



**CARLETON UNIVERSITY  
BUSI 2506  
FALL 2018  
FINANCIAL STATEMENT ANALYSIS**

**Instructor:** Alexander Bonnyman, CFA  
**Office:** To be determined  
**Office Hours:** Monday 17:00-17:55  
**Email:** alexanderbonnyman@gmail.com

**Course meets:** Monday 18:05 – 20:55 Room to be announced

**Pre-requisites & precluded Courses:**

Pre-requisite: BUSI 2504 with a grade of C or higher  
Precludes additional credit for BUSI 2002

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**Course Calendar description from the 2018/2019 University calendar:**

Analysis and interpretation of an entity's financial statements and annual report from a user perspective. Ratio analysis is used to analyze firm performance and make forecasts of future performance.

**Course Description:**

This course covers standards and methods used by financial and investment analysts and portfolio managers to evaluate financial statements in today's international and volatile markets. It is filled with information and strategies needed to examine the past and current performance and financial position of a company in order to form expectations and make recommendations about its future performance and financial position. It explores how to evaluate financial statement notes and supplementary information to better understand the risk and potential returns from investing in this company.

**Learning Objectives:**

Students will be expected to demonstrate the following learning outcomes:

- Define the elements of financial statements and explain the basic principles supporting the recognition of these elements on the financial statements.
- Understand the interrelationship between financial statement items.

- Analyze and interpret the performance and financial stability of an organization using financial statement analysis tools and techniques.
- Identify manipulation techniques that could be used to manage earnings.
- Evaluate the usefulness and limitations of financial statement information.
- Predict future performance based on sound reasoning and realistic assumptions.

### **Reading(s)/Textbook(s):**

Required Textbook: Robinson, Henry, Pirie & Broihahn, International Financial Statement Analysis, Third Edition, Wiley, 2015

Available as e-text through Wiley.ca or in hard copy at Haven Books (43 Seneca St. - Seneca and Sunnyside)

### **Course Requirements & Methods of Evaluation:**

Contribution and participation	10%
Weekly online problems	10%
Group project	20%
Midterm examination	25%
Final examination	35%
Total	100%

*Contribution and participation:* will be earned primarily through attendance and by answering multiple-choice questions in class. Inappropriate use of cell phones and other electronic device during class time will result in an absent on the attendance sheet and a cancellation of any mark for that class. There will be a bonus of up to two marks for exceptional contribution to classroom discussion. Further details will be provided during the first class.

*Weekly online problems:* Problems will be completed on CuLearn on a weekly basis. The best ten weekly assignments will be used in determining the grade out of 10. The problems must be answered by 8:30 AM the Monday after the chapter was completed in class.

*Group project:* Each group will complete an in-depth analysis of the financial statements of a Canadian public company. Based on their assessment of the expected future performance of the firm, the group will make a recommendation to lend or not lend money to this firm. The project is due at the beginning of class on December 3.

*Midterm examination:* There will be a midterm examination in class on Monday, October 15. The exams will be marked by the teaching assistant and will be handed back within 10 days following the date of the examination. Students will then have 10 calendar days to review their results and report any discrepancies to the professor. Any discrepancies reported beyond that time may be reviewed but will not result in any change in grade. Students can elect to transfer a weight of 10% from the

midterm examination to the final examination by sending an email from his/her Carleton account to the professor on or before November 12, 2018.

*Final examination:* The final exam will be comprehensive in nature and will cover the whole course. It will be scheduled during the formal exam period.

*Midterm and final examinations:* The midterm and final exams will test both the technical and conceptual aspects of the course. Only non-programmable calculators (without alpha storage capabilities) will be permitted. Translation dictionaries are allowed as long as they are in print format and do not contain any handwritten notes. Electronic translation dictionaries are not allowed. All assigned readings, in-class handouts and material from lectures are examinable.

***Missed assignments and/or midterm examination:*** If you must miss any of the assignments and/or the midterm exam due to a verifiable illness (or, in rare cases, some other circumstances beyond your control), a make up assignment/exam may be provided or the weight for that assignment/exam may be transferred to the final examination. If the assignment/exam is missed without a legitimate reason, a grade of zero will be given. A medical certificate or other verifiable documentation must be submitted to the instructor no later than five (5) calendar days after the date of the assignment/exam.

Reminder: Students should always retain a hard copy of all work submitted.

### **Course Schedule:**

<b>Date</b>	<b>Topic</b>	<b>Chapter(s)</b>
Sept. 10	Introduction & Review of Financial Statements	4 - 6
Sept. 17	Financial Analysis Techniques	7
Sept. 24	Inventories	8
	Long-Lived Assets	9
Oct. 1	Non-Current (Long Term) Liabilities	10
Oct. 15	Midterm Exam (all chapters to date)	
Oct. 22 - 26	Mid-term Break	
Oct. 29	Financial Statement Analysis: Applications	12
Nov. 5	Financial Reporting Quality	11&17
Nov. 12	Income Taxes	13
Nov. 19	Integration of Financial Statement Analysis Techniques	18
Nov. 26	Employee Compensation: Post-Employment & Share-Based	14
Dec. 3	Multinational Operations	16
Dec. 7 (Friday)	Review	

## ADDITIONAL INFORMATION

### Course Sharing Websites

Materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

### Required calculator in BUSI course examinations

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

### Group work

The Spratt School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59
A = 85-89	B = 73-76	C = 63-66	D = 53-56
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52
F = Below 50			

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

### Academic Regulations

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

### Requests for Academic Accommodation

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

### Pregnancy obligation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for

accommodation is known to exist. For more details, visit the Equity Services website: [carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf](https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf)

### **Religious obligation**

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: [carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf](https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf)

### **Academic Accommodations for Students with Disabilities**

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or [pmc@carleton.ca](mailto:pmc@carleton.ca) for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with your instructor as soon as possible to ensure accommodation arrangements are made. [carleton.ca/pmc](https://carleton.ca/pmc)

### **Survivors of Sexual Violence**

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and is survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: [carleton.ca/sexual-violence-support](https://carleton.ca/sexual-violence-support)

### **Accommodation for Student Activities**

Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation must be provided to students who compete or perform at the national or international level. Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. <https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

For more information on academic accommodation, please contact the departmental administrator or visit: [students.carleton.ca/course-outline](https://students.carleton.ca/course-outline)

### **Academic Integrity**

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another's ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not

be tolerated. Penalties may include; a grade of Failure on the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <https://carleton.ca/registrar/academic-integrity/>.

### **Sprott Student Services**

The Sprott student services office, located in 710 Dunton Tower, offers academic advising, study skills advising, and overall academic success support. If you are having a difficult time with this course or others, or just need some guidance on how to successfully complete your Sprott degree, please drop in any weekday between 8:30am and 4:30pm. Our advisors are happy to discuss grades, course selection, tutoring, concentrations, and will ensure that you get connected with the resources you need to succeed! <http://sprott.carleton.ca/students/undergraduate/learning-support/>

### **Centre for Student Academic Support**

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: [carleton.ca/csas](http://carleton.ca/csas).

### **Important Information:**

- Students must always retain a hard copy of all work that is submitted.
  - All final grades are subject to the Dean's approval.
  - For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, in order to respond to your inquiries, please send all email from your Carleton CMail account. If you do not have or have yet to activate this account, you may wish to do so by visiting <http://carleton.ca/ccs/students/>
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