ *Financial Statement Analysis* by K.R. Subramanyam (11th edition, 2013)
- ✓ *Business Analysis and Valuation: Using Financial Statements, Text & Cases* by P. Healy and K. Palepu (5th edition, 2012)

VI. ASSESSMENT

Students' final grade will consist of the following parts:

1. Post-class Work (case write-up in groups): 25%
2. Participation and Attendance: 10%
3. Midterm Exam: 25%
4. Final Exam: 40%