



北京大學  
汇丰商学院

Peking University HSBC Business School

# ECON572

## Financial Statement Analysis

### Module 3, 2015-2016

#### Course Information

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Office Hour: M/TH3:30-5:00pm or by appointment

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**Classes:**

Lectures: Monday/Thursday 1:30-3:30 pm

Venue: PHBS Building, Room 231

**Course Website:**

cms.pkusz.edu.cn

Course Syllabus and Slides can be found. Please print out slides before each class starts.

## 1. Course Description

### 1.1 Context

Course overview: This course provides overall framework of financial statement analysis, including the understanding of elements of financial statements, the connections between elements such as assets, liabilities, equities, revenues, expenses, incomes and the relation between the earnings and the values of firms.

Prerequisites: Financial Accounting

### 1.2 Textbooks and Reading Materials

**Required textbook:**

Financial Reporting, Financial Statement Analysis, and Valuation: A Strategic Perspective, Sixth Edition by Stickney/Brown/Wahlen (SBW) ISBN-10: 0324302959 ISBN-13: 9780324302950

## 2. Learning Outcomes

### 2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment
1. Our graduates will be	1.1. Our students will produce quality	

effective communicators.	business and research-oriented documents.	
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	
	2.2. Students will be able to apply leadership theories and related skills.	
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	
	3.2. Our students will practice ethics in the duration of the program.	
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	
	5.3. Our students will demonstrate competency in critical thinking.	

## **2.2 Course specific objectives**

The perspective and main focus of this course are not for the accountants who prepare financial reports, but rather for the users of the information contained in them: mostly investors and the financial analysts who serve them, creditors and, to some extent, management. This course discusses U.S generally accepted accounting principles [GAAP] underlying the financial statements, their implementation in practice and various valuation models used by analysts for firms valuations. Note is also made of the limitations of financial reports, their evolution in response to changing business conditions, current accounting controversies and the constraints that limit the freedom and influence the course of action of rule makers and regulators.

## **2.3 Assessment/Grading Details**

### **How to Succeed in This Class:**

*There is a considerable amount of material covered in this course. To do well in this course it is essential that you: (1) attend class regularly, (2) complete assignments, and (3) do not fall behind. To understand accounting theories and applications, it is critical that you struggle with the details of assigned problems. It is essential that you stay current with all readings and assignments.*

Grades will be based on the following weights:

Attendance and Participation	5%
Homework and Presentation	20%
Team Project	15%
Exam I	30%
Exam II	30%
Total	100%

### **Requirement Descriptions and Directions:**

### **1. Attendance and Participation (5%)**

Because of the complexity of the material and pace of the class, it is imperative that you attend every class. Laptop and cell phone use are not allowed in the classroom. If you have to miss a class, please notify me in advance through email, call or your classmates. If a class has to be cancelled due to an emergency, I will attempt to notify you by e-mail or phone. If you miss a class it is your responsibility to keep yourself apprised of what occurred during your absence.

### **2. Homework Assignments (20%)**

The homework assignments will emphasize the comprehension of these principles and concepts, problem solving, and applications to business situations. Each homework is due before the class start review and if the assignment is handed late than the due date, then it is not graded, hence no points. Each assignment will be given maximum 2 points of the total course grade.

### **3. Examinations (30% and 30%)**

Two closed-book exams will be tested. Exam 1 covers chapter 1-5. Exam 2 covers Chapters 6-10. The formats of the exams are multiply questions.

### **4. Group Project (5%)**

One class project will be assigned to each team. The purpose of the class project is to provide students real world situations to apply the course concepts in understanding and analysing financial statement and learn skills related to team work. Each team should be composed of X students and the grading of the project is based on both the project and the team work corporations (each individual's participation and performance of the project based on the team chapter). The team should find a team representative, formulate team charter and evaluate member's performance based on his/her contributions.

Project Requirement (due date:): Find Pepsi Co's financial statements and footnotes in the financial statements and give detail discussion of the accounting methods used in the firm (focus on the format of the footnotes and information contained in the footnotes.) Each person is responsible for searching relevant information contained in each chapter of the textbook about Pepsi Co's financial reports.

## ***2.4 Academic Honesty and Plagiarism***

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar. For more information of plagiarism, please refer to *PHBS Student Handbook*.

### 3. Topics, Teaching and Assessment Schedule

#### Class Schedule and Homework Assignments

Date	Topic	Assignment
2.22	1. Overview of Financial Reporting, Financial Statement Analysis, and Valuation	
2.25	1. Overview of Financial Reporting, Financial Statement Analysis, and Valuation 2. Asset and Liability Valuation and Income Measurement	1.11
2.29	2. Asset and Liability Valuation and Income Measurement	2.4 2.5 2.6
	3. Income Flows versus Cash Flows: Key Relationships in the Dynamics of a Business	
3.3	3. Income Flows versus Cash Flows: Key Relationships in the Dynamics of a Business	3.6, 3.7, 3.8
	4. Profitability Analysis	
3.7	4. Profitability Analysis	4. 6 4.7. 4.8. 4.9 4.14.a.d. 4.15 a
	5. Risk Analysis	
3.10	5. Risk Analysis	5.16
	First exam review	
3.14	<b>Midterm #1 in class –Ch 1-5</b>	
3.17	6. Quality of Accounting Information	6.10 a, b,d, 6.11
3.21	6. Quality of Accounting Information	
	7. Revenue Recognition and Related Expenses	
3.24	7. Revenue Recognition and Related Expenses	7.13 7.14 a,b,c,d 7.15a,b,c,
	8. Liability Recognition and Related Expenses	
3.28	8. Liability Recognition and Related Expenses	
3.31	8. Liability Recognition and Related Expenses	8.9 8.13 a,b,c,d
	9. Intercorporate Entities	
4.4	9. Intercorporate Entities	9.10 9.14 9.18 9.26 a,b,c,d,e
	Second exam review	
4.7	<b>Midterm #2 Chapters 6-9</b>	
4.11	10.Forecasting Financial Statements	10.11
4.14	10.Forecasting Financial Statements	
4.18	Group Presentation	
4.21	Group Presentation	

### 4. Miscellaneous