I. COURSE OBJECTIVES: To provide a practical, useful, and intelligent methodology for understanding and analyzing the financial performance of a business entity or division for professional or personal investments. To recognize the key components of financial and investment activities that marks the difference between successful and failed businesses. To understand and analyze cash flow, credit situation, and equity structure of a business.


Readings distributed in class

DAILY READING: The Wall Street Journal. To apply the concepts and ideas discussed in class to recent and current trends and developments.

III. DETAILED PROGRAM OF INSTRUCTION:

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>TEXT CHAPTER/AGENDA</th>
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<tbody>
<tr>
<td>Overview of Financial Statement Analysis</td>
<td>1</td>
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<tr>
<td>Financial Reporting and Analysis</td>
<td>2</td>
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<tr>
<td>Analyzing Financing Activities</td>
<td>3</td>
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<td>Analyzing Investing Activities</td>
<td>4</td>
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<tr>
<td>Analyzing Investing Activities: Intercorporate Investments</td>
<td>5</td>
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<tr>
<td>Cash Flow Analysis</td>
<td>7</td>
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<tr>
<td>Return on Invested Capital and Profitability Analysis</td>
<td>8</td>
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</tbody>
</table>
IV. METHODS and PROCEDURES: Lectures, discussions, problems, and readings. You must attend class in order to be aware of any material not covered in the textbook, any changes in the class program, and material covered on the quiz and the Midterm and Final Exams. Homework problems will be assigned during class. The homework problems will greatly assist you on the exams and quiz. You must complete the homework problems which will be reviewed in class and have an affect on your final grade.

V. GRADING: There will be one (1) thirty minute quiz given during the course (see below for date). The Midterm and Final Exams will take up the entire period. The exams will consist of a combination of problems, multiple choice, short answer, and true or false questions.

Grading is broken down as follows:

- Midterm Exam: 30%
- Final Exam: 30%
- Quiz: 10%
- Homework: 10%
- Course project: 20%

**TOTAL: 100%**

**GRADING SCALE**

<table>
<thead>
<tr>
<th>Letter Grade</th>
<th>Numerical Grade</th>
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<tbody>
<tr>
<td>A</td>
<td>100-95</td>
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<td>A-</td>
<td>94-90</td>
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<td>B+</td>
<td>89-86</td>
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<td>B</td>
<td>85-83</td>
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<td>B-</td>
<td>82-80</td>
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<td>C+</td>
<td>79-76</td>
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<td>C</td>
<td>75-73</td>
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<tr>
<td>C-</td>
<td>72-70</td>
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<tr>
<td>D</td>
<td>69-60</td>
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<td>F</td>
<td>59-00</td>
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Key dates for course:

- Quiz: February 11
- Midterm Exam: March 25
- Course Project: April 22
- Final Exam: April 29

VI. COURSE POLICIES: All college and departmental policies concerning attendance, incompletes, missed exams, etc., will be observed. For example, excused absences, make-up exams, or incompletes will be given for normally acceptable reasons. **THERE WILL BE NO EXCEPTIONS.** Unexcused absences from the quiz and exams will result in a grade of zero (0).
COURSE PROJECT FORMAT

The course project is designed to analyze the financial statements and situation of major corporations and use the material covered in the course. The goal behind the course project is to develop, enhance, and utilize the student’s ability to analyze a corporation’s financial situation.

The students must form groups of maximum six (6) students. A team leader must be chosen by each team. The team leader will meet with the professor on a periodic basis regarding the progress of the project, the performance of the team members, and any problems, questions or concerns that may arise.

The course projects must:
• be typed with a maximum font size of 12
• be a maximum of 30 pages
• be double-spaced
• have citations when needed
• graphs and charts must be in the body of the analysis. Any charts or graphs that take up an entire page will not constitute a typed page.
• have a cover page with the name of the assigned corporation, the names of the team members, date submitted, the professor’s name, course name and number
• each section of the course project must state its author
• have a one inch margin (top, bottom, right and left) on each page
• contain a bibliography page of outside research done and used in the course project
• have a blank end page for my comments

Each student will be graded on their writing, analysis, research, organization of the material, and insights.

The course project must be broken down into the following sections:

❖ Company background and history = must state the history of the corporation in a clear and concise format.
❖ Macroeconomic outlook = This must be an analysis of the U.S. and global economy in the short term (1 year) and long term (5 years). The analysis must show how the U.S. and global economy affects the corporation your group is researching. Among the points to discuss are: What is the current state of the economy and what do economists, business and political leaders feel the situation will be in the short and long term? Does the economy have a strong impact on your firm’s financial situation?
❖ Industry outlook = an analysis of the industry that the corporation is in. This section must analyze how the state of the industry affects the corporation being analyzed, who the competition is, the threats and opportunities the competition presents to the corporation under analysis, and the current and future state of the industry. Also, where does your firm fit in the marketplace: is it a major player, in the middle of the pack, a new player, or falling behind and why? Are there new challenges for the industry, new issues that must be addressed, great growth opportunities in the U.S. and abroad and how are they being met? What do industry watchers and analysts have to say and what do you think will happen in the long and short term and the affects it will have on your firm?
❖ Firm’s strong points = an in-depth financial analysis of the firm’s strong points. An analysis of the firm’s current and past financial statements for the past five (5) years. The analysis must also state why the corporation enjoys these strong financial points.
❖ Firm’s weak points = an in-depth financial analysis of the firm’s weak points. This section must show the firm’s weak points that could affect it in the long and short term. The analysis must state how these weak points came about and how they could be corrected, if possible.
❖ Conclusion and outlook = must state the group’s conclusion regarding the firm’s current and future financial situation. For example, the conclusion and outlook must state whether the firm is a good candidate for a merger and acquisition, a hostile takeover, if it will enjoy solid future profitability and growth, if it will be an industry leader, or is headed toward financial disaster. Does the group think this firm is a good investment prospect? Given the state of the economy, the industry, and the firm itself, if you were a portfolio manager or analysts,
would you recommend this firm and why? What are the group’s long, short and medium term recommendations for this firm?

Each of the above sections must be a maximum of five (5) pages.

Grading:

Individual grade = 50 points maximum
+Group grade = 50 points maximum

Total grade = 100 points maximum

If you have any questions, concerns or problems while working on the course project, please feel free to see me before or after class, or during my office hours.