

University of Montana

## ScholarWorks at University of Montana

---

Syllabi

Course Syllabi

---

Fall 9-2015

### **BFIN 301.01: Analysis of Financial Statements**

Donald G. Gaumer

*University of Montana, Missoula*, [don.gaumer@business.umt.edu](mailto:don.gaumer@business.umt.edu)

Follow this and additional works at: <https://scholarworks.umt.edu/syllabi>

**Let us know how access to this document benefits you.**

---

#### **Recommended Citation**

Gaumer, Donald G., "BFIN 301.01: Analysis of Financial Statements" (2015). *Syllabi*. 3783.

<https://scholarworks.umt.edu/syllabi/3783>

This Syllabus is brought to you for free and open access by the Course Syllabi at ScholarWorks at University of Montana. It has been accepted for inclusion in Syllabi by an authorized administrator of ScholarWorks at University of Montana. For more information, please contact [scholarworks@mso.umt.edu](mailto:scholarworks@mso.umt.edu).

**BFIN 301 ANALYSIS OF FINANCIAL STATEMENTS**  
**MW 11:10 GBB L09**  
**COURSE SYLLABUS**  
*Autumn 2015*

**INSTRUCTOR:** Donald Gaumer

**OFFICE:** GBB 338

**PHONE:** 243-6154 (not often answered)

**EMAIL:** don.gaumer@business.umt.edu

**OFFICE HOURS:** Monday & Wednesday 9:30-11:00, other times by appointment.

**TEXT:** *Financial Statement Analysis K.R. Subramanyam 11<sup>th</sup> Edition*. Available at the bookstore or at Amazon.com [http:// ww.amazon.com/Financial-Statement-Analysis-K-Subramanyam/dp/007w8110963/ref=sr\\_1\\_fkmr1\\_1?ie=UTF8&qid=1407177193&sr=8-1-fkmr1&keywords=financial+statement+analysis+subramanyam+used](http://ww.amazon.com/Financial-Statement-Analysis-K-Subramanyam/dp/007w8110963/ref=sr_1_fkmr1_1?ie=UTF8&qid=1407177193&sr=8-1-fkmr1&keywords=financial+statement+analysis+subramanyam+used)

Harvard Business review cases: Several HBR cases are required. Purchase these at:  
<https://cb.hbsp.harvard.edu/cbmp/coursepacks/overview/38738543>

Also required: **Financial calculator**. Preferred is the Texas Instruments BA II Plus (professional model if your budget allows)

**The Wall Street Journal Required:**

All students are required to subscribe to Wall Street Journal, besides covering the world of business the WSJ contains a wealth of information dealing with personal finance. There are articles concerning credit use, home buying, retirement planning, and student loans just to name some of the information available.

Sign up at: <https://buy.wsj.com/offers/html/JIEofferWDSM151.html?trackCode=aaqb9wc7> Complete your subscription by September 1<sup>st</sup>.

Professors are provided a list of their WSJ student subscribers. To be on that list, make sure to follow these instructions when activating your online subscription:

Under School Information use the following:

First 3 digits of the school zip code – 598

School Name – click on UNIVERSITY OF MONTANA

Referring Professor – click on GAUMER, DON

Upon activation you will have immediate access to WSJ.com. Your print paper will begin in 3-5 days after you complete the activation and will be delivered to the address you list on the activation form.

You can also subscribe to the journal at [www.wsjstudent.com](http://www.wsjstudent.com), ten weeks cost \$19.95. As you are filling out the required information on the website, it will ask you for the first 3 digits of school's zip code; please enter 598 (as opposed to your personal zip code). This will then bring down a drop down list of schools, choose U of Montana Missoula. Then, it will bring a drop-down list for you to choose the requiring professor, and you should select my name.

## ***HOMWORK***

Homework has been assigned for each chapter covered in the text. The schedule of problems due is posted on Moodle. All problems are from the back of each chapter as assigned. Homework must be turned in by the end of class on the day it is due. At the top of the page you must list your name, course description, chapter assignment and date. Only physical copies will be accepted. No other form of transmission is acceptable.

No online homework is available for this class. As a result, all homework must be graded by hand. It will take a few days to grade and post on Moodle. Homework is required to be typed and clearly defined as to the chapter number, problem number and your name. Each problem should be set up as a distinct answer and identified as such. Each chapter must be completed on a separate piece(s) of paper.

## **EXAMS**

Both exams will be conducted in class on the scheduled day. This will be the only day the exam is given. Expect the exam to take the full class period.

## **SEMESTER PROJECT**

Teams of two students will complete a financial analysis on a selected company. Requested company identification using the form posted on Moodle is due at the beginning of class on September 23<sup>rd</sup>.

The analysis should be conducted to determine the viability of investing in a public company. The analysis should be written in memo form and take the position of the analysts' recommendation be to invest or pass on the select company. Selected company analysis should include as many of the tools from the class as required to make the recommended conclusion. An example of one or more analyses will be posted on Moodle

Grading will be based on the content, analysis, communication and the validity of the conclusion. The project is to be turned in in hard copy form and must include student Identification on the top left of the first page.

**MOODLE** On Moodle you will find copies of everything handed out in class, including the course syllabus, schedule, Chapter slides and chapter question and exercise solutions. Homework / quiz grades will posted. I and will eventually post assignment grades, however final grades will not be posted to Moodle.

**OTHER WEBSITES:** Throughout the term you will be introduced to other websites which will aid in the analysis of financial statements. In particular, Yahoo finance: <http://finance.yahoo.com> <http://googlefinance.com> and the MSN site: <http://money.msn.com/investing/> will be among the most useful.

**GRADING:**

<b>Homework / Quiz (best 10 grades)</b>	<b>25%</b>
<b>Semester Project</b>	<b>35%</b>
<b>First Exam Chapters 1-6</b>	<b>20%</b>
<b>Second Exam Chapters 7-11</b>	<b>20%</b>

$A \geq 93.5$	$77 \leq C+ < 80$
$90 \leq A- < 93.5$	$73 \leq C < 77$
$87 \leq B+ < 90$	$70 \leq C- < 73$
$83 \leq B < 87$	$60 \leq D < 70$
$80 \leq B- < 83$	$F < 60$

**GENERAL:** Regular attendance is expected. Reading should be completed before coming to class. You are expected to have completed the assigned reading prior to class. I cannot stress this enough. If you do not get the readings done prior to class, you will not get everything you can out of the lectures. In preparing the lectures I will assume that the reading has been done and will only cover what I think are the more difficult issues. Note that in some cases it is not “easy” reading. You may have to read the chapter(s) a few times to get it, so give yourself plenty of time. After each lecture, go over the chapter(s) again. You should find that some points that were confusing have been clarified. Remember, read the chapter(s) before class, go to class, then read the chapter(s).

The quantitative nature of this course requires good math skills. The course material is not necessarily cumulative; but you should not fall behind in the homework or in understanding the course content. A rough guide is at least 2 hours of outside study time for each hour in class, i.e., 6 or more hours outside of class per week. Some students require more time, others less. It is your responsibility as a student to monitor your progress in the course. I do not give “extra credit” assignments. Similar to a regular work situation, you must judge whether you’re learning in the class, from notes, assignments, the text, internet aids, and discussions with other students is adequate; vs. coming into the office or emailing for direct help from myself. There is a guide in the beginning of the text that might help you determine how you learn the best.

Students are expected to conduct themselves in a professional manner. Professionalism includes arriving promptly to class, remaining for the duration of the class period, being alert during class, producing neat work products, and treating others with respect. You are expected to participate in class and maintain a critical attitude toward the assigned material. Don't be reluctant to express your opinion. The livelier the discussion becomes, the better the class will be. You should also keep yourself informed of the current events regarding financial matters. These regularly appear in the financial press such as the Wall Street Journal. I plan to work these current events in the financial world into the lecture to the extent possible.

If you miss a class session, it is your responsibility to acquire class notes and any handouts or other material from your classmates. Form a “buddy system.” The buddy system will also be useful in preparing for exams and other assignments. Form a study group. You will find that you learn more if you study in a group. However, students are expected to practice academic honesty. Academic misconduct includes, but is not limited to: plagiarism, misconduct during exams or quizzes, unauthorized possession of course materials, and facilitating dishonesty. Academic misconduct is subject to an academic penalty by the course instructor and/or disciplinary

sanction by the University.

All students need to be familiar with the Student Conduct Code. The code is available for review online at: <http://www.umt.edu/SA/VPSA/index.cfm/page/1321>

***SCHOOL OF BUSINESS MISSION STATEMENT:***

The University of Montana's School of Business Administration is a collegial learning community dedicated to the teaching, exploration, and application of the knowledge and skills necessary to succeed in a competitive marketplace.

***SCHOOL OF BUSINESS ADMINISTRATION/ASSESSMENT AND ASSURANCE OF LEARNING:***

As part of our assessment process and assurance-of-learning standards, the School of Business Administration has adopted five learning goals for our undergraduate students:

- Learning Goal 1 – SoBA graduates will possess fundamental business knowledge and integrated business knowledge.
- Learning Goal 2 – SoBA graduates will be effective communicators.
- Learning Goal 3 – SoBA graduates will possess problem solving skills.
- Learning Goal 4 – SoBA graduates will have an ethical awareness.
- Learning Goal 5 – SoBA graduates will be proficient users of technological skills.

***COURSE OBJECTIVES:*** This course should be your first in finance, as it is a foundation for subsequent courses in corporate finance, security analysis, investments, capital markets, derivatives, international finance, international financial management, and real estate. It provides an overview of the theory and practice of financial statement analysis, and it develops a framework to analyze the fundamental financial statements used in finance. It should be noted that the emphasis will NOT be on the preparation of financial statements but rather the use of financial statements in finance. My goals for this course include the following:

- Demonstrate an understanding of the various financial statements including the income statement, balance sheet, and cash flow statement; how to use these statements to determine the financial characteristics of the firm; and how these statements may be used to examine financial issues.
- Apply the vocabulary from this course while analyzing financial statements.
- Interpret the theories from the course to show how the prepared financial statements help businesses make better decisions. You need to know these theories to know which tool in your tool-box of finance skills is the right one to use in any given situation.
- Become an intelligent consumer of the financial press: you need to be able to understand the implications of what goes on in the financial world for you and your business.

To that end, we will cover a number of different topics. In general, the first part of the course will be devoted to developing an understanding of financial statements, and the second part will be developed to applying that understanding to examine the implications on the financial characteristics of a firm.

1. We begin with a look at the elements of financial statements; how they are prepared; and how the components are defined.

2. Next we look at how the financial information contained in the financial statements is combined to present a picture of the firm.
3. Finally we examine how this information can be used by the financial manager and investor.

The course emphasizes the fundamental concepts underlying modern financial analysis and it is analytical and rigorous. While it is not “Rocket Science,” students have found this to be a demanding, and sometimes difficult, course. I will try to make things as accessible as possible, but you must be aware that this material is not always easy. Mastering it will require time and effort.

**CALCULATOR:** You will need a calculator for all the exams and to work many of the problems. The Department of Accounting and Finance has approved the following calculator: **Texas Instruments BA II Plus**, or their successor). You will also find them useful in subsequent courses. The Bookstore carries both. ***Note that laptops will not be allowed in the exams under any circumstances.*** If you have a calculator with memory you will not be allowed to use that calculator in the exams. Frankly, if you can afford it, I advise getting a financial calculator to use rather than the graphical calculators you may have used in your math courses.

**PREREQUISITES:** Junior standing in business including Accounting Principles (ACTG 201) and Statistics (MATH 241). IS 270 is not required but is strongly suggested. It is unlikely that you even got in without these, but if you do not have these prerequisites, please see me.

**INCOMPLETES:** Incompletes will not be given for a failing grade.

**DROPS:** No drops will be signed after the designated last day for the semester.

**DISABILITIES:** Students with disabilities may request reasonable modifications by contacting me. The University of Montana assures equal access to instruction through collaboration between students with disabilities, instructors, and Disability Services for Students (DSS). “Reasonable” means the University permits no fundamental alterations of academic standards or retroactive modifications. For more information, please consult <http://www.umt.edu/disability>.

**E-MAIL:** As of 1 July 2007, faculty may only communicate with students regarding academic issues via official UM email accounts. Accordingly, students must use their UM Connect accounts ([name@umconnect.umt.edu](mailto:name@umconnect.umt.edu)). Email from non-UM accounts may be flagged as spam and deleted without further response. Due to security issues, confidential information (including grades and course performance) will not be discussed via email.